

Your Utah Return is Scanned

Scanning results in faster processing and fewer errors. For the most efficient processing, please follow these guidelines.

- Write within the lines of each box.
- Use black or dark blue ink only. Do not use felt tip pen.
- Print only one number or letter in each box.
- Enter only whole dollar amounts - no pennies.
- If a line or box does not apply to you, leave it blank.
- Do not use dollar signs, slashes or parenthesis in boxes.
- Send in the original return - keep a copy for your records.

Numbers and letters are machine-read, enter as follows:



If entering a loss on line 4a, use a minus sign.



Forms Available

tax.utah.gov/forms

Automated forms ordering:

(801) 297-6700, in the Salt Lake area

(800) 662-4335 ext. 6700, outside Salt Lake

Visit participating libraries and post offices.

Customer Service

taxmaster@utah.gov

(801) 297-2200, in the Salt Lake area

(800) 662-4335, outside the Salt Lake area

Walk-in Service

Ogden, 2540 Washington Blvd, Room 704

Provo, 150 E Center St #1300

Salt Lake City, 210 N 1950 W

Hurricane, 100 S 5300 W

Hours: Monday - Friday, 8:00 a.m. to 5:00 p.m.

Tax Commission Mailing Addresses

Use the pre-addressed envelope in this booklet to mail your return. To speed up a refund, blacken the box on the front of the envelope. If you do not have a preprinted envelope, use the following addresses:

REFUND RETURN

Utah State Tax Commission

210 North 1950 West

Salt Lake City, Utah 84134-0260

ALL OTHER RETURNS (including PAYMENTS)

Utah State Tax Commission

210 North 1950 West

Salt Lake City, Utah 84134-0266

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

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General Instructions

What's New

The Utah individual tax law was changed for 2007 to allow you to calculate your Utah tax liability two ways and then pay the lesser tax. The TC-40 form, included in this booklet, was designed to permit you to calculate your tax under both methods. The regular "traditional" tax is calculated on line 12 and the alternative "single rate tax" is calculated on line 13. Then on line 14 you enter the lesser amount. The credits and other information on page 2 of the return apply to this lesser tax. Specific instructions are included for each line to assist you in completing your return. If you have questions after reading the instructions, contact the Tax Commission at the addresses and telephone numbers listed on page 1.

See other 2007 Utah income tax law changes on the back cover of these instructions.

Capital Gains Deduction

Reminder: Utah allows a deduction for short- and long-term capital gains recognized from the sale of stock, if 70% or more of the gross proceeds of the sale are expended to purchase qualifying stock in a Utah small business corporation and the purchase occurs within 12 months of the stock sale. In order to qualify, the taxpayer must not have had an ownership interest in the Utah small business corporation prior to the purchase of the stock. For more information, see page 10 of these instructions.

Volunteer Income Tax Assistance (VITA)

VITA volunteers provide tax preparation service to low-income and elderly taxpayers. Some VITA sites have the capability of filing electronically. Find the closest VITA site by calling the Information Bank at 211.

Federal Earned Income Tax Credit

The federal earned income tax credit (EITC) is a refundable federal (not Utah) tax credit for certain people who work and have earned income. The credit can mean a larger refund or a reduction in the tax you may owe on your federal return.

To see if you qualify for this federal credit, check the IRS website at www.irs.gov/individuals/article/0,,id=130102,00.html, or call the IRS at 1-800-829-1040.

When to File and Pay

 Quarterly estimated tax payments are NOT required.

You must file your return and pay any income tax due:

1. By April 15, 2008, if you file on a 2007 calendar year basis (tax year ends December 31, 2007); or
2. By the 15th day of the fourth month following the close of the fiscal year, if you file on a fiscal year basis.

All Utah income taxes for the year 2007 must be paid by the due date. If your return is not filed on time or all income tax due is not paid by the due date, you may be subject to penalties and interest. (See Penalties and Interest instructions on page 3.)

Where to File

Mail your return and/or payment using the **envelope in this booklet**. If you don't have a preprinted envelope, refer to the correct mailing addresses on page 1.

Who Must File

1. Every Utah resident individual who is required to file a federal income tax return;
2. Every non or part-year resident individual having income from Utah sources who is required to file a federal return;
3. Taxpayers requesting a refund of any overpayment of income tax regardless of the amount of income; and
4. Every individual with Utah income that meets the following requirements:

Marital Status at end of 2007:	Filing Status:	At end of 2007 you were:	And gross income is at least:	
Single	Single	Under 65 65 or older	\$8,750 \$10,050	
	Head of Household	Under 65 65 or older	\$11,250 \$12,550	
	Qualifying Widow(er)	Under 65 65 or older	\$14,100 \$15,150	
Married with dependent child, living apart from spouse during last 6 months of 2007	Head of Household	Under 65 65 or older	\$11,250 \$12,550	
		Married, living with spouse at end of 2007 or up to date spouse died	Married joint return	Under 65 (both) 65 or older (one spouse) 65 or older (both spouses)
Married, not living with spouse at end of 2007 or up to the date spouse died	Married joint or separate return	Married separate return	Any age	\$3,400
		Married joint or separate return	Any age	\$3,400

If you must file a Utah return, first complete a federal return, even if you're not required to file with the IRS. Information from the federal return is needed to complete the Utah return.

Income Tax Exemption: You may be exempt from Utah individual income tax if your federal adjusted gross income is less than the sum of your federal standard deduction and personal exemptions for the taxable year. See instructions for line 11 on page 10.

What to Attach and What to Keep

Include the following with your TC-40. Also, keep copies of these with your tax records.

- **Withholding Forms:** Attach all forms (W-2, 1099-R, 1099-MISC, etc.) showing Utah withholding tax for which you are claiming credit and TC-675R showing mineral withholding tax.
- **Utah Schedules:** Attach Utah schedules TC-40A, TC-40B, TC-40C, and/or TC-40S, if applicable.
- **Other Adjustments:** If any other adjustments are entered on TC-40S, Part 1, code 69 or Part 2, code 79, attach a separate explanation.

Do not send a copy of your federal return, credit schedules, worksheets, or other documentation with your Utah return. Keep these, along with any receipts, to support any entry reported on your return. **You may be asked to furnish this information later to verify entries on your Utah return.**

Rounding Off to Whole Dollars

Round off cents to the nearest whole dollar. Round down if cents are under 50 cents; round up if cents are 50 cents and above. **Do not enter cents anywhere on the return.**

Extension of Time to File

TIP There is **NO** extension of time to pay your taxes – only an extension of time to file your tax return.

