



<b>Utah Partnership/Limited Liability Partnership/ Limited Liability Company Return of Income</b>	<b>2003</b> <b>TC-65</b> Rev. 12/03
For the year ending Dec. 31, 2003, or fiscal taxable year beginning _____ and ending _____.	

**PARTNERSHIP**

- **ENTER CODE (1-4)**      1 - Amended IRS return      3 - IRS audit/adjustment
  - **FOR AMENDED RETURN**      2 - Corrected state return      4 - Other
- See instructions on page 4.

Check box(es) if this is a new address:  <input type="checkbox"/> Physical address  <input type="checkbox"/> Mailing address	Partnership/Limited Liability Partnership/Limited Liability Company Name			Employer Identification Number	
	Address			Telephone Number (    )	
	City	State	Zip code		

Indicate whether the entity named above is a:     **General or Limited Partnership**     **Limited Liability Partnership**     **Limited Liability Company**

1. Number of partners/members who are not Utah residents (If all partners/members are Utah residents, complete lines 2, 3, 4 and 5 only)	•	1	
2. Date registered in Utah (MM/DD/YY) .....	•	2	
3. If dissolved, date of dissolution (MM/DD/YY).....	•	3	
4. Did the entity have income derived from Utah sources or maintain a bona fide office, store, factory or place of business in Utah?	•	4	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Amount of Utah income (Attach Schedules A and B, if applicable.) .....	•	5	00
6. Percentage of Utah income attributable to nonresidents .....	•	6	%
7. Is this a composite return on behalf of nonresident partners/members? <b>If you answered yes to line 7, you must complete lines 8 through 17</b>	•	7	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Utah income attributable to nonresident partners/members included in composite filing (Attach form TC-65, Schedule N) .....	•	8	00
9. Deduction amount (multiply line 8 by .15) .....	•	9	00
10. Utah taxable income attributable to nonresident partners/members included in composite filing (line 8 minus line 9) .....	•	10	00
11. Tax rate .....	•	11	<b>.07</b>
12. Tax (line 10 multiplied by line 11) .....	•	12	00
13. Amended returns only - prior refunds (include refunds received from previous returns) .....	•	13	00
14. Total (add lines 12 and 13).....	•	14	00
15. Taxes prepaid (this includes extension prepayments and voluntary prepayments - if this is an amended return, include payments made with previous returns)	•	15	00
16. Net tax due (if the amount on line 14 is greater than the amount on line 15, subtract line 15 from line 14)	•	16	00
17. Refund (if the amount on line 15 is greater than the amount on line 14, subtract line 14 from line 15)	•	17	00

Official Use Only

Under penalties of perjury, I declare that to the best of my knowledge, this return and accompanying schedules are true, correct and complete.

Signature of general partner/member	Date
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<b>Paid Preparer's Section</b>	Paid preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN / PTIN
	Firm's name (or yours if self-employed)	Telephone number		Employer identification number
	Paid preparer's complete address	City	State	ZIP Code

# TC-65 Schedule A - Computation of Utah Income

TC-65A  
Rev. 12/03

Partnership name	Taxable year ending	Employer Identification Number
1. Ordinary income (loss) from trade or business activities from line 1 of federal form 1065, Schedule K .....	1.	00
2. Net income (loss) from rental real estate activities from line 2 of federal form 1065, Schedule K. ....	2.	00
3. Net income (loss) from other rental activities from line 3c of federal form 1065, Schedule K .....	3.	00
4. Portfolio income (loss) from other rental activities from lines 4a through 4f of federal form 1065, Schedule K .....	4.	00
5. Guaranteed payments to partners from line 5 of federal form 1065, Schedule K.....	5.	00
6. Net gain (loss) under section 1231 (other than due to casualty or theft) from line 6 of federal form 1065, Schedule K .....	6.	00
7. Other income (loss) from line 7 of federal form 1065, Schedule K .....	7.	00
8. TOTAL income (add lines 1 through 7) .....	8.	00
9. Section 179 expense deduction from line 9 of federal form 1065, Schedule K.....	9.	00
10. Deductions related to portfolio income from line 10 of federal form 1065, Schedule K .....	10.	00
11. Other deductions from line 11 of federal form 1065, Schedule K .....	11.	00
12. Interest expense on investment debts from line 14a of federal form 1065, Schedule K .....	12.	00
13. Total foreign tax from line 17g of federal form 1065, Schedule K .....	13.	00
14. Section 59(e)(2) expenditures from line 18b of federal form 1065, Schedule K .....	14.	00
15. TOTAL deductions (add lines 9 through 14) .....	15.	00
16. NET income from federal form 1065, Schedule K (subtract line 15 from line 8) .....	16.	00
17. Interest from U. S. Government obligations included on line 4 above .....	17.	00
18. NET income subject to apportionment (subtract line 17 from line 16) .....	18.	00
19. Apportionment fraction to six decimals (100% or from TC-65, Schedule B, line 7) .....	19.	
20. UTAH income amount (multiply line 18 by line 19) Enter here and on line 5 of TC-65. ....	20.	00

