

FINAL PRIVATE LETTER RULING

REQUEST LETTER

09-025

DATE

STAFF
TITLE 1, DIVISION 1
Utah State Tax Commission
210 North 1950 West
Salt Lake City, Utah 84134

Dear STAFF,

I am requesting a Utah State Tax Commission ruling on the taxability of the Industrial Assistance Fund Grants given to Utah companies. Are the cash IAF grants taxable incomes to the recipients? The ruling will be provided to potential recipients in determining the financial feasibility of their projects. These grants are awarded under the Utah code section 63M-1_901 thru section 63M-1_909.

Sincerely,

NAME
TITLE
DIVISION

RESPONSE LETTER

March 4, 2010

NAME
TITLE
DIVISION
AGENCY
ADDRESS

RE: Private Letter Ruling Request—The Income Tax Treatment of Industrial Assistance Fund Grants

Dear NAME:

On behalf of the potential recipients of the Industrial Assistance Fund Grants (“IAF Grants”), you have asked, “Are the cash IAF grants taxable incomes to the [recipient] companies?” You explained the IAF Grants are awarded under Utah Code §§ 63M-1-901—909 (2010) and that you plan to provide this ruling to potential recipients.

In general, the taxability of grants for Utah purposes is based on their taxability for federal purposes unless there is a specific provision in the Utah Code that changes this result. For the IAF Grants in question, we have reviewed Title 59 of the Utah Code and have found no statute specifically addressing them. Therefore, if the IAF Grants are tax-exempt under federal law, they will also be exempt under Utah law.

Although we do not offer an opinion as to whether the IAF Grants are taxable for federal purposes, we suggest that you review a federal private letter ruling addressing a similar situation. Federal Private Letter Ruling 200901018, *available at* <http://www.irs.gov/pub/irs-wd/0901018.pdf>, may provide useful guidance even though it is only binding for the taxpayer who requested it. You may want to contact the IRS for more information on your specific question.

In conclusion, the Utah tax treatment of the IAF Grants depends on their treatment under federal law. The Tax Commission’s conclusion is based on the facts as you described them and the Utah law currently in effect. Should the facts be different or if the law were to change, a different conclusion may be warranted. If you feel we have misunderstood the facts as you have presented them, you have additional facts that may be relevant, or you have any other questions, please feel free to contact the Commission.

For the Commission,

D’Arcy Dixon Pignanelli
Commissioner

DDP/aln
09-025