You are automatically allowed an extension of up to six months to file your return without filing an extension form. *However, if the prepayment requirements (see next paragraph) are not met on or before the original due date (April 15th), penalties will be assessed.* See Penalties and Interest instructions below. All extension returns must be filed by October 15, 2008.

Prepayment Requirements for Filing Extension

TIP All prepayments are due on or before April 15, 2008.

The required prepayment must equal:

- Ninety percent (90%) of the tax due for 2007 (line 16); or
- One hundred percent (100%) of your 2006 Utah tax liability (line 19 of your 2006 Utah return).

A prepayment may be in the form of withholding (W-2, TC-675R, 1099-R, etc.), tax credit, and/or payment made on or before the tax due date using form TC-546, Individual Income Tax Prepayment Coupon. Interest will be assessed on unpaid tax from the original filing due date until the tax is paid in full. Penalties may also be assessed.

Penalties and Interest

PENALTIES

Utah law (UC §59-1-401) provides penalties for failure to file tax returns by the due date, failure to pay tax due on time, failure to make sufficient prepayment on extension returns, and failure to file information returns or supporting schedules. Details of these penalties, along with a list of additional penalties, can be found at tax.utah.gov/billing/penaltyinterest.html and in Pub 58, available at tax.utah.gov/forms. You can calculate late filing, late payment, and extension penalties by using the online Penalty and Interest Calculator at tax.utah.gov/picalc.

INTEREST (In addition to penalties due)

Interest will be assessed on any underpayment from the original due date until any outstanding liability is paid in full. The interest rate for most taxes and fees administered by the Tax Commission for the 2008 calendar year is **7 percent**. Use the online Penalty and Interest Calculator at tax.utah.gov/picalc or follow the instructions in Pub 58, available at tax.utah.gov/forms to assist you.

Domicile Defined

Domicile is the place where an individual has a permanent home and to which he intends to return after being absent. It is the place at which an individual has voluntarily fixed his habitation, not for a special or temporary purpose, but with the intent of making a permanent home. A domicile, once established, is not lost until all of the following three elements are met: 1) a specific intent to abandon the former domicile; 2) the actual physical presence in a new domicile; and 3) the intent to remain in the new domicile permanently.

For more information on determining domicile, see Tax Commission rules R865-9I-2 and R884-24P-52. Visit our website at tax.utah.gov/research/ruleseffective.html.

Resident Defined

A Utah resident is an individual who:

1. Is domiciled in Utah for the entire year, even if temporarily outside of Utah for an extended period of time – even years in certain situations;
2. Is domiciled in Utah for any period of time during the taxable year, but only for the duration of that period;
3. Even though domiciled outside Utah, maintains a permanent place of abode within Utah and spends a total of 183 or more days of the taxable year within Utah. This does not apply to military personnel or their spouses who are in Utah on military assignment, unless they are Utah residents.

All income received during the period of Utah residency is taxable in Utah, regardless of the source of that income.

Part-Year Resident Defined

A part-year resident is an individual who is domiciled in Utah for part of the year and is domiciled outside Utah for part of the year. All income received during the period of Utah residency by a part-year resident is taxable in Utah, regardless of the source of that income. Income from Utah sources is taxable in Utah during the period of nonresidency.

Nonresident Defined

A nonresident individual is one who was not in Utah or was in Utah for temporary purposes for less than 183 days during the taxable year. Income received by a nonresident from Utah sources is taxable in Utah.

Deceased Taxpayer Return

A return must be filed for a deceased individual who would have been required to file an income tax return. The personal representative, executor, administrator, legal representative, or survivor must sign and file the final return and any other returns still due. Persons, other than a surviving spouse, claiming a refund on behalf of the deceased, must attach form TC-131, Statement of Person Claiming Refund Due a Deceased Taxpayer, to the front of the return. Also, see pages 5 and 17 for additional instructions for deceased taxpayers.

Military Personnel

1. **Residents:** Utah residents who enter military service do not lose their Utah residency or domicile solely by being absent due to military orders. They still must file a Utah income tax return on all income, regardless of the source. If income tax is required to be paid to another state on nonmilitary income, a credit may be allowed for the tax paid to the other state. If taxes are owed to another state, complete and attach form TC-40A, included in this booklet.
2. **Nonresidents:** Nonresidents stationed in Utah solely due to military orders are not subject to Utah tax on their military pay. However, nonresident personnel or members of their family residing in Utah with earned income from Utah sources, other than active military service pay, are required to file a Utah income tax return and pay any tax due. See instructions on page 7 and Pub 57.

3. **Married couples:** The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person. If one spouse is a full-year Utah resident and the other spouse is a nonresident, the couple may file separate Utah income tax returns, even though they filed a joint federal income tax return. See Special Instructions below and Pub 49.

Special Instructions for Couples



Pub 49 - Special instructions if one spouse is a full-year resident and the other is a nonresident - tax.utah.gov/forms

Couples who qualify to use Special Instructions may file a federal return as married filing joint and file Utah returns as married filing separate. Couples who do not qualify to use Special Instructions must file the Utah return using the same filing status as the federal return.

To file using Special Instructions, one spouse must be a full-year Utah resident and the other spouse must be a nonresident. If either spouse is a part-year resident, they cannot file using Special Instructions.

Native Americans

- Residents:** Native Americans who are domiciled and earn income in Utah should file a Utah income tax return.
 - Enrolled members of a Native American tribe or nation in Utah, who live and work on the reservation on which they are enrolled, are exempt from Utah income tax on income earned on the reservation. See page 7 for how to deduct this income.
 - Enrolled members of the Ute Tribe who work on the Uintah and Ouray Reservation and live on land removed from that reservation under Hagen vs. Utah (510 U.S. 399 (1994)) are exempt from Utah income tax on income earned on the reservation. See page 7 for how to deduct this income.
- Nonresidents:** Nonresident Native Americans who are not domiciled on a reservation within Utah, but earn income from Utah sources, must file a Utah income tax return and pay any tax due.

Students

- Residents:** A Utah resident who is a student at a non-Utah school (full-time or part-time) is required to file a Utah return and pay tax on all income, regardless of the source. If income tax is required to be paid to another state on income also taxed by Utah, a credit may be allowed for tax paid to the other state. To claim credit for taxes paid to another state, complete and attach form TC-40A, included in this booklet. Do not send a copy of the other state's return. Keep the other state's return and all related documents with your records.
- Nonresidents:** A nonresident student who is attending a Utah school is required to file a Utah income tax return and pay Utah tax on income from wages, rental income, business income, etc. earned from Utah sources.

