

Utah State Tax Commission Tax and Revenue



Utah State Tax Commission

- Monthly webinars of various tax topics.
- Ability to access the recording and presentation after the event.
- Free to all attendees.



Utah State Tax Commission Monthly Webinars

tax.utah.gov/training/webinars

Tax Webinars & Videos

Each month, the Tax Commission holds live public webinars on various tax topics, with access to the recording after the event. We'll also add other training items here as needed. The links will appear below as they're available.



All webinars are held on the third Thursday of each month and begin at 10:00 a.m.

Retirement Tax Topics and Credits

When: **September 19, 2024**

Time: 10:00am, Mountain Time

Description: Join us to talk about common retirement related topics, filing requirements as well as go over tax credits available on the Utah individual income tax return.

[Join Live](#)

Upcoming Webinars

October 17, 2024 – Lodging Transient Room Tax

November 21, 2024 – General Pass Through Entity Topics – SALT

December 19, 2024 – Construction Industry Sales Tax Exemptions

Information presented in past webinar recordings is current as of the date of the recording and may not reflect legislative and other subsequent changes. For the most up-to-date information, please refer to our [Forms and Publications](#) and our [Recent Info and Tax Law Changes](#) page.

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Category/Tax Type

Date	Title	Category/Tax Type	Links
Aug 15, 2024	Restaurants, Facilitators and Grocery Foods	Sales Tax	MP4 PDF
Jul 18, 2024	Health Benefit Plan Credit	Individual Income Tax Credit	MP4 PDF
Jun 20, 2024	Sales Tax Refund Process	Sales Taxes	MP4 PDF
May 16, 2024	Military Income Common Topics and Credits	Income tax	MP4 PDF
Apr 18, 2024	How to determine the correct sales tax rate	Sales Taxes	MP4 PDF
Mar 21, 2024	Utah Child/Dependent Tax Information	IncomeTax	MP4 PDF
Mar 4, 2024	FTA Podcast: Customer Experience with Mike Lee	Customer Experience	External Video Link
Feb 15, 2024	Marketplace Facilitators and Sellers	Sales Tax	MP4 PDF
Jan 18, 2024	What's New for the 2023 Income Tax Filing Season	Income tax	MP4 PDF
Dec 21, 2023	Sales Related Taxes and Fees	Sales Taxes	MP4 PDF
Nov 16, 2023	Withholding Taxes and W-2 Filing	Withholding Tax	MP4 PDF
Oct 19, 2023	Sales Tax Treatment of Real Property vs Tangible Personal Property vs Tangible Personal Property Attached to Real Property	Sales Tax	MP4 PDF



Retirement Tax Topics, Adjustments and Credits



What is Utah Individual Income Tax?



Utah Individual Income Tax

Resident Individual

[§59-10-104](#)

A tax is imposed on the state taxable income of a resident individual.

The tax is an amount equal to the product of:

- the resident individual's state taxable income for that taxable year; and
- tax rate for the taxable year (4.65% for 2023)(4.55% for 2024).



Utah Individual Income Tax

Nonresident Individual

[§59-10-116](#)

A tax is imposed on a nonresident individual in an amount equal to the product of the:

- nonresident individual's state taxable income; and
- tax rate for the taxable year (4.65% for 2023)(4.55% for 2024).



What is Utah State Taxable Income?



Utah State Taxable Income

§59-10-103 (z)

For a resident individual:

- Their adjusted gross income after making any required additions, subtractions, and adjustments.

For a nonresident individual:

- Their adjusted gross income after making any required additions, subtractions, and adjustments; and
- Calculating the portion of the amount that is derived from Utah sources. (this is done on a Utah Non and Part-year resident schedule TC-40B)



Utah State Taxable Income

For a Nonresident

§59-10-117

State taxable income from Utah sources includes:

- Interest in real or tangible personal property.
- Carrying on of a business, trade, profession, or occupation.
- Income from intangible personal property.
 - Annuities, dividends, interest, and gains from the disposition of intangible personal property, if income is from property employed in a trade, business, profession, or occupation carried on in this state.
- A salary, wage, commission, or compensation for personal services.
- A share of income, gain, loss, deduction, or credit of a nonresident pass-through entity taxpayer derived from or connected with Utah sources.



U.S. Code on Pension Income

[4 U.S. Code § 114](#) - Limitation on State income taxation of certain pension income.

(a) No [State](#) may impose an [income tax](#) on any [retirement income](#) of an individual who is not a resident or domiciliary of such state (as determined under the laws of such state).

