

Pass Through Withholding Credit

Utah Code Ann. § 59-7-614.4.

Tax credit for pass-through entity taxpayer

- (1) As used in this section:
 - (a) "Pass-through entity" is as defined in Section 59-10-1402.
 - (b) "Pass-through entity taxpayer" is as defined in Section 59-10-1402.
- (2) A pass-through entity taxpayer may claim a refundable tax credit against the tax otherwise due under this chapter.
- (3) The tax credit described in Subsection (2) is equal to the amount paid or withheld by the pass-through entity on behalf of the pass-through entity taxpayer described in Subsection (2) in accordance with Section 59-10-1403.2.

Utah Code Ann. § 59-10-1103.

This section is virtually the same as Section 59-10-614.4.

Utah Code Ann. § 59-10-1402(10).

"Pass-through entity" means a business entity that is:

- (a) the following if classified as a partnership for federal income tax purposes: (i) a general partnership; (ii) a limited liability company; (iii) a limited liability partnership; or (iv) a limited partnership;
- (b) an S corporation;
- (c) an estate or trust with respect to which the estate's or trust's income, gain, loss, deduction, or credit is divided among and passed through to one or more pass-through entity taxpayers; or
- (d) a business entity similar to Subsections 10(a) through (c).

Utah Code An. § 59-10-1402(11).

"Pass-through entity taxpayer" means a resident or nonresident individual, a resident or nonresident business entity, or a resident or nonresident estate or trust:

- (a) that is: (i) for a general partnership, a partner; (ii) for a limited liability company, a member; (iii) for a limited liability partnership, a partner; (iv) for a limited partnership, a partner; (v) for an S corporation, shareholder; (vi) for an estate or trust described in Subsection 10(d), a member, partner, shareholder, or other title designated by the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and
- (b) to which the income, gain, loss, deduction, or credit of a pass-through entity is passed through.

A

Partnership

PASS-THROUGH ENTITY

- \$1M Income passed through to B.
- \$50k withheld for B.

B

S-Corp

PASS-THROUGH ENTITY
TAXPAYER

PASS-THROUGH ENTITY

- \$1M in Income from A; \$500K Loss from operations.
- \$50k withholding from A.
- \$500k Income passed through to C.
- \$25k withholding requirement for C but \$50K from A flowed through to C.

C

Shareholder/Individual

PASS-THROUGH ENTITY
TAXPAYER

- \$500k in Income from B.
- \$50k in withholding from B.
- Tax of \$25k paid; \$25k refund.