Injured Spouse

If your spouse brought prior outstanding Utah tax liabilities into the marriage, any refund may be offset against that liability. You may be entitled to claim a part or all of any refund under the injured spouse provisions. See specific details on our website at tax.utah.gov/billing/innocent.html.

Innocent Spouse

If your spouse omitted income or claimed false deductions or credits for which you did not receive any benefit, you may be entitled to relief from the tax liability. See specific details on our website at tax.utah.gov/billing/innocent.html.

Amended Returns

To amend a previously filed return, use the tax form and instructions for the year you are amending. You can obtain prior year forms and instructions at tax.utah.gov/forms/old.html.

Amend your return promptly if:

- An error is discovered on your Utah or federal return after it has been filed; or
- Your federal return is audited or adjusted by the IRS and the audit or adjustment affects your Utah return. You must amend your Utah return within 90 days of the IRS's final determination. If you are unsure whether or not your Utah taxes are affected by an audit or adjustment, contact the Tax Commission.

Generally, to qualify for a refund or credit, an amended return must be filed within three years following the date the original return was due. A return filed before the due date is considered filed on the due date. If an amended return must be filed based on changes made by the IRS, a claim for refund or credit must be made within two years after a Utah amended return was required to be filed.

How to Amend a 2007 Utah Income Tax Return

- A. Enter on page 1 of the Utah return, in the box titled "For Amended Return - Enter Code" the code number that best corresponds to your **Reason For Amending**. See codes below.

Reason-for-Amending Codes (enter on return)

- You filed an amended return with the IRS (attach a copy of your amended federal return).
 - You made an error on your Utah return (attach an explanation of the error).
 - Your tax calculation was changed by an IRS audit and/or adjustment (attach a copy of the IRS adjustment).
 - You had a net operating loss. Utah treats net operating losses in the same manner as the federal return. If your amended return is the result of a carryback net operating loss, complete an income tax return for each year you are amending (attach a copy of your amended federal return).
 - Other (attach explanation to return).
- B. Complete the return by entering the corrected figures.
 C. Enter other amounts shown on your original return. If you received a refund on your original return, enter the amount of the previous refund on line 20 of the 2007 amended return. If you paid with the original return or made subsequent payments of the tax prior to filing the amended return, enter the total previous payments on line 26 of the 2007 amended return. Contributions on line 19 cannot be changed after the original return is filed.
 D. Do not submit a copy of your original return with the amended return.

Federal Form 8886

If you filed federal form 8886, Reportable Transaction Disclosure Statement, with the Internal Revenue Service, enter an "X" in the box at the top of your TC-40, where indicated.

Line-by-Line Instructions

Name, Address, Social Security Number

TIP Your social security number(s) and name(s) must match your social security card(s).

Type or print your social security number(s), name(s), address, and telephone number, including area code, in the spaces provided. If filing married jointly or separately, also enter the spouse's name and social security number. You should enter the social security numbers in the same order your names appear on the form.

FOREIGN ADDRESS

If your address is in a foreign country, enter the mailing address where indicated. Enter the foreign city, state/province and postal code in the city field. Enter only the foreign country name in the field titled "Foreign country."

DECEASED TAXPAYER

If you are filing for a taxpayer who died (including a deceased spouse), enter the deceased individual's name and social security number and your mailing address and telephone number. Enter an "X" in the box if the taxpayer or spouse died in 2007 or 2008. *See pages 3 and 17 for additional information.*

SOCIAL SECURITY NUMBER DISCLOSURE

Each individual filing a Utah individual income tax return must disclose his or her social security number pursuant to Tax Commission Rule R861-1A-15. The social security number is used as a unique identifier on the State's automated income tax system. All information on the income tax return is confidential and protected from unauthorized disclosure by federal and state laws.

1. Filing Status

If you filed a joint federal return, you must file a joint Utah return unless the Special Instructions apply.



Pub 49 - Special instructions if one spouse is a full-year resident and the other is a nonresident - tax.utah.gov/forms

Enter a filing status code that matches the filing status shown on your federal return:

1040 and 1040A, lines 1 through 5

1040EZ, there is no federal filing status listed. Select filing status code A or C, whichever applies.

2. Exemptions

TIP For lines 2a through 2c, enter the same number of exemptions claimed on your federal return.

- Enter "1" if you claim yourself. If someone else, such as a parent, is claiming you as their dependent on their federal return, enter "0." If you checked "You" on line 5 of your 1040EZ, enter "0."
- Enter "1" if you claimed your spouse as an exemption on your federal return. If someone else, such as a parent, is claiming your spouse as their dependent on their federal return, enter "0." If you checked "Spouse" on line 5 of your 1040EZ, enter "0."
- Enter the number of dependents claimed on line 6c of the federal return 1040 or 1040A.
- Qualified disabled dependent exemption. Complete form TC-40D, Disabled Exemption Verification, each year for each disabled exemption claimed (see explanation below). Do not send form TC-40D with your return. Keep the form and all related documents with your

records. Enter the total disabled exemptions. *To qualify for this exemption, the individual must be claimed as a dependent on your tax return. **Neither the taxpayer nor the taxpayer's spouse qualifies for this exemption.***

- Add all exemptions and enter the total.

Disabled Exemption Qualifications

Utah allows an additional exemption amount for each disabled dependent claimed. Form TC-40D must be completed each year to claim the exemption. An explanation of each qualified exemption is found on the form, available at tax.utah.gov/forms.

Infants and Toddlers with Disabilities

(Ages 0 through 2 years)

This disabled exemption may be claimed for a child enrolled in an early intervention program. A representative from either the State Department of Health or a local early intervention program is authorized to approve this exemption. For additional information, contact the Utah Department of Health, Early Intervention Program, PO Box 144720, SLC, UT 84114-4720, telephone (801) 584-8226 or 1-800-961-4226.

School-Age Persons with Disabilities

(Ages 3 through 21 years)

The eligible dependent for the exemption must be diagnosed by a local school district (under State Board of Education guidelines) as having a disability classified as: autism, deafness, developmental delay (ages 3 through 7), dual sensory impairment (deaf/blind), hearing impairment, intellectual disability, multidisability, orthopedic impairment, other health impairment, traumatic brain injury, or visual impairment, AND must not be currently receiving residential services from the Division of Services for People with Disabilities (Department of Human Services) or from the School for the Deaf and Blind. Students with only learning disabilities, behavior disorders, or communication disorders are not eligible for this exemption. Questions concerning programs for children may be directed to your local school district, local school, or the Utah State Office of Education, 250 E 500 S, PO Box 144200, SLC, UT 84114-4200, telephone (801) 538-7587.

