

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.**

General Pass Through Entity Topics - SALT

When: **November 21, 2024**

Time: **10:00am, Mountain Time**

Description: Join us to discuss Utah's Pass Through Entity Tax Topics . We will go over due dates, filing requirements as well as review the Utah SALT elections

[Join Live](#)

Upcoming Webinars

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.

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.

Date	Title	Category/Tax Type	Links
Oct 17, 2024	Lodging Transient Room Taxes	Sales Taxes	Video Link PDF
Sep 19, 2024	Retirement Tax Topics and Credits	Individual Income Tax Credit	Video Link PDF
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



Pass Through Entity Withholding



What is a Pass Through Entity?

A pass-through entity is an entity whose income, gains, losses, deductions and credits flow through to partners, members, shareholders and beneficiaries for federal tax purposes.

For purposes of Utah withholding, pass-through entities include:

- general partnerships, limited partnerships, limited liability partnerships;
- S corporations; and
- estates and trusts that are required to divide and pass-through income, gains, losses, deductions or credits.
- limited liability companies if classified for federal income tax purposes as one of the above



Filing Requirements

- A partnership or other entity treated as a partnership for federal tax purposes, all of whose partners or members are Utah resident individuals, is not required to file a Utah return TC-65, if:
 - it is not a pass-through entity taxpayer, and
 - it maintains records that show each partner's or member's share of income, losses, credits, and other distributive items, and those records are made available to the Tax Commission upon request.
- A partnership or other entity treated as a partnership for federal tax purposes with any partners or members who are businesses, trusts, estates or nonresident individuals is required to file a TC-65.



Filing Requirements

- Every S corporation (as defined in IRC §1361(a)) that has filed a proper and timely election under IRC §1362(a) must file form TC-20S, so long as the federal election remains in effect.
- If you are a fiduciary of an estate or trust with income derived from Utah sources, and you are required to file a federal Fiduciary Income Tax Return, then you must file form TC-41, *Utah Fiduciary Income Tax Return*.



Pass-through Entity Taxpayers Subject to Utah Withholding

Pass-through entity taxpayers subject to Utah withholding tax are:

- nonresident individual partners, members, shareholders and beneficiaries;
and
- all general partnerships, limited partnerships, limited liability partnerships, limited liability companies, S corporations, C corporations, and estates and trusts.



Withholding Requirements

A pass-through entity must withhold income tax on its:

1. Utah business income allocated to its pass-through entity taxpayers, and
2. non-business income derived from or connected with Utah sources allocated to its pass-through entity taxpayers.

Definitions:

- **Business Income** - Income from transactions and activity arising in the regular course of the entity's trade or business.
 - It includes income from tangible and intangible property if the acquisition, management and disposition of the property are a basic part of the entity's regular trade or business operation.
- **Nonbusiness Income from Utah Sources** -All income that is not business income and that is derived from or connected with Utah sources.



Withholding Calculation

To arrive at the total Utah income subject to withholding, the entity uses:

- TC-20S Schedule A, if it is taxed as an S corporation;
- TC-65 Schedule A, if it is taxed as a partnership; or
- TC-41 Schedule K-1, if it is taxed as an estate or trust.

It then uses the Schedule N for the respective return to calculate the Utah withholding tax for each pass-through entity taxpayer.



Withholding Tax Rate

The Utah withholding tax rate is the Utah income tax rate in effect on the first day of the pass-through entity's tax year.

2023 – Tax rate of 4.65%

2024 – Tax rate of 4.55%

Current tax rate in effect is in Utah code [§59-10-104](#).



Withholding Requirement Exceptions

The following entities may be exempt from withholding:

- A publicly traded partnership meeting the requirements of Utah Code §59-10-1403.2(1)(b)(iv) is not required to withhold tax on its partners. However, a publicly traded partnership that is a downstream entity is not exempt from having money withheld on Utah income allocated to it by an upper tier entity, and therefore, may have Utah withholding it needs to allocate and pass-through to its partners.
- A pass-through entity is not required to withhold tax if the pass-through entity is a plan under IRC §§401, 408 or 457 and is not required to file a Utah individual or corporation return.



