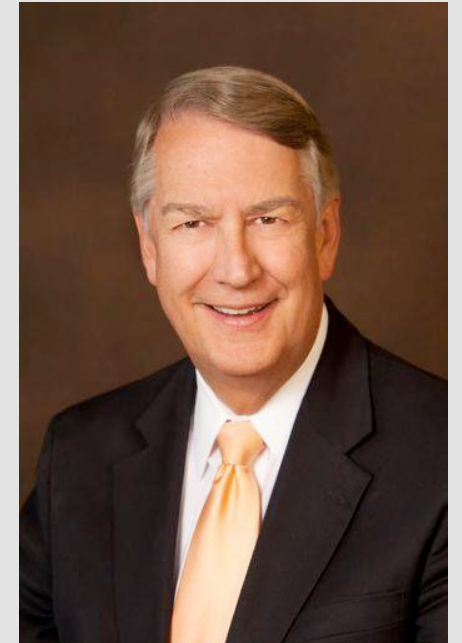




TAX COMMISSION: COMMON FILING AND APPEAL ERRORS

May 8, 2023



Chairman John L.
Valentine

Utah State Tax
Commission

April 20, 2023

Filing Update

- 1,349,690 Million returns filed
- 96% of personal income returns filed either MEF or TAP
- \$2.8 Billion in personal income taxes collected outside of withholding
- \$436 Million in SALT withholdings
- \$ 351 Million in corporate franchise taxes collected

W-2s & 1099Rs

- Employers improperly or not submitting W-2s
- Employers not properly filing reconciliation TC-941E
- Payers improperly filing 1099Rs
- Must be filed annually electronically by January 31

See: UCA 59-10-406 and Publication 14

Pass-Through Entity

Errors

- Failure to file TC-75 after making SALT election payment
- Misapplying SALT election payments to corporate, partnership or income tax accounts
- PTE claiming taxes withheld by upper-tier PTE as payment instead of member withholdings
- Individuals claiming pass-through withholdings as a prepayment on TC-40 line 34 instead correctly on line 35

Overpayment Errors

- Overpayment of SALT election prepayment
- UCA Section 59-10-1403.2:
 - **(d) A payment of the tax described in Subsection (2)(a) on or before the last day of the taxable year:**
 - (i) is an irrevocable election to be subject to the tax for the taxable year; and**
 - (ii) may not be refunded.**

Overpayment Errors

Continued

- Duplicate payment errors
- Bank Prenote process required by NACHA

Upcoming Issues:

HB 56

Pass-Through
Entities

- Withholding requirement applicable to Amended Returns
- Withholding requirement applicable to upper tier audit adjustments
- IRS auditing to address “TAX GAP”

Where Is the
IRS Getting
Auditors?



Missing

Appeal

Deadlines

DEADLINE

Jurisdictional Appeal Deadlines

- Deadline for BOE appeal: September 15
- Deadline: to file residential exemption appeal to BOE: 30 days
- Deadline to file an appeal to the Commission: 30 days
- Deadline to file a request for a formal hearing: 30 days
- Deadline to file a motion for reconsideration: 20 days
- Deadline to file trial de novo: 30 days

Statutory

Relief Limited if

Deadline

Missed



Update:

HB 301

Registration Fees

Gas Tax

Electricity Tax

- Increased fee for each registration charged on a vehicle: \$7.00
- Tax on electric vehicle charging stations: 12.5% per kilowatt hour
- Freeze Gas tax increase for six months: 34.5 cents per gal
- Changes base calculation for rack price inflation factor

Session
Workload
Increase



Session Workload Increase

- 1. Bills reviewed, formally requested by LFA for a fiscal note: 752 in 2023 (585 in 2022 - 28% increase)
- 2. Total passed bills: 575 in 2023 (513 in 2022 - 12% increase)
- 3. Passed bills impacting the Tax Commission: 141 in 2023 (107 in 2022 - 31% increase)

CITIZEN INITIATIVE

- CLEAN THE AIR CARBON TAX ACT
- Imposed a Tax on Carbon Dioxide Emissions
 - 9.72 cents per gallon on motor fuels, 12.23 cents on dyed fuels and 11.7 cents per gallon on aviation fuel.
 - 65.84 cents per 1,000 cf of natural gas.
 - Large Emitter tax of \$12 per metric ton of CO₂.
 - Electricity Provider Tax of \$12 per metric ton of CO₂.
 - Each increases by 3.5% per year plus a CPI adjustment
- Converts the nonrefundable EITC to refundable
- Eliminates State Sales Tax on Food
- Establishes a Clean Air Grant program
- Administrative Concerns

Questions?