- Retirement income means:
 - **(A)** a qualified trust under section 401(a) of the [Internal Revenue Code of 1986](#) that is exempt under section 501(a) from taxation;
 - **(B)** a simplified employee pension as defined in section 408(k)
 - **(C)** an annuity plan described in section 403(a)



U.S. Code on Pension Income

(Continued)

[4 U.S. Code § 114](#) - Limitation on State income taxation of certain pension income.

- **(D)** an annuity contract described in section 403(b)
- **(E)** an individual retirement plan described in section 7701(a)(37)
- **(F)** an eligible deferred compensation plan (as defined in section 457);
- **(G)** a governmental plan (as defined in section 414(d));
- **(H)** a trust described in section 501(c)(18); or



U.S. Code on Pension Income

(Continued)

- **(I)** any plan, program, or arrangement described in section 3121(v)(2)(C) (or any plan, program, or arrangement that is in writing, that provides for retirement payments in recognition of prior service to be made to a [retired partner](#), and that is in effect immediately before retirement begins), if such income—
 - **(i)** is part of a series of substantially equal periodic payments (not less frequently than annually which may include income described in subparagraphs (A) through (H)) made for—
 - **(I)** the life or life expectancy of the recipient (or the joint lives or joint life expectancies of the recipient and the designated beneficiary of the recipient), or
 - **(II)** a period of not less than 10 years, or
 - **(ii)** is a payment received after termination of employment and under a plan, program, or arrangement (to which such employment relates) maintained solely for the purpose of providing retirement benefits for employees in excess of the limitations imposed by 1 or more of sections 401(a)(17), 401(k), 401(m), 402(g), 403(b), 408(k), or 415 of such Code or any other limitation on contributions or benefits in such Code on plans to which any of such sections apply.



What Does This Mean?

- Retirement income received while you are a Utah resident will be taxable in Utah, regardless of where you were a resident when you were working.
- Retirement income received while you are a nonresident of Utah will be taxable in the state in which you currently reside, even if you were a Utah resident while you were working.



Utah Domicile

[§59-10-136](#)

Effective: January 1, 2024

Test 1

You are domiciled in Utah if you or your spouse:

1. claimed a child tax credit (IRC §24) for a dependent on your federal tax return, and the dependent is enrolled in a Utah public K-12 school (this does not apply if you are the noncustodial parent and are not married to the custodial parent);
2. are enrolled as a resident student in a Utah state institution of higher education;
or
3. voted in Utah during the tax year and were neither registered to vote nor voted in another state.



Utah Domicile

(Continued)

[§59-10-136](#)

Effective: January 1, 2024

Test 2

Even if you do not meet the conditions in Test 1, you are still domiciled in Utah if you or your spouse:

1. have a permanent home in Utah to which either of you intend to return after being absent; and
2. have voluntarily settled in Utah, not for a special or temporary purpose, but with the intent of making a permanent home.



Utah Domicile

(Continued)

[§59-10-136](#)

Effective: January 1, 2024

Whether you have a permanent home in Utah is based on a preponderance of the evidence (i.e., the evidence you have a permanent home is more convincing than any evidence you do not), taking into consideration all of the following facts and circumstances:

- You or your spouse has a Utah driver's license.
- You or your spouse receive a residential exemption for a primary residence under UC §59-2, *Property Tax Act*.
- You or your spouse claims a federal tax credit (IRC §24) for a dependent who is enrolled as a resident student in a Utah state institution of higher education.
- The nature and quality of the living accommodations you or your spouse has in Utah compared to another state.
- You have a spouse or dependent in Utah for whom you or your spouse claims a federal tax credit under IRC §24.



Utah Domicile

(Continued)

[§59-10-136](#)

Effective: January 1, 2024

- The physical location where you or your spouse earns income.
- The state of registration of a vehicle owned or leased by you or your spouse.
- You or your spouse has a membership in a church, club or similar organization in Utah.
- You or your spouse lists a Utah address on mail, a telephone listing, a listing in an official government publication, other correspondence, or similar item.
- You or your spouse lists a Utah address on a federal or state tax return.
- You or your spouse file a Utah income tax return as a full year or part-year resident.
- You or your spouse claims Utah residency on a document (other than a Utah income tax return) filed with or provided to a court or other government entity.



Utah Domicile

(Continued)

[§59-10-136](#)

Effective: January 1, 2024

- You or your spouse fails to obtain a permit or license normally required of a resident in the state where you claim to have domicile.
- You are the noncustodial parent of a dependent enrolled in a Utah public K-12 school for which you claimed a child tax credit (IRC §24) on your federal tax return, and you are divorced from the custodial parent.
- You maintain a place of abode (i.e., the place where you usually live) in Utah and spent 183 or more days of the tax year in Utah.
- You or your spouse did not vote in Utah during the tax year but voted in Utah in any of the three prior years and were not registered to vote in another state during those three years.