Adults With Disabilities

(Age 18 and older)

The eligible adult for this exemption must:

- Be 18 years of age or older;
- Be eligible for services provided under Title 62A, Chapter 5 (Services for People with Disabilities);
- Not be enrolled in an education program for students with disabilities authorized under Section 53A-15-301; and
- Not be enrolled in a school established under Title 53A, Chapter 25 (Schools for the Deaf and Blind).

A support coordinator from the Division of Services for People with Disabilities is authorized to sign form TC-40D to certify the adult with disabilities is either enrolled in division services or qualifies for this exemption. A primary care physician or licensed psychologist familiar with the adult's disabilities may also sign form TC-40D, certifying the person qualifies for this exemption.

Questions may be directed to the Utah Department of Human Services, Division of Services for People with Disabilities, 120 N 200 W, Room 411, SLC, UT 84103, telephone (801) 538-4200; www.hsdspd.utah.gov.

Form TC-40D is available on the Internet at tax.utah.gov/forms or by calling or writing the Tax Commission or one of the agencies noted above.

3. Election Campaign Fund

If your Utah income tax liability on line 16 of your Utah return is \$2 or more (\$4 if married filing jointly), you may designate \$2 to be contributed to the campaign fund for any of the qualified parties listed on the return. If this is a joint return, your spouse may also designate \$2 to the party of his or her choice. This will not reduce your refund or increase the amount of taxes you owe.

4a. Federal Adjusted Gross Income

Enter your federal adjusted gross income (FAGI) from your federal return:

1040, line 37 **1040EZ**, line 4
1040A, line 21 **1040NR-EZ**, line 10
1040NR, line 35

4b. Additions to Income

If you have any of the following additions to income, complete TC-40S, Part 1 and attach it to your Utah return. On TC-40S, write the **code and amount** of each addition to income you are required to report. Carry the sum of all additions to income to line 4b of your Utah TC-40. An explanation of each addition to income is listed below.

Codes for additions to income

51 Lump Sum Distribution
52 State Taxes Allocated from an Estate or Trust
53 Medical Savings Account (MSA)
54 Utah Educational Savings Plan Withdrawal (UESP)
55 Reimbursed Adoption Expenses
56 Child's Income Excluded from Parent's Return
57 Municipal Bond Interest
60 Untaxed Income of a Resident Trust
61 Untaxed Income of a Nonresident Trust
69 Equitable Adjustments (other)

(51) Lump Sum Distribution (UC §59-10-114(1)(b))

TIP If you did not file form 4972 with your federal return, this addition to income does not apply.

If you received a lump sum distribution and filed federal form 4972, enter the total of amounts shown on Part II, line 6 and on Part III, line 10 of form 4972. Keep a copy of form 4972 and any 1099-R forms showing the distribution with your records.

Shared Distributions: If you shared a lump sum distribution, first multiply the amount on line 10 of form 4972 by the distribution percentage shown in box 9a on your form 1099-R. Then add the amount shown on Part II, line 6 on form 4972.

(52) State Taxes Allocated from an Estate or Trust (UC §59-10-114(1)(a))

If state taxes were allocated to you by a fiduciary, enter that amount.

(53) Medical Savings Account (MSA) *Utah residents only* (UC §59-10-114(1)(e))

A MSA account holder should receive a form TC-675M, Statement of Withholding for Utah Medical Savings Account, from the account administrator each year contributions are made. Include the sum of lines 8 and 9 from form TC-675M to the extent the amount was previously deducted on your Utah return. Keep form TC-675M with your records.

(54) Utah Educational Savings Plan Unqualified Withdrawal (UESP) (UC §59-10-114(1)(f))

If an amount is withdrawn from a Utah Educational Savings Plan by the taxpayer but not expended for qualified higher education costs, and the amount withdrawn was previously deducted on the taxpayer's Utah return, the withdrawn amount must be added-back to income. A UESP account holder should receive form TC-675H, Statement of Contributions and Disbursements for the Utah Educational Savings Plan, from UESP. Keep this form with your records. If you have any questions about UESP, call (801) 321-7188 or 1-800-418-2551, or www.uesp.org.

(55) Reimbursed Adoption Expenses (UC §59-10-114(1)(j))

Include any adoption expense deducted from Utah income in any prior taxable year for which you received reimbursement from your insurance company, a public welfare agency, or a private charitable organization in the current year.

(56) Child's Income Excluded from Parent's Return (UC §59-10-114(1)(c))

Parents who elect to report a child's interest and dividends on their federal return must add to their Utah income any child's income excluded from the parent's federal adjusted gross income. Use the following worksheet to calculate the add back.

1. Enter \$1,700 OR the sum of the child's taxable interest, ordinary dividends and capital gain distributions (federal form 8814, line 4), whichever is less	\$ _____
2. Federal amount not taxed	\$ 850
3. Subtract line 2 from line 1. If less than zero, enter zero. Add this amount to Utah income	\$ _____

(57) Municipal Bond Interest (UC §59-10-114(1)(g))

Interest from certain bonds, notes and other evidences of indebtedness (commonly known as municipal bonds) issued by non-federal governmental entities outside Utah will be subject to Utah income tax if acquired on or after January 1, 2003. However, interest earned on non-Utah municipal bonds will not be subject to Utah tax if the state (or political subdivision) issuing the bonds does not impose an income tax on bonds issued by Utah. For more information, visit incometax.utah.gov/topics_municipalbonds.php.

(60) Untaxed Income of a Resident Trust (UC §59-10-114(1)(h))

Include any distribution received by a resident beneficiary of a resident trust of income that was taxed at the trust level for federal tax purposes, but was subtracted from state taxable income of the trust.

(61) Untaxed Income of a Nonresident Trust (UC §59-10-114(1)(i))

Include any distribution received by a resident beneficiary of a nonresident trust of undistributed distributable net income realized by the trust on or after January 1, 2004, if such income was taxed at the trust level for federal tax purposes, but was not taxed at the trust level by any state. Undistributed distributable net income is considered to be distributed from the most recently accumulated undistributed distributable net income.