Withholding Requirement Exceptions

(Continued)

- A pass-through entity is not required to withhold tax on behalf of a directly related pass-through entity taxpayer if the taxpayer is exempt under Utah Code §59-7-102(1) and the income is not unrelated business income. Section 59-7-102(1) includes IRC §501 entities (such as religious and charitable organizations), IRC §528 homeowners associations, admitted insurers taxed under Utah Code §59-9, and farmer's cooperatives.
 - Example : Partnership A is an LLC with Utah business income. It has three partners. Partner #1 is a homeowner's association under IRC §528, Partner #2 is an S corporation, and Partner #3 is a nonresident individual. Partnership A is not required to withhold Utah tax for Partner #1 as long as Partner #1 is not required to treat the income as unrelated business income. Partnership A must withhold on behalf of Partners #2 and #3 *.



* See Waiver of Withholding on slide 17

Withholding Requirement Exceptions

(Continued)

- An individual retirement account (IRA) as defined under IRC §408(a) is exempt from withholding only if the IRA is not required to treat the income from the pass-through entity as unrelated business income.
 - Example : Partnership A has two partners and Utah business income. Partner #1 is an IRA, and Partner #2 is an LLC that is not a disregarded entity. Partnership A is not required to withhold Utah tax for Partner #1 as long as Partner #1 is not required to treat the income as unrelated business income. Partnership A must withhold Utah tax on behalf of Partner #2 *.



Withholding Requirement Exceptions

(Continued)

- A real estate investment trust (REIT) is exempt from withholding if all of its earnings are distributed to the owners of the REIT.
 - Example: Partnership A is an LLC with Utah business income and has two partners. Partner #1 is a REIT that distributes all of its earnings to its owners, and Partner #2 is an S corporation. Partnership A must withhold Utah tax on behalf of its S corporation partner but does not need to withhold Utah tax on behalf of its REIT partner * because the REIT distributes all of its earnings to its owners.



* See Waiver of Withholding on slide 17

Withholding Requirement Exceptions

(Continued)

An individual exempt from Utah income tax under Utah Code §59-10-104.1 is exempt from pass-through entity withholding from the pass-through entity to whom they are directly related.

- Example: Partnership A is a family partnership with two nonresident individual partners. Each partner's federal adjusted gross income is less than the sum of the federal personal exemption and the federal standard deduction and as a result, both are exempt from Utah income tax under Utah Code §59-10-104.1. Partnership A is not required to withhold Utah tax for these partners.

Note: Each partner's total income must be below the filing limit, not just the amount of income attributable to Partnership A.

- Example: Partnership B has a partner that is a family partnership with some nonresident individuals who meet the exemption from Utah income tax. Partnership B must withhold Utah income tax for that partner.* Partnership B, the first tier partner, is not directly related to the partners of the second tier family partnership.



* See Waiver of Withholding on slide 17

Waiver of Withholding Tax

Partnership, LLC, S Corporation or Trust:

- A pass-through entity (including a downstream pass-through entity) that is a partnership, LLC, S corporation, estate or trust may request a waiver of the Utah withholding requirement by checking a box on the Schedule N of the applicable return. A pass-through entity may request a waiver of the withholding requirement on all or some of its partners, members, shareholders or beneficiaries by completing the box on the Schedule N and on the Utah Schedule K-1 it provides to the partner, member, shareholder or beneficiary.
- If a downstream entity or taxpayer for whom the waiver is claimed fails to file a return and make the required payment in a timely manner, the pass-through entity is not eligible for the waiver and is liable for the Utah withholding on those amounts, plus any penalties and interest.



A partnership with nonresident individual partners, resident/nonresident business partners, or resident/nonresident trust or estate partners must complete the information below to calculate the Utah withholding tax for these partners. See instructions for column G, column H and column I.

WITHHOLDING WAIVER CLAIMED under §59-10-1403.2(5): If partners will pay the Utah tax on their own returns: [REDACTED]

Enter "1" to claim a waiver for ALL partners (enter "X" in column B and "0" in column F for all partners)

Enter "2" to claim a waiver for SOME partners (enter "X" in column B and "0" in column F for those partners claimed)

See Schedule N instructions for liability responsibilities when claiming a waiver.