Utah Domicile for Spouses

[§59-10-136](#)

Effective: January 1, 2024

If your spouse has Utah domicile under Test 1 (above), you also have Utah domicile. If your spouse has Utah domicile under Test 2, you also have Utah domicile unless you can establish by a preponderance of the evidence (i.e., the evidence for your claim is more convincing than any evidence against it) that during the tax year and the three prior years you did not:

1. own property in Utah,
2. spend more than 30 total days during a year in Utah,
3. receive earned income for services performed in Utah,
4. vote in Utah, or
5. have a Utah driver's license.

You are not considered to have a spouse with Utah domicile if:

1. you and your spouse are legally separated or divorced, or
2. you and your spouse both claimed married filing separately on your federal individual income tax returns for the tax year.



Utah Retirement Related Tax Adjustments to Income



Utah Retirement Related Tax Adjustments to Income

- Railroad Retirement
- Qualified Retirement Plan Distributions



Railroad Retirement Income

(code 78)

[§59-10-114\(2\)\(d\)](#)

- Federal law does not permit states to tax railroad retirement, disability income, unemployment income, and sickness benefits received from the Railroad Retirement Board and reported on form RRB-1099.
- Railroad retirement pensions are deductible only if taxed on the federal return.
- If you received pension payments, disability income or unemployment payments under the Railroad Retirement Act and report all or part of the amount received as income on federal form 1040 or 1040-SR, lines 5b and/or 6b, you may deduct that amount from Utah income.
- If amounts from sources other than railroad retirement are included on these lines on your federal return, only deduct the amount of railroad retirement reported on these lines.



Qualified Retirement Plan Distributions

(code 90)

[§59-10-114 \(2\)\(j\)](#)

Enter the amount of any distribution from a qualified IRC Section 401(a) retirement plan that is included in your federal adjusted gross income if, in the year it was paid into the plan, the amount was:

- not included in your federal adjusted gross income; and
- taxed by another state, the District of Columbia, the United States or a U.S. possession.



Utah Retirement Related Tax Credits



Utah Retirement Related Tax Credits

- Social Security Benefits Credit
- Military Retirement Credit
- Retirement Credit
- Health Benefit Plan Credit



Social Security Benefits Credit

(Code AH)

[§59-10-1042](#)

An apportionable, nonrefundable tax credit for taxable social security income.

A taxpayer, spouse (if filing jointly), or a dependent that received taxable Social Security retirement, disability, or survivor benefits may qualify for this credit.

- You may only claim this credit for Social Security benefits included in adjusted gross income on this return.



Social Security Benefits Credit

(Continued)

This tax credit is phased out by **\$0.25** for each dollar over modified adjusted gross income.

The **2023 (2024 is the same)** phase out begins for modified adjusted gross income amounts over:

- \$37,500 for married filing separately
- \$45,000 for single, and
- \$75,000 for married filing jointly.



Social Security Benefits Credit

(Continued)

- Complete the Social Security Credit Worksheet to see the amount of tax credit.
- Worksheet is located in the TC-40 Instructions.
- Use credit code **(AH)** when claiming the Social Security Tax credit.
- No carry forward or back of this credit that exceeds liability.
- **An individual cannot claim this credit if they claim the Retirement Credit on the same tax return. (code 18)**



Social Security Benefits Credit

(Continued)

2023 Utah TC-40 Instructions

Social Security Credit Worksheet

1. For yourself (and/or your spouse), enter the amount from federal return 1040 or 1040-SR, line 6b; or 1040NR, Schedule NEC, line 8. 1 _____
2. Enter the amount from TC-40, line 6 (Total income) 2 _____
3. Enter municipal bond interest from TC-40, Schedule A, Part 1, code 57 3 _____
4. Line 2 minus line 3 4 _____
5. Enter tax exempt interest from federal form 1040 or 1040-SR, line 2a 5 _____
6. **Modified Adjusted Gross Income**
Add lines 4 and 5 6 _____
7. Multiply line 1 by 0.0465 7 _____
8. Enter: 8 _____
 - a. **Married filing separately:** \$37,500
 - b. **Married filing federal return 1040NR:** \$37,500
 - c. **Married filing joint:** \$75,000
 - d. **Single:** \$45,000
 - e. **Qualifying surviving spouse or head of household:** \$75,000
9. Line 6 minus line 8 (not less than zero) 9 _____
10. Multiply line 9 by 0.025 10 _____
11. **Social Security Benefits Credit**
Line 7 minus line 10 (not less than zero) 11 _____

If claiming this credit, enter the total amount on TC-40A, Part 3, using code AH.