(69) Equitable Adjustments (other) (UC §59-10-115(1))

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit or suffering a double tax detriment. Attach a schedule or explanation of any equitable adjustment reported.

4. Total Federal Adjusted Gross Income and Additions to Income

Add line 4a and 4b.

5a. State Tax Refund Included in Federal Income (UC §59-10-114(2)(n))

If you itemized your deductions on your 2006 federal form 1040, enter the amount reported on your 2007 federal form 1040, line 10; otherwise leave this line blank.

5b. Deductions from Income

If you have any of the following deductions from income, complete TC-40S, Part 2 and attach it to your Utah return. On TC-40S, write the **code and amount** of each deduction from income. Carry the sum of these deductions from income to line 5b of your return. An explanation of each deduction from income is listed below.

Codes for deductions from income

- 71 Interest from U. S. Government Obligations
- 77 Native American Income
- 78 Railroad Retirement Income
- 79 Equitable Adjustments (other)
- 82 Nonresident Active Duty Military Pay
- 85 State Tax Refund Distributed to Beneficiary of Trust

(71) Interest from U. S. Government Obligations (UC §59-10-114(2)(a))



Interest earned on U. S. Government obligations issued by an agency or instrumentality of the United States is **exempt** from state income tax. U. S. Government obligations include:

- Treasury bills,
- Treasury notes, and
- E, EE, H, HH, and I bonds.

Income **NOT** exempt from Utah state income tax includes:

- Interest or dividends from Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA); and
- Interest on refunds from the IRS or any federal agency.

For further questions about taxability of interest income, you may use the following test developed by the U. S. Supreme Court in *Smith vs. Davis*, 323 U.S. 111 (1944) to determine if the instrument qualifies as a U. S. Government obligation. The instrument must be a written document, bear interest, contain a binding promise by the U. S. Government to pay a specific sum on a specific date, and have congressional authorization to pledge the full faith and credit of the United States in support of the promise to pay.

Only interest or dividend income from U. S. Government obligations included in your federal adjusted gross income is exempt from Utah income tax. Before entering an amount, subtract any related expenses claimed as deductions on your federal return such as interest expense on money

borrowed to purchase bonds or securities, or ordinary and necessary expenses paid or incurred in connection with producing exempt income.

Keep all records, forms and worksheets to support this deduction.

(77) Native American Income (UC §59-10-114(2)(k) and (p))

An enrolled member of a Native American tribe in Utah who lives and works on the reservation on which he/she is an enrolled member is exempt from Utah income tax on the reservation income. An enrolled member of the Ute tribe who works on the Uintah and Ouray Reservation and lives on land removed from that reservation under *Hagen vs. Utah* (510 U.S. 399 (1994)) is exempt from Utah income tax on income earned on the reservation.

On TC-40S, Part 2, using code 77, enter the exempt income included in your federal adjusted gross income. Enter your enrollment/census number and a Native/Tribe Code from the list below in the box designating to which nation/tribe you belong.

Nation/Tribe Code

- 1 Confederated Tribes of the Goshute Reservation
- 2 Navajo Nation Reservation
- 3 Paiute Indian Tribe of Utah Reservation
- 4 Skull Valley Bank of Goshute Indians
- 5 Ute Indian Tribe
- 6 Other tribe

(78) Railroad Retirement Income (UC §59-10-114(2)(o))

Federal law does not allow states to tax railroad retirement or disability income received from the Railroad Retirement Board on form RRB-1099. States are also prohibited from taxing unemployment and sickness benefits. If a railroad retirement pension from this form is deducted on line 9d, do not deduct the amount again as an other deduction on TC-40S.

Railroad retirement pensions are deductible on the Utah return only to the extent they are taxable on the federal return. If you received pension payments, disability income or unemployment payments under the Railroad Retirement Act and are required to report all or part of the amount received as income on lines 16b and/or 20b on federal form 1040, or lines 12b and/or 14b of federal form 1040A, you may deduct that amount from Utah income. If amounts derived from sources other than railroad retirement are included on lines 16b and/or 20b of federal form 1040, or lines 12b and/or 14b of federal form 1040A, only deduct the railroad retirement amounts reported on these lines.

(79) Equitable Adjustments (other) (UC §59-10-115(1))

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit or suffering a double tax detriment. Attach a schedule or explanation of any equitable adjustment claimed.

(82) Nonresident Active Duty Military Pay (UC §59-10-116)

Active duty military service pay received by a nonresident is not taxable on the Utah return. The amount of active duty military pay included in federal adjusted gross income should be deducted on TC-40S, Part 2, using code 82. Also, see instructions for TC-40C, line 30 and Pub 57.

(85) State Tax Refund Distributed to Beneficiary of Trust (UC §59-10-114(2)(n))

Enter any state tax refund distributed to a beneficiary of a resident trust to the extent the tax was included in computing federal income of the resident trust for the year.

5. Total State Tax Refund and Deductions from Income

Add line 5a and 5b.

6. Modified Federal Adjusted Gross Income

Subtract line 5 from line 4. This income amount is used to calculate the Utah single rate tax on line 13.

7. State Income Tax Itemized on 2007 Federal Schedule A

TIP If you did not itemize your deductions on federal form 1040 Schedule A, leave this line blank.

If you filed federal form 1040 and you claimed any income tax paid to Utah, another state, the District of Columbia, or a possession of the United States as an itemized deduction on federal Schedule A, line 5 (box "a" checked), enter an amount as follows:

- For federal adjusted gross income LESS than or equal to \$156,400 (or \$78,200 for married filing separate) on line 4a on your Utah return, enter the state income tax itemized on your federal Schedule A, line 5.
- For federal adjusted gross income GREATER than \$156,400 (or \$78,200 for married filing separate) on line 4a on your Utah return, complete the following worksheet to determine the amount to enter.

WORKSHEET

- Add lines 4, 9, 15, 19, 20, 27, and 28 on federal Schedule A \$ _____
- Add lines 4, 14, and 20, plus any gambling and casualty or theft losses included on line 28 on federal Schedule A \$ _____
- Subtract worksheet line 2 from line 1. If your answer is zero or less, stop here. Enter the amount from federal Schedule A, line 5 on line 7 of your Utah return. \$ _____
- Enter the amount from line 29 on federal Schedule A \$ _____
- Subtract line 4 from line 1 \$ _____
- Subtract line 5 from line 3 \$ _____
- Divide line 6 by line 3 (decimal rate) _____
- Multiply the amount on line federal Schedule A, line 5 by the rate on line 7. Enter the amount here and on line 7 of your Utah return. \$ _____

8. Total Adjusted Income

Add line 6 and line 7.