A	Name of partner	E	Income/loss attributable to Utah plus Utah source guaranteed pymts (see instructions)	F	4.65% of income - E times .0465 (not less than zero)	G	Mineral production withholding credit	H	Upper-tier pass-through withholding	I	Tax paid by PTE	J	Withholding tax to be paid by this partnership F less G, H and I (not less than 0)
---	-----------------	---	---	---	--	---	---------------------------------------	---	-------------------------------------	---	-----------------	---	--

#1 A [REDACTED] E [REDACTED] F [REDACTED] G [REDACTED] J [REDACTED]

• B [REDACTED] H [REDACTED]

• C [REDACTED] D [REDACTED] I [REDACTED]

#2 A [REDACTED] E [REDACTED] F [REDACTED] G [REDACTED] J [REDACTED]

• B [REDACTED] H [REDACTED]

• C [REDACTED] D [REDACTED] I [REDACTED]



Waiver of Withholding Tax

(Continued)

Trust with a Dependent Beneficiary:

- A trust that is a pass-through entity may also request a waiver of the Utah withholding requirement if the beneficiary is a dependent of another taxpayer and makes the required Utah tax payment in a timely manner, or the dependent beneficiary's adjusted gross income for the taxable year does not exceed the basic federal standard deduction for the dependent beneficiary and the trustee of the trust retains a statement:
 - signed by the person who claims the dependent beneficiary as a dependent on their federal income tax return;
 - attesting that the dependent is a dependent beneficiary; and
 - indicating that the person expects the dependent beneficiary's adjusted gross income for that year will not exceed the basic federal standard deduction.



Use Utah form TC-41DB for this purpose. Keep this form with your tax records. Do not send it to the Tax Commission. This form must be provided to the Tax Commission upon request.

Credits

The only credits a pass-through entity may use to reduce its withholding are:

1. Utah income taxes withheld by a mineral producer or an upper-tier pass-through entity; and
2. Utah income taxes paid by the pass-through entity for an individual who is a member, partner or shareholder.



Credits

(Continued)

An upper-tier pass-through entity is one in which the taxpayer is a partner, member, shareholder or beneficiary, and for whom the upper-tier pass-through entity withholds and pays Utah income tax as reported on the Utah Schedule K-1.

Other Utah tax credits (as well as the allocated Utah mineral production withholding credit and Utah withholding from an upper tier pass-through entity) must be passed through to the pass-through entity taxpayers and claimed by the final pass-through entity taxpayers on their income tax returns.



65305 **Schedule N - Pass-through Entity Withholding Tax**
 EIN [REDACTED]

**TC-65, Sch. N
 2023**

A partnership with nonresident individual partners, resident/nonresident business partners, or resident/nonresident trust or estate partners must complete the information below to calculate the Utah withholding tax for these partners. See instructions for column G, column H and column I.

WITHHOLDING WAIVER CLAIMED under §59-10-1403.2(5): If partners will pay the Utah tax on their own returns: _____

Enter "1" to claim a waiver for ALL partners (enter "X" in column B and "0" in column F for all partners)

Enter "2" to claim a waiver for SOME partners (enter "X" in column B and "0" in column F for those partners claimed)

See Schedule N instructions for liability responsibilities when claiming a waiver.

	A Name of partner	E Income/loss attributable to Utah plus Utah source guaranteed pymts (see instructions)	F 4.65% of income - E times .0465 (not less than zero)	G Mineral production withholding credit	J Withholding tax to be paid by this partnership F less G, H and I (not less than 0)
#1	A [REDACTED]	E [REDACTED]	F [REDACTED]	G [REDACTED]	J [REDACTED]
	• B [REDACTED]			H [REDACTED]	
	• C [REDACTED]	D [REDACTED]		I [REDACTED]	
#2	A [REDACTED]	E [REDACTED]	F [REDACTED]	G [REDACTED]	J [REDACTED]
	• B [REDACTED]			H [REDACTED]	
	• C [REDACTED]	D [REDACTED]		I [REDACTED]	



Withholding Due Date

Pass-through entity withholding is due on or before the original due date of the pass-through entity's return without regard to an extension.