# TC-65 Schedule B - Apportionment Schedule

TC-65B  
Rev. 12/03

Partnership name	Taxable year ending	Employer Identification Number
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Describe briefly the nature and locations(s) of your Utah business activities

	Inside Utah Column A		Inside and outside Utah Column B	
1. Tangible Property				
(a) Land .....	1(a)	00		00
(b) Depreciable assets .....	1(b)	00		00
(c) Inventory and supplies .....	1(c)	00		00
(d) Rented property .....	1(d)	00		00
(e) Other tangible property .....	1(e)	00		00
2. Total tangible property (add lines 1(a) through 1(e)) .....	2	00		00
(a) Fraction (divide line 2, column A by line 2, column B) .....			2(a)	
3. Wages, salaries, commissions and other compensation .....	3	00		00
(a) Fraction (divide line 3, column A by line 3, column B) .....			3(a)	
4. Gross receipts from business				
(a) Sales (gross receipts less returns and allowances) .....			4(a)	00
(b1) Sales delivered or shipped to Utah purchasers from outside Utah .....	4(b1)	00		
(b2) Sales delivered or shipped to Utah purchasers from within Utah .....	4(b2)	00		
(c1) Sales shipped from Utah to the United States Government .....	4(c1)	00		
(c2) Sales shipped from Utah to the purchasers in a state(s) where the taxpayer has no nexus. (The partnership/LLP/LLC is not taxable in the state of purchaser) .....	4(c2)	00		
(d) Rent and royalty income .....	4(d)	00		00
(e) Service income (attach schedule) .....	4(e)	00		00
5. Total sales and services (add lines 4a through 4e) .....	5	00		00
(a) Fraction (divide line 5, column A by line 5, column B) .....			5(a)	
6. Total of lines 2a, 3a and 5a .....			6	
7. Calculate the Apportionment Fraction to six decimals: (divide line 6 by 3 or the number of factors present) Enter on Schedule A, line 19. ....			7	

# Utah Partnership/Limited Liability Partnership/Limited Liability Company Return of Income TC-65 Schedule G

TC-65G  
Rev. 12/03

Partnership/Limited Liability Partnership/Limited Liability Company Name	Taxable Year Ending	Employer Identification Number
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**General Partners/Managing Members** **Please make any corrections in the space provided**

SSN/EIN: _____  Name: _____  Address: _____  City: _____  State: _____ ZIP Code: _____  Telephone: _____  Date Affiliated: _____ Date Withdrawn: _____	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Limited Liability Company
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SSN/EIN: _____  Name: _____  Address: _____  City: _____  State: _____ ZIP Code: _____  Telephone: _____  Date Affiliated: _____ Date Withdrawn: _____	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Limited Liability Company
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SSN/EIN: _____  Name: _____  Address: _____  City: _____  State: _____ ZIP Code: _____  Telephone: _____  Date Affiliated: _____ Date Withdrawn: _____	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Limited Liability Company
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SSN/EIN: _____  Name: _____  Address: _____  City: _____  State: _____ ZIP Code: _____  Telephone: _____  Date Affiliated: _____ Date Withdrawn: _____	<input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Limited Liability Company
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# General Instructions for TC-65

## WHAT'S NEW?

**Attachments:** Partnerships are no longer required to attach copies of the federal return to the Utah partnership return. However, partnerships are required to retain copies, which the Tax Commission may request at a later time.