9a. Standard or Itemized Deductions

Itemized Deductions: If you itemized your deductions on your federal return, you must use the same itemized deductions on your Utah return. This amount is found on federal form:

1040, line 40 1040NR, line 37 1040NR-EZ, line 11

Standard Deduction: If you used the standard deduction on your federal return, you must use the same standard deduction on your Utah return. This amount is found on federal form:

1040, line 40 1040A, line 24

1040EZ, if you checked either box on line 5 of federal form 1040EZ, enter the amount from line E of the worksheet on the back of form 1040EZ. If you are single and did not check a box on line 5, enter \$5,350. If you are married filing joint and did not check a box on line 5, enter \$10,700.

9b. Personal Exemptions

(UC §59-10-114(1)(d) and (2)(f))

The Utah personal exemption is \$2,550 per person (75 percent of the federal exemption amount). If your federal adjusted gross income from line 4a on your Utah return is less than or equal to the amount in the **AGI TABLE** below for your filing status, multiply \$2,550 by the number of exemptions claimed in box 2e and enter the result.

If your federal adjusted gross income on line 4a exceeds the amount in the **AGI TABLE** below for your filing status, you are subject to a reduced exemption amount. Multiply your federal amount from form 1040 line 42, 1040A line 26, or 1040NR line 39 by 0.75 and enter the result.

AGI TABLE	Filing Status
\$117,300	Married-separate
\$156,400	Single
\$195,500	Head of household
\$234,600	Married-joint or Qualifying widow(er)

Note: If your federal adjusted gross income exceeds the amount in the **AGI TABLE** and you claim a qualified disabled exemption (line 2d), complete the following worksheet to determine your Utah exemption amount.

High Income Worksheet for Disabled Exemption

- Federal form 1040 line 42, 1040A line 26, or 1040NR line 39, x 0.75 = \$ _____
- Number of exemptions from federal form 1040 or 1040A line 6d or 1040NR line 7d _____
- Divide line 1 by line 2. Enter result \$ _____
- Number of Utah exemptions on TC-40 line 2e _____
- Multiply line 3 by line 4 and enter result. \$ _____
Enter this exemption amount on line 9b.

9c. One-half of Federal Tax Deduction (UC §59-10-114(2)(b))

TIP Self-employment and household employment taxes **MAY NOT** be included in this deduction.

Divide the federal tax amount by two and enter the result.

Locate the federal tax amount from the following federal forms:

1040, add lines 57 and 60. **NOTE:** If any Recapture Taxes were reported on federal form 1040, they must be added to the total of lines 57 and 60.

1040A, line 37

1040EZ, line 10

1040NR, add lines 52 and 55

1040NR-EZ, line 15

9d. Retirement Income Exemption/ Deduction

(UC §59-10-114(2)(d) and (e))

Complete and attach form TC-40B to determine your allowable exemption/deduction for retirement income.

A. Taxpayers age 65 or older

Each taxpayer (you, and/or your spouse if filing jointly) who is 65 or older at the end of the tax year may be entitled to a retirement income exemption of up to \$7,500. This exemption is limited by the amount of your adjusted gross income plus certain interest income. Complete and attach form TC-40B to determine the retirement exemption allowed.

B. Taxpayers under age 65

Each taxpayer (you, and/or your spouse if filing jointly) who is under 65 at the end of the tax year and received retirement income may qualify for a deduction up to \$4,800, but not in excess of the qualifying income. Attach copies of all forms 1099-R, SSA-1099, TC-40B and other documentation to support this deduction.

1. Qualifying Income

Qualifying income is pensions, annuities or taxable retirement social security benefits. To claim the deduction a taxpayer must have earned the qualifying income. A taxpayer cannot use pension, annuity or social security income of their spouse as qualified income for their deduction. The deduction is limited by adjusted gross income plus nontaxable interest income. Complete form TC-40B to determine the retirement deduction allowed.

The following are considered to be retirement income:

- Paid from an annuity contract purchased under a plan that has been contributed to by your employer and is not revocable by you as provided under Section 404(a)(2) of the Internal Revenue Code;
- Purchased by an employee under a plan that meets the requirements of Section 408 of the Internal Revenue Code (commonly known as IRA plans);
- Paid by the United States, a state thereof, or the District of Columbia; and
- Taxable retirement social security benefits (excluding survivor benefits), only if included in your federal adjusted gross income.

2. Income that does NOT qualify

- Disbursements from deferred compensation plans, such as 401(k) and 457 plans; and
- Social security survivor benefits received by a child on behalf of a deceased employee.

9e. Other Deductions from Income

If you have any of the following other deductions from income, complete TC-40S, Part 3 and attach it to your Utah return. On TC-40S, write the **code and amount** of each other deduction from income. Carry the sum of all other deductions to line 9e of your return. An explanation of each other deduction from income is listed below.

Codes for other deductions

- | | |
|----|--------------------------------------|
| 72 | Medical Savings Account (MSA) |
| 73 | Utah Educational Savings Plan (UESP) |
| 74 | Health Care Insurance Premiums |
| 75 | Long-term Care Insurance Premiums |
| 76 | Adoption Expenses |
| 81 | Gains on Capital Transactions |

(72) Medical Savings Account (MSA) *Utah residents only* (UC §59-10-114(2)(h))

If you claimed MSA amounts on federal form 1040, you CANNOT claim MSA amounts on line 9e of your Utah return. The Utah resident account holder of an MSA should receive a form TC-675M, Statement of Withholding for Utah

Medical Savings Account, from the account administrator. Include the sum of lines 5 and 6 from form TC-675M. Keep form TC-675M with your records.

(73) Utah Educational Savings Plan (UESP) (UC §59-10-114(2)(i))

A qualified investment in a Utah Educational Savings Plan is deducted as an other deduction on TC-40S, Part 3. To qualify, the investment must be made during the taxable year and not have been deducted on the taxpayer's federal return. The deduction is limited to the lesser of the investment made during the tax year or \$1,620 per individual beneficiary. On a joint return filed by a married couple, the deduction is limited to the lesser of the actual investment made during the tax year or \$3,240 per beneficiary. A UESP account holder should receive form TC-675H, Statement of Contributions and Disbursements for the Utah Educational Savings Plan, from UESP. Deduct the qualified amount from line 1A or line 1B of form TC-675H, whichever applies. Also calculate a nonrefundable credit for your UESP investment against the Utah single rate tax. See instructions on page 11 for calculating the credit.