Pay online by e-check or credit card at tap.utah.gov. You may also send a check or money order to:

Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134

When paying by check or money order, include:

- for a partnership or LLC, form TC-544, *Partnership Return Payment Coupon*;
- for an S corporation, form TC-559, *Corporate/Partnership Payment Coupon*; or
- for an estate or trust, form TC-549, *Fiduciary Income Tax Return Payment Coupon*.



Filing an Extension

Partnerships are automatically allowed an extension of up to five months to file a return without filing an extension form.

- **This is NOT an extension of time to pay taxes – it is only an extension of time to file your return**
 - To avoid penalty, the prepayment requirements must be met on or before the original return due date and the return must be filed within the five-month extension period.
-
- Corporations are automatically allowed an extension of up to six months to file a return without filing an extension form.
 - **This is NOT an extension of time to pay your taxes – it is only an extension of time to file your return.**
 - To avoid penalty, the prepayment requirements must be met on or before the original return due date and the return must be filed within the six-month extension period.

Note: All pass-through withholding tax from Schedule N, column J **must** be paid by the original due date of the return, without regard to extensions.



Federal State and Local Tax Deduction Workaround





Legislation:

2022 Utah House Bill 444

2023 Utah House Bill 56



Utah HB 444 Background

- The Tax Cuts and Jobs Act of 2017 (TCJA) limited the itemized deduction for state and local taxes to \$10,000 annually for single and married filing joint or \$5,000 for married filing separate.
- IRS Notice 2020-75 - Specified income tax payments are deductible by pass through entities in computing their non-separately stated income or loss.
- Currently, more than 35 states have enacted legislation to allow for specified income tax payments. The 2022 tax year was the first year this was allowed in Utah.



Terms Used in This Guidance

- “Final pass-through entity taxpayer” or “Final PTET” means a pass-through entity taxpayer who is a resident or nonresident individual. This includes an individual who is a member of an LLC, partner of a partnership, shareholder of an s-corporation, or beneficiary of an estate or trust. A final PTET does not include a business entity, an estate or trust.
- “HB 444” means Utah House Bill 444, Income Tax Revisions passed during the 2022 General Session of the Utah Legislature.
- “HB 56” means Utah House Bill 56, Tax Assessment Amendments passed during the 2023 General Session of the Legislature



Terms Used In This Guidance

- “Pass-through entity” or “PTE” means a business entity that is an S-Corporation, an estate or trust, or classified as a partnership for federal income tax purposes.
- “SALT Report” means the TC-75 report that an electing PTE is required to electronically file with Utah. In this report the electing PTE must report information for each final PTET.
- “SALT tax” means a specified state income tax payment made by a PTE on behalf of a final PTET on voluntary taxable income.
- “Voluntary taxable income” means PTE income that is attributed to a final PTET who is a Utah resident individual or PTE income derived from Utah sources that is attributed to a nonresident individual.



Purpose of House Bill 444

Effective: Tax years beginning on or after January 1, 2022 through December 31, 2025.

- HB 444 allows a PTE to **irrevocably elect** to pay Utah income tax on “*voluntary taxable income*” on behalf of all final PTET’s as a method of mitigating the federal limitation on the deduction for state and local taxes.



Which entity types can elect to be treated as an electing PTE?

- The election is permitted for a PTE with Utah source income that distributes this income to one or more final PTET's.
 - A disregarded entity may not file a SALT report to pay taxes for its owner



If a PTE makes this election, which members, partners, shareholders, or beneficiaries does it apply to?

- If a PTE makes the election, the PTE must pay SALT tax on behalf of every final PTET who is a member, partner, shareholder, or beneficiary of the PTE.
- A final PTET of an electing PTE is not permitted to “opt out” of having the SALT tax paid on their behalf if the PTE has made the election.
- The election does not apply to any member, partner, or shareholder who is a resident or nonresident business entity.



How does the PTE make this election?

The election to be treated as an electing PTE is made by electronically filing a SALT report and submitting an electronic SALT tax payment **on or before the last day of the PTE's taxable year**. SALT report and payment must be filed electronically through Taxpayer Access Point (TAP).