Note: You may not carry forward or back any credit that is more than your tax liability.



Military Retirement Credit

(Code AJ)

[§59-10-1043](#)

An apportionable, nonrefundable, individual income tax credit equal to the tax rate (4.65% for 2023, 4.55% for 2024) of the military retirement pay included in a filer's FAGI.

- A taxpayer, spouse (if filing jointly) or a dependent who received taxable military retirement benefits may qualify for this credit.
- Military retirement pay means;
 - Retirement pay, including survivor benefits, related to service in the armed forces, including the Reserves and National Guard.
- Does not include Social Security income, 401(k) or IRA distributions, or other sources of income.



Military Retirement Credit

(Continued)

- This credit is only for military retirement income included in FAGI.
- Complete the *Military Retirement Credit Worksheet*
 - Located in the TC-40 Instructions.
- No carry forward or back of credit that exceeds tax liability.
- Use code **AJ** to claim this credit.
- **An individual cannot claim this credit if they claim the Retirement Credit on the same tax return. (code 18)**

TIP: Do not take this credit if you receive survivor benefits for a service member who died while on active duty or while in training; instead, take the [Military Survivor Benefits Credit \(code AA\)](#).



Military Retirement Credit

(Continued)

Military Retirement Credit Worksheet

Complete one worksheet for each person taking this credit.

1. Enter the amount of taxable military retirement pay 1 _____
2. **Military Retirement Credit** 2 _____
Multiply line 1 by 0.0465

If claiming this credit, add the amount on line 2 of all worksheets and enter the total amount on TC-40A, Part 3, using code AJ.



Retirement Credit (Code 18)

[§59-10-1019](#)

If a primary or secondary taxpayer were born on or before **December 31, 1952**, they may take a retirement credit of up to **\$450 per individual**. This credit may be phased out based on income.

The phase out begins for modified adjusted gross income amounts over:

- **\$16,000** for married filing separately
- **\$25,000** for single, and
- **\$32,000** for married filing jointly, qualifying surviving spouse or head of household.



Retirement Credit

(Continued)

An individual **cannot** claim the Retirement Credit if they claim the Social Security Benefits Credit (code AH) or the Military Retirement Credit (code AJ) on the same tax return – May need to calculate both credits to see which one is most beneficial.

2023 Utah TC-40 Instructions

Retirement Credit Worksheet

1. If only you or only your spouse is taking this credit, enter 450.
If both you and your spouse are taking this credit, enter 900. 1 _____
2. Enter the amount from TC-40, line 6 (Total income) 2 _____
3. Enter municipal bond interest from TC-40, Schedule A, Part 1, code 57 3 _____
4. Line 2 minus line 3 4 _____
5. Enter tax exempt interest from federal form 1040 or 1040-SR, line 2a 5 _____
6. **Modified Adjusted Gross Income**
Add lines 4 and 5 6 _____
7. Enter: 7 _____
 - a. **Married filing separately:** \$16,000
 - b. **Married filing federal return 1040NR:** \$16,000
 - c. **Married filing joint:** \$32,000
 - d. **Single:** \$25,000
 - e. **Qualifying surviving spouse or head of household:** \$32,000
8. Line 6 minus line 7 (not less than zero) 8 _____
9. Multiply line 8 by 0.025 9 _____
10. **Retirement Credit** 10 _____
Subtract line 9 from line 1 (not less than zero).

If you (and/or your spouse) claim this credit, enter the total amount on TC-40A, Part 3, using code 18. Also enter your (and/or your spouse's) birthdate(s).



Retirement Credit

(Continued)

- If you (and/or your spouse) claim this credit, enter the total amount on TC-40A, Part 3, using code 18. Also enter your (and/or your spouse's) birthdate(s).
- You may not carry forward or back any retirement credit that is more than your tax liability.
- **Note:** Because the maximum amount of this credit is \$450 per individual, you (and/or your spouse) may qualify for a larger credit by taking the [Social Security Benefits Credit \(code AH\)](#) or the [Military Retirement Credit \(code AJ\)](#).



Health Benefit Plan Tax Credit

[UC §59-10-1023](#)

Non refundable tax credit available if you purchased your own health insurance and were not eligible to participate in a health benefit plan maintained and funded through an employer or former employer.