**Amended Returns:** A box has been added above the partnership name for indicating an amended return. Lines 13 and 15 are then used to indicate any refund received or tax paid with the original return. See page 4.

**Payment Agreement Request:** If a partnership owes tax and is unable to pay all or a portion of the amount owed, the partnership may request a payment agreement by completing form TC-804B, "Payment Agreement Request." See page 3.

**Payment coupon:** A payment coupon, TC-544, is now available online and is included with this booklet.

### Who Must File

Every partnership, limited partnership (LP), limited liability partnership (LLP), or limited liability company (LLC) having a resident partner/member, or having any income derived from sources in Utah, must file a return on form TC-65 for the taxable year.

### Where To File

Utah State Tax Commission  
210 N 1950 W  
SLC, UT 84134-0270

### When To File

A return must be filed on or before the 15th day of the fourth month following the close of the fiscal year, or by April 15th for a calendar year business. If the due date falls on a Saturday, Sunday or legal holiday, the return will be due the following business day.

### Filing Extension

Taxpayers are automatically allowed an extension of up to six months to file their returns. This is an extension of time to file the return and not an extension of time to pay tax due. To avoid penalty and interest, the prepayment requirements must be met on or before the original due date and all returns must be filed within the six-month extension period.

The prepayment must equal at least 90 percent of the tax due in the current year, or 100 percent of the previous year's Utah tax liability.

Underpayment of extension prepayment is subject to penalty (see below).

### Penalties

Utah law provides for uniform tax penalties for failure to file tax returns, failure to pay tax due, and failure to file information returns or supporting schedules.

The penalty for **failure to file a tax due return** by the due date is the greater of \$20 or 10 percent of the unpaid tax. If a tax balance is still unpaid 90 days after the due date, a second penalty of \$20 or 10 percent of the unpaid tax, whichever is greater, will be added for failure to pay timely.

The penalty for **failure to pay tax due** as reported on a timely filed return, or within 30 days of a notice of deficiency, is \$20 or 10 percent of the unpaid tax, whichever is greater.

The penalty for **underpayment of the extension prepayment** is 2 percent per month of the unpaid tax during the extension period. If the return is not filed by the extension due date, penalties may apply, as if the extension had not been granted.

The penalty for **failure to file an information return** or a complete supporting schedule is \$50 for each return or schedule up to a maximum of \$1,000.

For a list of additional penalties that may be imposed, refer to Utah Code Ann. Section 59-1-401.

### Interest

Interest is assessed at the rate prescribed by law from the original due date until paid in full. The interest rate applicable for most taxes and fees administered by the Tax Commission is 2 percentage points above the federal short-term rate in effect for the preceding fourth calendar quarter. The IRS publishes this rate in September of each year.

The interest rate for most taxes and fees administered by the Tax Commission for the 2004 calendar year is **3 percent**.

Form TC-15, which contains applicable interest rates, is available on the Internet, [tax.utah.gov](http://tax.utah.gov) or by calling or writing the Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134, telephone number (801) 297-6700 or 1-800-662-4335 ext. 6700.

### Partnership Changes

Partnership changes (e.g. address change or ceasing to do business) must be reported to:

Master File Maintenance  
Utah State Tax Commission  
210 N 1950 W  
SLC, UT 84134-3310

### Partnership/LP/LLP/LLC Not Subject to Tax

A partnership/LP/LLP/LLC is not subject to Utah income tax. Partners/members conducting business are liable for Utah income tax in their separate or individual capacities. However, a partnership/LP/LLP/LLC may file a composite income tax return and pay tax on behalf of individual nonresident partners/members that meet certain conditions. See "Composite Filing."

### Federal Taxable Income

Utah law defines federal taxable income as "taxable income as currently defined in Section 63, Internal Revenue Code, 1986." Since Utah's taxable income is based on the federal taxable income, a partner's ability to carry forward and carry back partnership losses is determined on a federal level. The loss taken by a partner in a given year must match the loss taken on the federal return. Losses cannot be independently carried back and carried forward in any given year on the partner's state return.

