

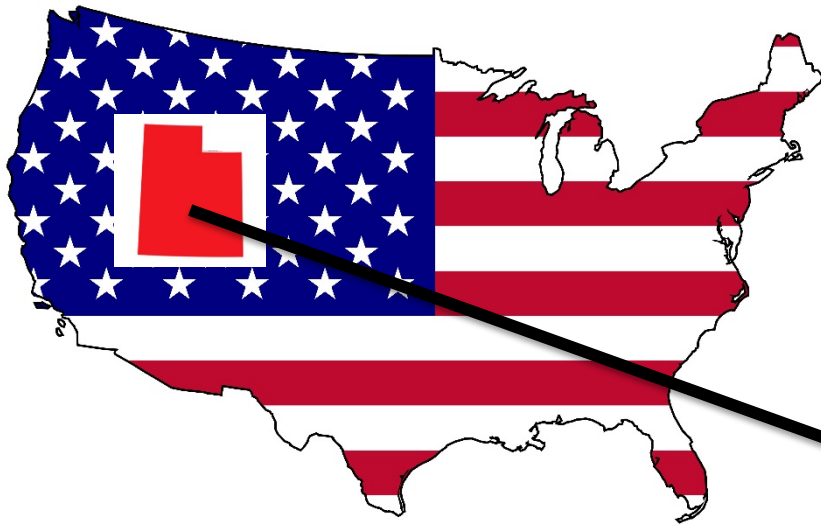


# Should Utah Decouple from the GILTI Provisions of the 2017 Federal Tax Reform?

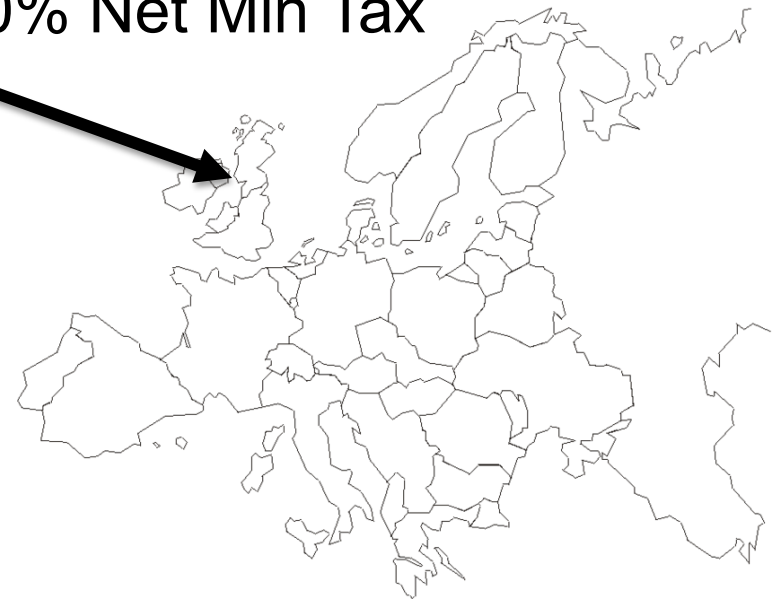
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- **Federal Tax Reform – signed 12/22/17**
- **July 12, 2018 Utah Interim Rev & Tax Committee:**
  - Voted 12-0 to decouple on FDIC premiums
  - Voted 9-3 to decouple from GILTI
- **2019:**
  - FDIC Premium Bill passed (SB 12) (Stevenson/Quinn)
  - GILTI Bill was not run
- **2020:**
  - GILTI Bill was opened (SB 53) (Fillmore)

# 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

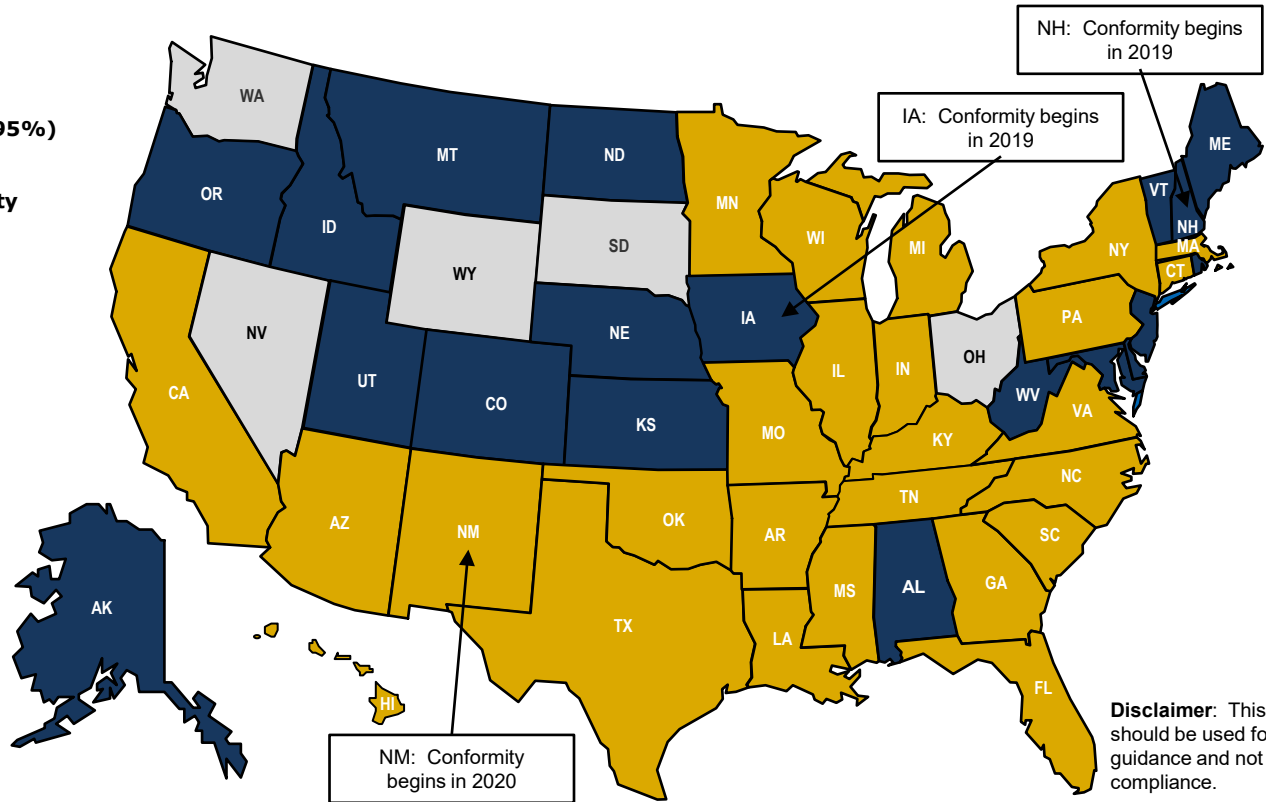
- **Some Utah Taxpayers See a Substantial Tax Increase**
- **Tax Commission Position:**
  - Start with Gross
  - 50% Foreign Dividend Received Deduction
  - Factor Relief
- **Some Taxpayers Still See a Substantial Utah Tax Increase Using Gross**
  - Fair at Federal Level
  - Factor Relief Sometimes Works Well, but Still Some Very Unfair Results at the 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