Keep form TC-675H with your records. If you have any questions about UESP, call (801) 321-7188 or 1-800-418-2551, or www.uesp.org.

(74) Health Care Insurance Premiums (UC §59-10-114(2)(g))

TUP Premiums itemized or otherwise deducted in determining federal taxable income cannot be deducted on the Utah income tax return.

A taxpayer may deduct the premiums paid by the taxpayer for health care insurance, including Medicare, during the taxable year for the taxpayer, spouse and dependents. Qualifying taxpayers are subject to the following requirements and limitations.

REQUIREMENTS

To qualify, the taxpayer or taxpayer's spouse must not be eligible to participate in a plan offered and funded (fully or partially) by an employer or former employer. A retiree, who may participate in a plan offered and funded (fully or partially) by a previous employer, cannot claim this deduction. Employees who elect not to participate in a plan offered and funded by an employer or former employer cannot claim a deduction. Pre-tax deductions from wages through employer-sponsored programs, such as a cafeteria or flex plan, cannot be claimed as a deduction.

LIMITATIONS

Qualified taxpayers who meet the requirements above may have their deduction limited by:

1. Premiums fully or partially reimbursed or funded by the federal, state or any agency or instrumentality of the federal or state government, excluding Medicare.
2. Premiums paid for health insurance previously deducted on the federal return under any of the following sections of the Internal Revenue Code:
 - a. Section 125 - cafeteria plans. Generally, this is an employer plan covering all employees and the employees may choose among two or more benefits consisting of cash and qualified benefits.
 - b. Section 162 - trade or business expenses. This is the deduction for self-employed individuals of up to 100 percent of premiums paid, but not exceeding the taxpayer's net business income.

- c. Section 213 - medical, dental, etc., expenses. These are itemized expenses deducted on federal Schedule A to the extent they exceed 7.5 percent of the taxpayer's federal adjusted gross income.



incometax.utah.gov/deductions_healthinsurance.php - Detailed instructions and examples for Health Care Insurance Premiums.

(75) Long-Term Care Insurance Premiums (UC §59-10-114(2)(j))

You may only deduct amounts paid during 2007 for long-term care insurance policies to the extent the amounts paid for premiums were not deducted on your federal return.

Long-term care insurance policy means any insurance policy designed to provide coverage:

- For not less than 12 consecutive months; and
- For medically necessary services provided in a setting other than an acute care unit of a hospital.

A long-term care insurance policy includes group and individual annuities and life insurance policies or riders that provide or supplement long-term care insurance. It also includes a policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.

Long-term care insurance does NOT include any insurance policy offered primarily to provide:

- Basic Medicare supplement coverage,
- Basic hospital expense coverage,
- Basic medical-surgical expense coverage,
- Hospital confinement indemnity coverage,
- Major medical expense coverage,
- Disability income or related asset-protection coverage,
- Accident only coverage,
- Specified disease or specified accident coverage, or
- Limited benefit health coverage.

(76) Adoption Expenses (UC §59-10-114(2)(c))

Utah allows individuals to subtract qualifying adoption expenses in ONE of three ways: 1) the year in which the expenses are paid or incurred; 2) the year in which the adoption is finalized; or 3) the year in which the taxpayer may claim the federal adoption credit. Qualified adoption expenses may be deducted, even if the adoption process is terminated.

This deduction applies to the actual qualified adoption expenses of the birth mother, the legal guardian of the birth mother (or another acting on behalf of the birth mother), or the adoptive parents. Expenses include:

- Any medical and hospital expenses of the birth mother of the adopted child incidental to the child's birth;
- Living expenses of the birth mother if paid by the adoptive parents as part of their adoption expenses;
- Actual travel costs incurred exclusively for the purpose of completing adoption arrangements; and
- Any welfare agency, child placement service, legal, and other fees or costs relating to the adoption.

Keep all records, forms and worksheets to support your deduction.

(81) Gains on Capital Transactions (UC §59-10-114(2)(l))

A qualified taxpayer may deduct the short-term and long-term capital gain on a transaction if:

- The gain occurs on or after January 1, 2003;
- At least 70% of the proceeds of the capital gain transaction are used to purchase qualifying stock in a Utah small business corporation within 12 months from when the gain was recognized; and
- The individual did not have an ownership interest in the Utah small business corporation that issued the qualifying stock.

For more information and a detailed definition of a Utah Small Business Corporation, visit the Tax Commission website, incometax.utah.gov/deductions_capitalgains.php or refer to UC §59-10-103(1)(c).

9. Total Deductions

Add lines 9a through 9e.

10. Utah 2007 Taxable Income

Subtract line 9 from line 8. If less than zero, enter zero. If the Utah taxable income on line 10 is zero, also enter zero on line 12.

11. Qualified Exempt Taxpayers

If your federal adjusted gross income is less than or equal to the sum of your federal standard deduction and federal exemption amount, you are exempt from Utah income tax. Complete the Qualified Exempt Taxpayer Worksheet below to see if you qualify.

Qualified Exempt Taxpayer Worksheet for line 11

- Enter the federal adjusted gross income from your federal return 1) _____
1040, line 37 **1040NR**, line 35
1040A, line 21 **1040NR-EZ**, line 10
1040EZ, line 4
- Enter the standard deduction below for the filing status reported on your federal return. If your standard deduction was limited on your federal return, enter amount allowable. Federal 1040NR and 1040NR-EZ filers, enter zero. 2) _____
 - Single**: Enter \$5,350 (if you filed federal form 1040-EZ and you checked the box on line 5, enter the amount from line E on back of your 1040EZ form)
 - Head of Household**: Enter \$7,850
 - Married filing joint**: Enter \$10,700 (if you filed federal form 1040-EZ and you checked either box on line 5, enter the amount from line E on back of your 1040EZ form)
 - Married filing separate**: If your spouse did not itemize, enter \$5,350. If your spouse itemized, enter zero.
 - Qualifying widow(er)**: Enter \$10,700
- Enter the exemption amount taken on your federal return 3) _____
1040, line 42 **1040NR**, line 39
1040A, line 26 **1040NR-EZ**, line 13
1040EZ, if you checked either box on line 5, enter the amount from line F on back of your 1040EZ form. If you are single and did not check a box on line 5, enter \$3,400. If you are married filing joint and did not check a box on line 5, enter \$6,800.
- Add lines 2 and 3 4) _____
- Subtract line 4 from line 1. If the amount is less than zero, enter zero. 5) _____

If the **amount on line 5 of this worksheet is greater than 0 (zero)**, leave box 11 blank and calculate your tax following the instructions for line 12.