### Character of Partnership/LP/LLP/LLC Items

- (1) Each item of partnership/LP/LLP/LLC income, gain, loss or deduction has the same character for a partner/

member as it has for federal income tax purposes. When an item is not characterized for federal income tax purposes, it has the same character for a partner/member as if realized directly from the source realized by the partnership/LP/LLP/LLC, or incurred in the same manner as incurred by the partnership/LP/LLP/LLC.

- (2) Where a partner's/member's distributive share of an item of partnership/LP/LLP/LLC income, gain, loss or deduction is determined for federal income tax purposes by a special provision in the partnership/LP/LLP/LLC agreement with respect to such item, and where the principal purpose of such provision is the avoidance or evasion of tax, the partner's/member's distributive share of such item and any modification with respect thereto shall be determined as if the partnership/LP/LLP/LLC agreement made no special provision with respect to that item.
- (3) In determining state taxable income of a resident partner/member, any modification (such as U.S. government bond interest) that relates to an item of the partnership/LP/LLP/LLC income, gain, loss or deduction shall be made in accordance with the partner's/member's distributive share, for federal income tax purposes, of the items to which the modification relates. Where a partner's/member's share of any such item is not required to be taken into account separately for federal income tax purposes, the partner's/member's distributive share of such item shall be determined in accordance with his distributive share, for federal income tax purposes, of partnership/LP/LLP/LLC income or loss generally.

#### **Nonresident or Part-year Resident Share of Partnership/LP/LLP/LLC Items**

- (1) In determining the adjusted gross income of a nonresident partner/member of any partnership/LP/LLP/LLC, there shall be included only that part derived from or connected with sources in this state of the partner's/member's distributive share of items of partnership/LP/LLP/LLC income, gain, loss or deduction entering into the partner's/member's federal adjusted gross income. (The Utah portion may be shown alongside the total for each item amount as an attachment to the return.)
- (2) In determining the sources of a nonresident partner's/member's income, no consideration will be given to a provision in the partnership/LP/LLP/LLC that:
  - (a) Characterizes payments to the partner/member as being for services or for the use of capital, or allocates to the partner/member, as income or gain from sources outside this state, a greater portion of his distributive share of partnership/LP/LLP/LLC income or gain than the ratio of partnership/LP/LLP/LLC income or gain from sources outside this state to partnership/LP/LLP/LLC income or gain from all sources, except as provided for in (4), below;
  - (b) Allocates to the partner/member a greater portion of a partnership/LP/LLP/LLC item, loss or deduction connected with sources in this state than his

proportionate share, for federal income tax purposes, of partnership loss or deduction generally, except as provided in (4), below.

- (3) Any modification (such as for U.S. government bond interest) that relates to an item of partnership/LP/LLP/LLC income, gain, loss, or deduction, shall be made in accordance with the partner's/member's distributive share for federal income tax purposes of the item to which the modification related, but limited to the portion of such item derived from or connected with sources in this state.
- (4) The Utah State Tax Commission may, on application, authorize the use of other methods of determining a nonresident partner's/member's portion of a partnership/LP/LLP/LLC item derived from or connected with sources in this state, and the modification related thereto, as may be appropriate and equitable, on such terms and conditions as it may require.
- (5) A nonresident partner's/member's distributive share of items of income, gain, loss or deduction shall be determined as provided in "Character of partnership/LP/LLP/LLC items," paragraph (3). The character of partnership/LP/LLP/LLC items for a nonresident partner/member shall also be determined as provided in "Character of partnership/LP/LLP/LLC Items," paragraph (1). The effect of a special provision in a partnership/LP/LLP/LLC agreement, other than a provision referred to in (2), above, having as a principal purpose the avoidance or evasion of tax, shall be determined as provided in "Character of partnership/LP/LLP/LLC items" (2).