Steps to Make Election:

- PTE navigates to the Taxpayer Access Point (TAP) website ;
- Click the link for “File SALT Report”;
- List all final PTETs (individuals only) ;
- Input each individual’s total state taxes paid (for all states) for the taxable year;
- Calculate the SALT tax on Utah voluntary taxable income; and
- Make an online payment of SALT tax and submit the SALT report.





Username
Password
Sign In
Forgot username or password?
Don't have a profile?

Filter by keyword or phrase



Returns

Without signing in, you can file these returns, download and import return templates.

- > File your current year individual income tax return
- > Download return templates
- > Import your TC-109, TC-116, or TC-23 template
- > File your current renter's refund (circuit breaker)
- > File your County Reimbursement - TC-90CY
- > File SALT Report

Returns

Without signing in, you can file these returns, download and import return templates.

- > File your current year individual income tax return
- > Download return templates
- > Import your TC-109, TC-116, or TC-23 template
- > File your current renter's refund (circuit breaker)
- > File your County Reimbursement - TC-90CY
- > File SALT Report

Give Feedback



Utah SALT (State and Local Tax) Deduction Report

Acknowledgement

Acknowledgement

You are about to report and pay tax on behalf of individual pass-through entity taxpayer(s).

For a taxable year beginning on or after January 1, 2022, but on or before December 31, 2025, 2022 House Bill 444 (Income Tax Revisions) authorizes a pass-through entity to irrevocably elect for a taxable year to pay tax on behalf of an individual pass-through entity taxpayer on "voluntary taxable income".

I understand I am electing to report and pay tax on behalf of individual(s) and this election is irrevocable. *

<input checked="" type="radio"/> No	<input type="radio"/> Yes
-------------------------------------	---------------------------

[Help](#)

Are you a fiscal year filer?

<input checked="" type="radio"/> No	<input type="radio"/> Yes
-------------------------------------	---------------------------

Select the period for which you want to file.

Period *

Required

Have you previously made a payment for the selected period? *

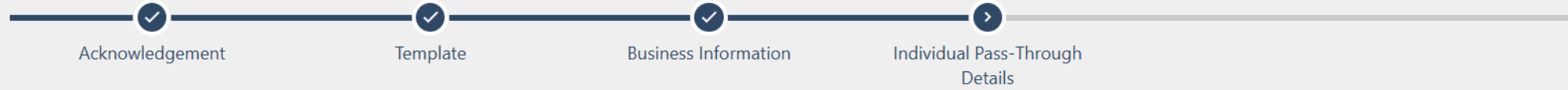
<input checked="" type="radio"/> No	<input type="radio"/> Yes
-------------------------------------	---------------------------

Are you amending this return?

<input checked="" type="radio"/> No	<input type="radio"/> Yes
-------------------------------------	---------------------------



Utah SALT (State and Local Tax) Deduction Report



Summary

Period

12/31/2024

Total Utah Taxes

4,500.00

Show Errors

	Social Security Number	First Name	Last Name	Utah Resident	Total State Taxes	Utah Taxes
<input type="checkbox"/> X	555-66-7777	John	Doe	<input checked="" type="checkbox"/>	2,500.00	2,500.00
<input type="checkbox"/> X	444-55-6666	Betty	Doe	<input type="checkbox"/>	4,500.00	2,000.00
				<input type="checkbox"/>		

Show Errors

Cancel


< Previous

Next >



D2

B C D E F G H I J K L M N O P Q R S

1																			
2	Business Name:							Street:											
4	Fein #:				Unit Type:														
6	Organizational Structure:							Unit Number:											
8	Sub entity type:							City:											
10							State:												
12							Zip:												
14							Country:												
16	Filing Period:			Prepared By:				Utah State and Local Tax (SALT) Report <hr/> SLW TC-75 Rev. 11/22											
18	Amended:			Contact Phone #:															
20				Contact Email:															
21																			

23	<i>Count of SSNs</i>	<i>Count of First Names</i>	<i>Count of Last Names</i>	<i>Count of Utah Res.</i>	<i>Total State Taxes</i>	<i>Total Utah Taxes</i>
24	-	-	-	-	\$ -	\$ -

27	(A)	(B)	(C)	(D)	(E)	(F)
28	Social Security Number	First Name	Last Name	Utah Resident	Total State Taxes	Utah Taxes
31	111-11-1111	Jim	Clooney	X	100.00	25.00
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						

Example only
Start on this line



If a PTE makes the election, what type of income does the election apply to?

