Utah

#10

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
10 ▲ 5	8 ▲ 7	10 ▲ 1	22 –	12 ▲ 1	29 –

IN THE 2027 *Index*

Utah improved five places, to 10th overall, as the state conformed to pro-growth provisions of the OBBBA from which some of its peers decoupled. Utah trimmed its individual and corporate income tax rates to 4.45 percent, building on years of modest rate reductions. More substantially, however, it conformed to the restoration of first-year expensing for both manufacturing machinery and equipment and for research and experimentation expenses. Utah also conformed to the new higher small business expensing cap under Section 179, and its inflation-adjusted tangible personal property (TPP) tax *de minimis* exemption improved relative to states with unindexed exemptions. Utah's greatest improvement was in its corporate tax component, where its rank improved 7 places, from 15th to 8th.

FORTHCOMING, NOT YET REFLECTED

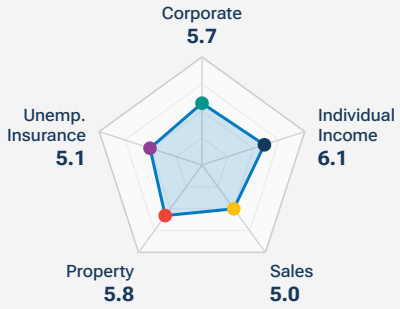
Utah enacted a tax on "targeted advertising" in 2026, which, while ostensibly broad, practically includes digital advertising alone. This change takes effect in January 2027, so it does not affect Utah's score for this edition but will be reflected in next year's *Index*.

Utah's tax code features all major tax types, but the state ranks reasonably well on the *Index* because the taxes are imposed at competitive rates on relatively broad bases that introduce fewer economic distortions than rival states' tax systems. Flat state-level individual and corporate income tax rates of 4.45 percent (with no local income taxes), imposed on reasonably broad bases, combine with low real property taxes and a regionally competitive sales tax to produce a favorable overall tax climate, which is reflected in the state's favorable *Index* rank. Lawmakers have consistently trimmed state income tax rates as the state continues to experience strong revenue collections.

Utah largely avoids excessive taxation of in-state capital investment. It forgoes capital stock and gross receipts taxes and conforms to federal provisions for the first-year expensing of capital investment. And while, unlike some of its rivals, Utah does tax tangible personal property (chiefly business machinery and equipment), it offers a de minimis exemption to eliminate compliance costs for smaller businesses. Lawmakers have also made great strides in reducing sales taxation of business inputs, which leads to tax pyramiding and discourages in-state production. The state does, however, include net CFC tested income (NCTI), formerly global intangible low-taxed income (GILTI), in its corporate tax base, making it an outlier nationwide and particularly among lower-tax states. The state also imposes a throwback rule.

Component scores

out of 10



Utah and its neighbors

Overall rank, 2027 Index, with change from 2026

Wyoming	#1	–
Utah	**#10**	▲ 5
Idaho	#13	▼ 4
Arizona	#17	▼ 3
Nevada	#21	▲ 1
New Mexico	#28	▲ 3
Colorado	#33	▲ 1