#### **Mineral Producers or Payers**

If the partnership/LP/LLP/LLC is a producer or other person paying proceeds in connection with mineral properties located within Utah, the partnership/LP/LLP/LLC must report to each partner/member the partner's/member's share of mineral production withholding tax withheld and remitted to the Utah State Tax Commission. The producer must furnish a copy of form TC-675R to the recipients. The recipient will take credit against the tax for the amount withheld and attach a copy to the Utah individual income tax return, fiduciary tax return or corporation tax return. The recipient must retain a copy for verification of the amounts of tax withheld by the producer.

If the partnership/LP/LLP/LLC is the recipient of proceeds in connection with mineral properties located within Utah, the partnership/LP/LLP/LLC should attach a copy of form TC-675R to the partnership/LP/LLP/LLC return. The amounts withheld are allocated to each partner/member in proportion to each partner's/member's share of income and should be shown on the federal Schedule K-1, form 1065.

#### **Nonresident Partner's Income**

Complete Schedule A to determine the Utah income amount for non-resident partners. If the partnership does business both within and outside of Utah, the portion of the non-resident partnership income attributable to Utah is determined by completing Schedule B and then Schedule A.

## Modifications

Modifications may be needed to determine the state taxable income of a partner/member. See “Character of partnership/LP/LLP/LLC items” and “Nonresident or part-year resident share of partnership/LP/LLP/LLC items.”

## Composite Filing

Partnerships/LPs/LLPs/LLCs may file a composite income tax return (lines 7 through 17 of form TC-65) on behalf of individual nonresident partners/members that meet the following conditions:

- (1) Only individual nonresident partners/members with no other income from Utah sources may be included on the return. Nonresident members listed on the return may not file a Utah individual income tax return. Resident partners/members may not be included on lines 7 through 17 of the return.
- (2) Schedule N must be included with the return. The schedule shall list the information indicated for all individual nonresident partners/members included in the composite filing.
- (3) If individual nonresident partners/members have other sources of Utah income or are entitled to credits, such as the mineral production withholding tax credit, agricultural off-highway fuel credit, or other Utah credits, they cannot be included in the composite filing. Those partners/members must file an income tax return to claim their credits.

## Tax on a Composite Return

The tax shall be computed using the maximum tax rate applied to Utah taxable income attributable to Utah sources after allowing the following:

- (1) A deduction equal to 15 percent of the Utah taxable income attributable to nonresident partners/members included in the composite filing (form TC-65, line 9).
- (2) No deductions shall be allowed for standard deductions or itemized deductions, personal exemptions, federal tax determined for the same period, or any other deductions except as specified in (1).
- (3) Credits, other than prepayments, cannot be claimed on the TC-65. Partners/members must file their own income tax return to claim any credits. Nonresident partners/members, who are eligible to claim credits, may not be included on a composite return.

## Schedules for Partner/Member Information

List all general partner/member information on form TC-65 Schedule G; List all limited partner/nonmanaging member information on form TC-65 Schedule L.

Additional copies of these schedules may be photocopied or printed from our web site: [tax.utah.gov](http://tax.utah.gov).

## Signature

In the case of a partnership/LP/LLP, a general partner must sign the return. In the case of an LLC, a member must sign the return or, if the LLC has vested management in a manager or managers, a manager must sign return. If

receivers, trustees in bankruptcy, or assignees are operating the property or business of the partnership/LP/LLP/LLC, then the receiver, trustee, or assignee must sign the return.

## Tax Due

If you owe tax on a composite return, the payment may be sent electronically or paid by check.

## PAYMENTEXPRESS on the Internet

Pay tax online with a credit card or an electronic check (ACH debit) from your checking account. Pay in full or make partial payments throughout the year. Each online payment is subject to a service fee.

- Access PaymentExpress ([paymentexpress.utah.gov](http://paymentexpress.utah.gov))
- Enter your EIN
- Follow the step-by-step instructions

## Mail Payment

- Make check or money order payable to the Utah State Tax Commission,
- Write your EIN, daytime telephone number and “2003 TC-65” on your check,
- Enclose payment with your return - DO NOT STAPLE check to return, OR
- If mailing payment separate from the return, mail or deliver, with a payment coupon (form TC-544), to the Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0270. DO NOT send another copy of your tax return with your payment. Doing so may delay posting of your payment.

