

Income/Franchise:

Utah State Tax Commission Issues FAQs on Implementation of New Pass-Through Entity Tax Election

SALT Report and Tax FAQs: FAQs – 2022 House Bill 444 – Federal State and Local Tax Deduction Workaround, Utah State Tax Comm. (11/22). The Utah State Tax Commission issued a series of answers to “frequently asked questions” (FAQs) concerning implementation of Utah’s newly enacted pass-through entity tax election [see H.B. 444 (2022), and previously issued Multistate Tax Alert for more details on this new tax], which permits qualifying passthrough entities to make an annual irrevocable election to pay an entity level state tax for taxable years beginning on or after January 1, 2022, but before December 31, 2025. Topics addressed include eligibility and qualifications for making the election, the process for making the election, calculating the new tax, and whether an electing entity must make quarterly prepayments or separate payments for each member. The guidance explains that the election to be treated as an electing pass-through entity is made by electronically filing a “SALT report” and submitting an electronic “SALT tax payment” on or before the last day of the pass-through entity’s taxable year using Utah’s “Taxpayer Access Point” (TAP). Please contact us with any questions.

URL: <https://tax.utah.gov/training/salt-faq>

URL: <https://le.utah.gov/~2022/bills/static/HB0444.html>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-utah-enacts-pass-through-entity-tax-election.pdf>

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