- If a PTE makes this election, SALT tax is due on all voluntary taxable income. The PTE is not permitted to exclude certain types of voluntary taxable income except to:
 - Exclude income that is taxed by another state, the District of Columbia, or possession of the United States (2023 HB 56)



When is the SALT tax due and what are the penalties for late payment?

- A PTE must pay SALT tax on or before the last day of the PTE's taxable year. (For example: If the PTE is reporting voluntary taxable income for a taxable year ending December 31, to qualify as a valid election, the SALT tax must be paid by December 31.)
- Any payment made after the last day of the PTE's taxable year will not qualify as a valid SALT tax payment. As a result, a penalty for late payment is unnecessary.
- Payments made after the last day of the PTE's taxable year may be refunded to the PTE.



What are the requirements for the PTE to notify a final PTET that an election has been made?

- If a PTE has paid SALT tax on behalf of a final PTET, the PTE must issue the final PTET a Utah K-1 detailing the amount of voluntary taxable income attributable to the final PTET and the amount of SALT tax paid on that income on or before the due date of the PTE's Utah income tax return.
 - Report total state tax paid on "other income" line of K-1
- If a PTE fails to provide this notice to a final PTET, the PTE is subject to a penalty of up to \$100 per Utah Schedule K-1 that should have been provided to a final PTET.



How is the SALT tax calculated?

The SALT tax is calculated by multiplying the total amount of voluntary taxable income for all final PTET's by the individual income tax rate for the taxable year.

- 2023 individual income tax rate was 4.65%
- 2024 individual income tax rate is 4.55%



Disregarded Entities

- A disregarded entity may not file a SALT report to pay taxes for its owner.
- A disregarded entity that is a member of a PTE must be included in the PTE's SALT report if the owner of the disregarded entity is an individual.
 - In this case the PTE should report the disregarded entity's owner's name and SSN in their SALT report



Amended SALT Reports

- Once the election has been made, the PTE may not reduce the amount of SALT tax paid or receive a refund of amounts paid.
- The PTE may increase the election as long as it is done prior to the end of the PTE's taxable year.
- Amended returns may be filed to correct errors involving social security numbers, names, the Utah resident checkbox, total state taxes or to reallocate how the payment is applied amongst the final PTET's.
- If prior payments were made on the original SALT report, you may reduce the balance owing by that amount when amending the report.



How does the final PTET file?

An individual who is a final PTET will file their Utah return as normal with two minor changes.

- **TC-40A – Income Tax Supplemental Schedule – Part 1 – Additions to Income**
Enter the total of all state income taxes paid by any PTE to Utah and any other state for the year that were not included in the federal adjusted gross income calculated on the individual's federal return. Enter the amount using **code: 67** – *Tax paid on behalf of a pass-through entity taxpayer.*
 - *Clarification – (2023 HB 56) Addition of income does not apply if:*
 - *The income was not deducted and is not excluded from the individuals adjusted gross income.*



How does the final PTET file?

- **TC-40A – Income Tax Supplemental Schedule – Part 4 – Nonapportionable Nonrefundable Credits**
 - Enter the nonrefundable credit as reported on the Utah K-1 for Utah taxes paid by the PTE. Enter the credit using **code: AP** – *Pass-through entity taxpayer income tax credit.*



How does the final PTET file?

- Authorizes a five-year carry-forward for any amount of this credit that exceeds the taxpayer's Utah tax liability.
- As this is a nonrefundable credit, if there is sufficient credit it may reduce the tax to zero, making any refundable credits fully refundable on the return:
 - pre-payments made by the taxpayer
 - payroll withholding
 - pass-through entity withholding
 - mineral production withholding
 - other refundable credits



Is the nonrefundable tax credit limited to only the income received from the PTE?