**Do not mail cash.** The Tax Commission assumes no liability for loss of cash placed in mail.

**Allow at least 90 days for your return to be processed.**

**Penalty and Interest**, if applicable, will be billed. Penalty and interest charges are explained in the “Penalties” and “Interest” instructions on page 1.

**Payment Agreement Request:** If you owe tax and are unable to pay all or a portion of the amount owed, you may request a payment agreement by completing form TC-804B, “Payment Agreement Request.” The form can be obtained at [tax.utah.gov](http://tax.utah.gov). If approved, you will receive a letter confirming the acceptance of your request.

A payment agreement does not stop the accrual of penalty and interest. If you do not pay in full by the return due date, whether or not you request a payment agreement, any balance due will be subject to penalty and interest.

If you do not submit a payment agreement request form, a billing notice for the full amount due, including penalty and interest, will be mailed to you. Upon receiving this notice, you must pay the total amount due, or request a formal payment agreement by completing and mailing form TC-804B or calling (801) 297-7703 or 1-800-662-4335 ext. 7703.

Payments may be submitted prior to approval of the payment agreement request or billing notice, per the instructions above.

## **Additional Information**

Additional information concerning Utah income tax requirements as they affect partnerships/LPs/LLPs/LLCs and partnership/LP/LLP/LLC returns are contained in the Utah Code and the rules of the Utah State Tax Commission.

## **Rounding off to Whole Dollar Amounts**

All entries must be reported in whole dollar amounts.

## **Amended Returns**

To amend a return, use the tax form and instructions for the year you are amending.

### **Amend your return promptly if:**

1. An error is discovered on your state or federal return after it has been filed; or
2. Your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must report such changes or corrected net income within 90 days of the IRS's final determination.

To qualify for a refund or credit, an amended return must be filed within three years following the date the original return was filed. A return filed before the due date is considered filed on the due date.

To amend a previously filed return, enter a number in the box titled "Enter code (1-4) for amended return" that best corresponds to your "**REASON FOR AMENDING.**" See codes below:

### **REASONS FOR AMENDING:**

1. You filed an amended return with the IRS. (Attach a copy of your amended federal return.)
2. You made an error on your state return. (Attach an explanation of the adjustment made.)
3. Federal audit adjustments, which resulted in changes in federal taxable income, were issued and became final. (Attach a copy of the IRS adjustment.)
4. Other (Attach explanation to return.)

Complete the return, entering the figures as corrected. All other amounts entered should match your original return.

**Remember:** Except for the amounts you amend, the amounts you place on the return must match the amounts on your original return.

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunication Device for the Deaf (TDD) (801) 297-2020. Please allow three working days for a response.

## Instructions for TC-65, Schedule A

Use Schedule A to determine the Utah income amount for nonresident partners. If the partnership does business both within and outside of Utah, the portion of the nonresident partnership income attributable to Utah is determined by completing Schedule B prior to Schedule A.

### **Lines 1-7 and 9 –14**

Add income or deduct losses that are directly passed through to the partners as shown on federal Schedule K, lines 1-18b. Lines 1-7 and 9 -14 of this form reference the line from federal Schedule K where the pass-through income or deductions can be found.

### **Line 8 - Total Income from Federal Schedule K**

Add lines 1 through 7. Enter the total on line 8.

### **Line 15 - Total Deductions from Federal Schedule K**

Add lines 9 through 14. Enter the total on line 15.

### **Line 16 - Net Income from Federal Schedule K**

Subtract line 15 from line 8. Enter the amount on line 16.

### **Line 17 - Interest from U.S. Government Obligations**

See Pub 33, U.S. Government Obligations. Enter the amount on line 17.

### **Line 18 - Net Income Subject to Apportionment**

Subtract line 17 from line 16. Enter the amount on line 18.

### **Line 19 - Apportionment Fraction**

Either 100% or the percentage calculated on Schedule B, line 7. Enter the amount on line 19.

### **Line 20 - Amount of Utah Income**

Multiply line 18 by line 19. Enter the total on line 20. Use this total as the amount to enter on line 5 of the partnership form, TC-65.

