



Should Utah Decouple from the GILTI Provisions of Federal Tax Reform?

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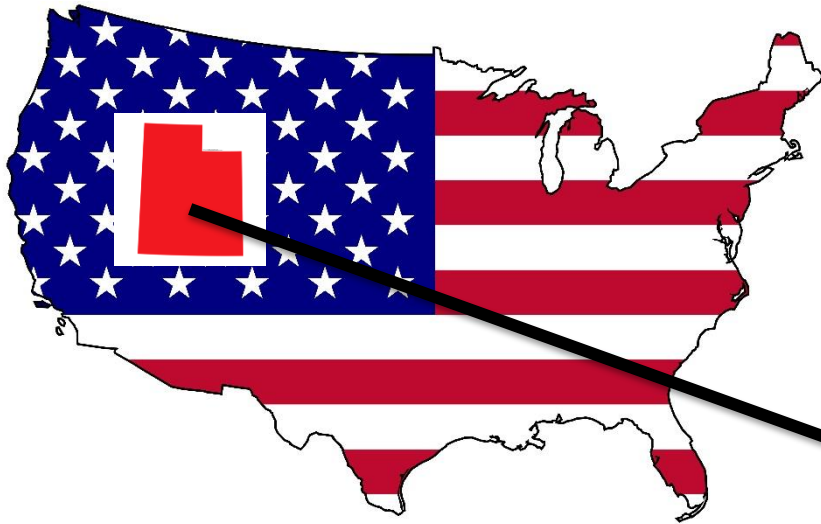
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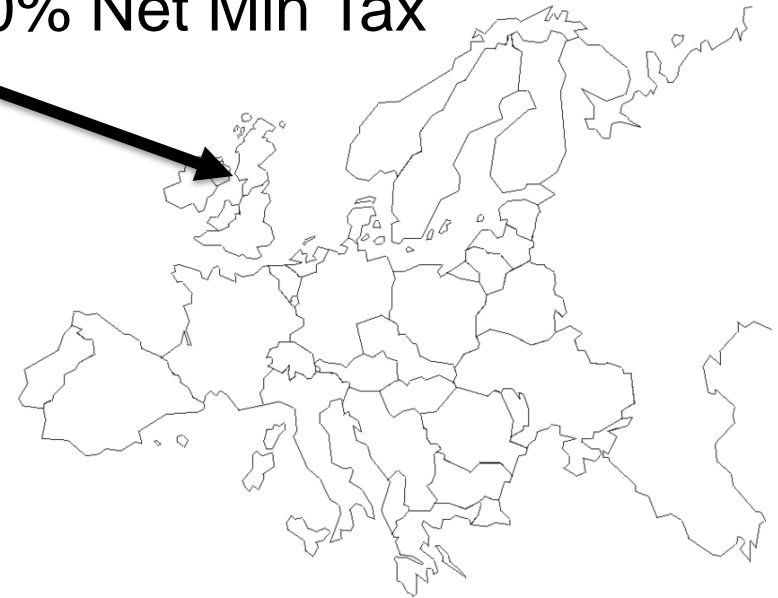
Salt Lake City, Utah 84101

- **Federal Tax Reform – signed 12/22/17**
 - Most provisions affected 2018 federal & Utah taxes
- **July 12, 2018 Interim Rev & Tax Committee:**
 - Voted 9-3 to decouple from GILTI
 - Voted 12-0 to decouple on FDIC premiums
- **FDIC Premium Bill passed in 2019 (SB 12) (Stevenson/Quinn)**
- **GILTI Bill was not run**
- **2020?**

GLOBAL INTANGIBLE LOW TAXED INCOME (GILTI)



Full Gross GILTI Tax
-Fed Credits & Deductions
10% Net Min Tax



UTAH – REASONS TO DECOUPLE ON GILTI

- **Federal:**
 - **Start With Gross (Including Income From Tangibles)**
 - **Extensive Credits And Deductions To Ensure:**
 - Tax only on Intangible Property
 - Tax only on Low-Tax Jurisdictions
 - Low Rate (10%) – Half of Federal 21% Rate
- **Utah:**
 - **Start With Gross, Without The Federal Credits And Deductions**
 - **Taxes:**
 - Intangible Income & Tangible Income
 - Income in Low-Tax and High-Tax Jurisdictions
 - At Same Rate as All Other Income (4.95%)

UTAH – REASONS TO DECOUPLE ON GILTI

- **Federal:**
 - **Taxpayer Benefits:**
 - Moved from Worldwide to Territorial System
 - Significant Rate Cut (35% to 21%)
 - **Offset: Pick up GILTI income at 10%**
- **Utah:**
 - **Same Benefits Not Offered**
 - **Simply a Windfall**