- No. The nonrefundable tax credit can be applied to any Utah income tax that the final PTET owes for the current tax year or for years within the 5 year carry forward period.



What happens if the PTE underestimates the Utah taxes?

- A PTE is required to estimate voluntary taxable income by the last day of the PTE's taxable year for all final PTETs.
- If the PTE underestimates the Utah taxes for a Utah resident individual, the individual is required to pay any underpayment when the individual files their Utah individual income tax return.
- If the PTE underestimates the Utah taxes for a Utah non-resident individual, the PTE is required to withhold the difference in Utah taxes when the PTE files their annual Utah partnership, s-corporation, estate, or trust return.



What happens if the PTE overestimates the Utah taxes?

- The tax paid by the electing PTE becomes a nonrefundable tax credit that may be claimed by the final PTET.
- This nonrefundable tax credit has a five year carry forward for amounts that exceed the individual's Utah tax liability.
- Any nonrefundable credit not used within the carry forward period is lost.



How is the process created under HB 444 different than the existing pass-through entity withholding requirement?

- Utah's Pass-through Entities and Pass-Through Entity Taxpayers Act requires a PTE to withhold Utah tax on Utah income attributed to a pass-through entity taxpayer who is not a Utah resident individual or an entity that is not exempt from withholding requirements.
- The amount of Utah tax withheld is a **refundable credit** that can be claimed by a pass-through entity taxpayer against their Utah tax liability. Amounts in excess of the pass-through entity taxpayer's Utah tax liability may be refunded to the pass-through entity taxpayer.



How is the process created under HB 444 different than the existing pass-through entity withholding requirement?

- If a PTE makes this election and pays the SALT tax, it does not necessarily eliminate a PTE's requirement to withhold taxes under the Utah Pass-Through Entities and Pass-Through Entity Taxpayers Act.
- However, payment of the SALT tax does reduce the withholding requirement by the amount of SALT taxes paid on behalf of nonresident final PTETs under the provisions of H.B. 444.



65305 **Schedule N - Pass-through Entity Withholding Tax**
 EIN [REDACTED]

**TC-65, Sch. N
 2023**

A partnership with nonresident individual partners, resident/nonresident business partners, or resident/nonresident trust or estate partners must complete the information below to calculate the Utah withholding tax for these partners. See instructions for column G, column H and column I.

WITHHOLDING WAIVER CLAIMED under §59-10-1403.2(5): If partners will pay the Utah tax on their own returns: [REDACTED]

Enter "1" to claim a waiver for ALL partners (enter "X" in column B and "0" in column F for all partners)

Enter "2" to claim a waiver for SOME partners (enter "X" in column B and "0" in column F for those partners claimed)

See Schedule N instructions for liability responsibilities when claiming a waiver.

A	Name of partner	E	Income/loss attributable to Utah plus Utah source guaranteed pymts (see instructions)	F	4.65% of income - E times .0465 (not less than zero)	G	Mineral production withholding credit	H	Upper-tier pass-through withholding	J	Withholding tax to be paid by this partnership F less G, H and I (not less than 0)
B	Withholding waiver for this partner (enter "X" in column B and "0" in column F)	C	SSN or EIN of partner	D	Partner's % of income or ownership	I	Tax paid by PTE				

#1 A [REDACTED] E [REDACTED] F [REDACTED] G [REDACTED] J [REDACTED]

• B [REDACTED]

H [REDACTED]

• C [REDACTED] D [REDACTED]

I [REDACTED]

#2 A [REDACTED] E [REDACTED] F [REDACTED] G [REDACTED] J [REDACTED]

• B [REDACTED]

H [REDACTED]

• C [REDACTED] D [REDACTED]

I [REDACTED]

#3 A [REDACTED] E [REDACTED] F [REDACTED] G [REDACTED] J [REDACTED]

• B [REDACTED]

H [REDACTED]

• C [REDACTED] D [REDACTED]

I [REDACTED]



What if I have additional questions?

If you have additional questions regarding SALT reports, SALT payments or pass through entity withholding, please contact our office at 801-297-7790 or email the question to taxmaster@utah.gov.



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