## Instructions for TC-65, Schedule B

Use Schedule B to calculate the portion of the nonresident partnership income attributable to Utah, if the partnership does business both within and outside of Utah.

Determine apportionment fraction by completing this schedule. The factors express a percent for tangible property in Utah, for wages and salaries in Utah, and for sales in Utah. Add these factors together and divide by the number of factors present (typically 3) to arrive at the Utah apportionment fraction calculated to six decimals. Apply this fraction to the net income (or loss) to arrive at the amount of income (or loss) apportioned to Utah. In cases where one or more of the factors are omitted due to peculiar aspects of the business operations, divide by the number of factors present.

Briefly describe the nature and location(s) of your Utah business activities in the space provided at the top of this schedule.

### Lines 1(a)-1(e) - Tangible Property

Show the average cost value during the taxable year of real and tangible personal property used in the business within the state (including leased property) in column A; and overall (including Utah) in column B.

Property owned by the partnership/LP/LLP/LLC is valued at its original cost. Property rented by the partnership/LP/LLP/LLC is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the partnership/LP/LLP/LLC less the annual rental rate received by the partnership/LP/LLP/LLC from subrentals.

The average value of property must be determined by averaging the cost values at the beginning and ending of the tax period. However, monthly values may be used or required if monthly averaging more clearly reflects the average value of the partnership/LP/LLP/LLC's property.

A supporting schedule should be attached whenever monthly averaging is used.

### Line 2 - Total Tangible Property

Enter totals of lines 1(a)-1(e) in the respective columns.

### Line 2(a) - Property Fraction

Determine property fraction: line 2, column A divided by line 2, column B.

### Line 3 - Wages, Salaries, Commissions, and Other Includable Compensation

Wages, salaries, commissions, and other includable compensation paid to employees for personal services must be included in the Utah factor to the extent that the services, for which the compensation was paid, were rendered in Utah.

Compensation is paid in the state if:

- (1) The individual's service is performed entirely within the state
- (2) The individual's service is performed both within and outside the state, but the service performed outside the state is incidental to the individual's service within the state; or

- (3) Some of the service is performed in the state and
  - (a) the base of operation or, if there is no base of operation, the place from where the service is directed or controlled within the state, or
  - (b) the base of operation or the place where the service is directed or controlled is not in any state where some part of the service is performed, but the individual's residence is in this state.

Amounts reportable for employment security purposes may ordinarily be used to determine the wage factor.

### Line 3(a) - Compensation Fraction

Line 3, column A divided by line 3, column B. Overall wages, including Utah, are listed in column B.

### Lines 4(a)-4(e) - Gross Receipts from Business

The sales factor is the percentage the sales or charges for services within the state for the taxable year bear to the overall sales for the taxable year. Gross receipts from the performance of services are in this state to the extent the services are performed in this state.

Sales of tangible personal property are in this state if the property is delivered or shipped to a purchaser within this state regardless of the F.O.B. point or other conditions of the sale, or if the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government, or (2) the partnership/LP/LLP/LLC is not taxable in the state of the purchaser.

**Nexus:** The jurisdictional link that must be present before a state may tax a partnership upon its activities within a state's borders.

### Line 5 - Total Sales and Service

Enter totals of lines 4(a)-4(e) in their respective columns.

### Line 5(a) - Sales Fraction

Determine sales fraction: line 5, column A divided by line 5, column B. Overall sales, including Utah, are listed in column B.

### Line 6 - Total Fraction

Enter total of lines 2(a), 3(a) and 5(a).

### Line 7 - Apportionment Fraction

Calculate the apportionment fraction to six decimals: Line 6 divided by the number of factors used (typically 3 - property, wages, and sales). If one or more of the factors are not present (i.e., there is a zero represented on lines 2, 3 or 5 in column B), divide by the number of factors present. Enter the apportionment fraction here and on Schedule A, line 19.

### Specialized Apportionment Rules

Specialized apportionment rules apply for:

- \* Trucking Companies (R865-6F-19)
- \* Railroads (R865-6F-29)
- \* Publishing Companies (R865-6F-31)
- \* Financial Institutions (R865-6F-32)
- \* Telecommunication (R865-6F-33)