

Income/Franchise:

Utah: New Law Revises Financial Institution Sourcing Provisions and Requires Annual Study of Federal Tax Law Changes

H.B. 219, signed by gov. 3/25/25. Effective for taxable years beginning on or after January 1, 2026, recently signed legislation provides that a financial institution's defined "sales from investment activities and assets and trading activities and assets" generally are *not* sourced to Utah for state corporation franchise (income) tax purposes. In accordance with these new provisions, the legislation requires the Utah State Tax Commission to promulgate administrative rules establishing the sales to be included in the sales factor fraction of a financial institution where the numerator may *not* include sales from investment activities and assets and trading activities and assets; and the denominator must include sales from investment activities and assets and trading activities and assets. The bill also includes some relevant definitions.

URL: <https://le.utah.gov/~2025/bills/static/SB0219.html>

H.B. 216, signed by gov. 3/25/25. Recently signed legislation requires the Utah State Tax Commission, Office of the Legislative Fiscal Analyst, and Governor's Office of Planning and Budget to annually determine by consensus whether federal tax law changes may likely result in a material increase in state income tax revenue, and if so, authorizes the Utah Revenue and Taxation Interim Committee to recommend legislative action for the next general session to "negate the material increase" in state income tax revenue. This bill takes effect on July 1, 2025. Please contact us with any questions.

URL: <https://le.utah.gov/~2025/bills/static/HB0216.html>

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