UTAH – REASONS TO DECOUPLE ON GILTI

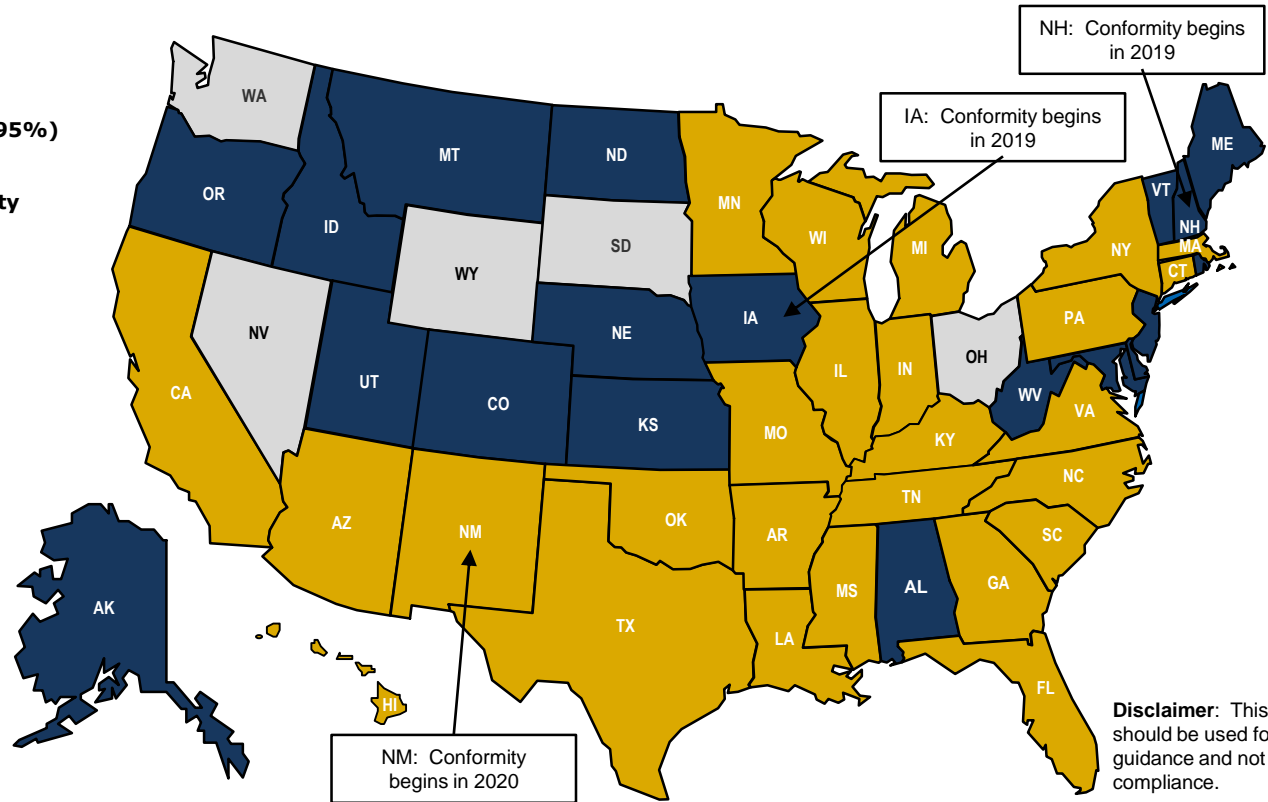
- **Some Utah Taxpayers See a Substantial Tax Increase**
- **Tax Commission Position:**
 - **Start with Gross**
 - **50% Foreign Dividend Received Deduction**
 - **Factor Relief**
- **Some Taxpayers Still See a Substantial Utah Tax Increase Using Gross**
 - **Fair at Federal Level**
 - **Some Unconscionable Results at State Level**

UTAH – REASONS TO DECOUPLE ON GILTI

- **Utah Capturing Much More Foreign Income Than Ever Before**
- **Discriminates against businesses that engage in foreign commerce**
- **Does favoring domestic commerce violate the foreign commerce clause?**

GILTI: Decoupled States = 82.6% of the Population of States with Corporate Income Taxes

- No Corporate Income Tax
- Decoupled from GILTI (or Excludes 95%)
Total Population = 249.9M
- General or Potential GILTI Conformity
Total Population = 52.8M



- DC
- DE
- NJ
- RI
- MD

Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation, U.S. Census Bureau