





EY Payroll NewsFlash

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Vol.23, 031
March 31, 2022

Utah legislation adopts de minimis exemption from nonresident income tax withholding; law reduces personal income tax rate retroactive to January 1, 2022

On March 23, 2022, Utah Governor Spencer J. Cox signed into law [SB 39](#) that, effective January 1, 2023, incorporates a nonresident income tax exemption for short-term business travel by adopting the [Multistate Tax Commission's](#) 20-day threshold model legislation.

Specifically, an employer is not required to withhold Utah state income tax from the wages earned within the state by a nonresident employee if the nonresident employee provides services within Utah for 20 days or less during a calendar year. If the nonresident employee provides services within Utah for more than 20 days during a calendar year, the employer is required to withhold nonresident income tax on all wages paid for services provided within the state during the year.

Under current law, nonresident employees receiving wages for services performed within Utah are subject to Utah income tax withholding. If a nonresident employee receives wages for work inside and outside Utah, only wages earned in Utah are subject to withholding determined by an allocation that is subject to review by the Tax Commission. ([Utah Admin. R. § 865-91-14\(A\)\(1\)](#); [Utah Admin. R. § 865-91-14\(C\)](#).)

Employers may be exempt from Utah's income tax withholding requirements if they do business in Utah for 60 days or less in a calendar year and the employer secured approval from the Tax Commission. Employers doing business for more than 60 days within the state are required to withhold taxes for the entire period unless they can show good cause. ([Utah Code Ann. §59-10-402 \(2\)](#); [Utah Withholding Tax Guide](#) (p. 2).)

Law lowers personal income tax rate retroactive to January 1, 2022

Earlier this year, Governor Cox also approved legislation under [SB 59](#) that, retroactive to January 1, 2022, lowers the state's personal income tax from 4.95% to 4.85%. The law also adds a nonrefundable earned income tax credit and an expansion of the state's Social Security tax credit.

Contact us for more information

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