Note: You do not qualify for this credit if you or your spouse had the option to get health insurance through an employer or former employer, even if you chose not to use the employer's plan.

Credit of up to the current Utah tax rate (4.65% for 2023, 4.55% for 2024) of premiums paid for a qualified health benefit plan.

- **Maximum Credit**
 - \$300 for a single taxpayer with no dependents
 - \$600 for married filing jointly taxpayers with no dependents
 - \$900 for all taxpayers with dependents



Who Qualifies for the Credit?

Answer the following questions to determine if you qualify for the Health Benefit Plan Tax credit.

1. Are you or your spouse eligible to participate in a health benefit plan in which a current or former employer pays any portion of the health plan premiums, even if you elect not to participate in the plan?
 - If the answer is Yes, **STOP** you do not qualify for the credit.
 - If the answer is Yes **and** the employer's plan only covers employees and does not allow the employee to purchase coverage through the company plan for his/her family members, go to question 2.
 - If the answer is No, go to question 2.
2. Do you have a health benefit plan that covers you and/or your family? This includes a policy for members of your family that are not eligible to participate in a current or former employer's plan.
 - If the answer is No, **STOP** you do not qualify for the credit.
 - If the answer is Yes, review the information and examples in this presentation.



Qualified Health Benefit Plan?

- You **may** include the following amounts when calculating the credit:
 - Payments for a health benefit plan through an Affordable Care Act (ACA) marketplace.
 - You may also include any extra amounts you had to pay for the plan on your federal income tax return, but you must subtract any amounts refunded to you on your federal tax return.
 - Medicare Plan A premiums, if you are required to pay them (most people are not).
 - Medicare Plan B premiums, even if the payments are deducted from your social security benefits.



Qualified Health Benefit Plan?

- You **may** include the following amounts when calculating the credit (continued):
 - Payments for healthcare plans offered by private insurance carriers approved by Medicare (Medicare Plan C, Medicare Advantage).
 - Payments for Medicare Plan D (drug) plans offered by private insurance carriers and approved by Medicare.
 - Payments for a health benefit plan connected to Medicaid. Do not include amounts paid by Medicaid.
 - Payments through COBRA for a former employer's insurance plan.



Non Qualified Health Benefit Plan?

Health benefit plans **do not** include:

- Accident and disability income insurance
- Liability and supplemental liability insurance
- Workers compensation insurance
- Automobile medical insurance
- Credit-only insurance
- On-site medical coverage
- Insurance where health care is not the main benefit



Non Qualified Health Benefit Plan?

Health benefit plans **do not** include (continued):

- Separate dental, vision, hearing, long-term care or home health plans
- Insurance for a specific illness or disease
- Fixed indemnity insurance
- **Medicare supplemental insurance**
- Self-insurance
- Other similar coverage.



Common Errors

- Not reporting retirement income on Utah return. (Common for people that take an early distribution of retirement income)
- Incorrectly allocating retirement income on the TC-40B (for example, someone receives monthly retirement distributions, they move here in the middle of the year from somewhere like TX and continue to receive distributions while in UT, they allocate all of the distributions to TX because they have no state income tax)
- Claiming the Military Retirement or Social Security Benefits Credit on the same return as the Retirement Credit.
- Taking an equitable adjustment for retirement income received from non-Utah sources. (if you were a non resident to Utah when this income was received, this should be included in your Utah part year/non resident schedule TC-40B)
- Not contacting the issuer of retirement income if you move outside of Utah to have them stop withholding Utah income tax to be reported on your 1099-R (If Utah income tax is withheld, you will need to file a Utah individual income tax return to request a refund of those withholdings)



Tax Commission Resources

Contact Us	
Practitioner Hotline	801-297-7790 or 1-800-662-4335 ext. 7790
Customer Service – payment processing & liens	801-297-2200 or 1-800-662-4335
Taxpayer Resources Unit – basic tax questions	801-297-7705 or 1-800-662-4335 ext. 7705
TAP Support	801-297-3996 or 1-800-662-4335 ext. 3996 Email: tapsupport@utah.gov
Taxpayer Advocate Service	801-297-7562 or 1-800-662-4335 ext. 7562
Email	taxmaster@utah.gov
Online Resources	
Tax Commission Website	tax.utah.gov
Forms and Publications	tax.utah.gov/forms
Online Services (TAP)	tap.utah.gov
Tax Practitioner Information	tax.utah.gov/taxpros
Individual Income Tax	incometax.utah.gov
Tax Training	tax.utah.gov/training
X (formerly Twitter) Facebook Instagram	@UtahStateTax Utah State Tax Commission utahstatetaxcommission



Thank You