If the **amount on line 5 of this worksheet is 0 (zero)**, you are exempt from paying Utah income tax. Enter "X" in the box on line 11 of TC-40 and enter 0 (zero) on line 12.

12. Traditional Tax Calculation

Complete the Traditional Tax Calculation on page 21, using the **Utah 2007 Taxable Income** on **line 10**. Use WORKSHEET A if you are Single or Married Filing Separately. Use WORKSHEET B if you are Married Filing Jointly, Head of Household, or Qualifying Widow(er).

13. Single Tax Rate Calculation

Multiply the modified federal adjusted gross income on line 6 by the single rate tax of 5.35% (.0535) and enter the result on line 13. If line 6 is less than zero, enter zero here.

UESP Credit (UC §59-10-1206.1): If you made a qualified investment in a Utah Educational Savings Plan (UESP) account, you may also be able to claim a nonrefundable credit against your Utah single rate tax. This credit does not apply against the traditional tax calculated on line 12.

The credit is calculated on the amount of your investment, up to the maximum allowed. The qualified investment used in the calculation must meet the same conditions as for the deduction on TC-40S, Part 3, code 73 (see instructions on page 9).

The credit is calculated on the worksheet below.

Single Rate Tax Calculation with UESP Tax Credit	
1. Enter modified federal adjusted gross income from your TC-40, line 6	\$ _____
2. Single rate tax - 5.35%	.0535
3. Multiply line 1 by the decimal on line 2	\$ _____
4. Eligible amount for credit in 2007 from line 1A or line 1B of form TC-675H. This amount must equal the deduction entered on TC-40S, Part 3, code 73.	\$ _____
5. Multiply line 4 by .0535. This is your UESP credit.	\$ _____
6. Subtract line 5 from line 3. If less than zero, enter zero. This is your net Utah single rate tax. Enter this amount on TC-40, line 13.	\$ _____

Note: Any UESP credit in excess of the tax liability may not be carried back or carried forward.

14. Utah Income Tax

Enter the lesser of line 12 (Utah traditional tax) or line 13 (Utah single rate tax).

FULL-YEAR RESIDENT - Enter the tax from line 14 on line 16 on page 2 of TC-40 and then complete the rest of the return.

NON OR PART-YEAR RESIDENT - Use the tax on line 14 in the calculation of your Utah tax on line 15.

15. Nonresident and Part-year Resident Only

TIP If you were a full-year Utah resident, SKIP line 15 and go to line 16.

Follow these **THREE STEPS** to Calculate Your Utah Tax

STEP 1: Complete form TC-40C: Non or Part-Year Resident Utah Income Schedule, included in this booklet.

Transfer the totals from Columns A and B, line 32 to the appropriate boxes on line 15 of the TC-40.

STEP 2: Divide the total in Box a by the total in Box b on line 15 and enter the resulting decimal in Box c (rounding to four decimal places).

STEP 3: Multiply the amount on line 14 by the decimal in Box c on line 15. **This is your Utah tax.**

You must also complete the back of the TC-40.

Attach a copy of form TC-40C to your Utah return. Do **not** attach a copy of your federal return. Keep a copy of form TC-40C and your federal return with your records.

16. Enter Tax

Full-year residents: Enter the tax from line 14.

Non or part-year residents: Enter the tax from line 15.

17. Nonrefundable Credits

TIP Nonrefundable credits can reduce your income tax to zero, but cannot result in a refund.

Keep all related documents, including credit forms, with your records. You may be asked to furnish this information later to verify a credit entered on your Utah return.

If you claim any of the following nonrefundable credits, complete TC-40S, Part 4 and attach it to your Utah return. On TC-40S, write the **code and amount** of each nonrefundable credit you are claiming. Carry the sum of all nonrefundable credits to line 17 of your return. An explanation of each nonrefundable credit is listed below.

Codes for nonrefundable credits

01 At-Home Parent	11 Tutoring Disabled Depend.
02 Qualified Sheltered Workshop	12 Research Activities
03 Carryover of Prior Energy Credit	13 Research Mach./Equip.
05 Clean Fuel Vehicle	17 Taxes Paid to Another State
06 Historic Preservation	19 Live Organ Donation Expen.
07 Enterprise Zone	21 Residential Energy System
08 Low-Income Housing	
10 Recycling Market	

(01) At-Home Parent Tax Credit (UC §59-10-1005)

There is no form for this credit. Keep all related documents with your records.

An at-home parent may claim a nonrefundable credit of \$100 for each child who is not more than 12 months old on the last day of the taxable year for which the credit is claimed. For purposes of this credit an at-home parent includes a:

- Biological mother or father,
- Stepmother or stepfather,
- Adoptive parents,
- Foster parents,
- Legal guardian, or
- Individuals in whose home the child is placed by a child-placing agency for the purpose of legal adoption.

To qualify for the credit, all of the following criteria must be met:

1. The child must be 12 months or younger on the last day of the taxable year for which the credit is claimed;
2. The at-home parent must provide full-time care in the at-home parent's residence;
3. The child must be claimed as a dependent by the at-home parent;
4. The sum of the at-home parent's total wages, tips and compensation listed on federal W-2 forms and the gross income on federal Schedule C, Profit or Loss

from Business, line 7, or Schedule C-EZ, Net Profit from Business, line 1, must be \$3,000 or less for the taxable year; and

5. The federal adjusted gross income of all of the taxpayers filing the individual income tax return is less than or equal to \$50,000.

(02) Qualified Sheltered Workshop Cash Contribution Credit (UC §59-10-1004)

TIP Charitable contributions claimed on the federal Schedule A cannot also be claimed as a credit here.

There is no form for this credit. Keep all related documents with your records. **The name of the qualified workshop must be written on TC-40S, Part 4 to claim the credit.**

Cash contributions made within the tax year to a qualified nonprofit rehabilitation sheltered workshop facility operating in Utah for persons with disabilities are eligible for a credit against Utah income taxes. Check with the workshop to make sure they have a current Day Training Provider License or Day Support Provider Certificate issued by the Department of Human Services. The credit is equal to 50 percent of the total cash contributions, and may not exceed \$200.

Contact the Contract Administrator, Division of Services for People with Disabilities, 120 N 200 W #411, SLC, UT 84103, telephone (801) 538-4200; www.hsdspd.utah.gov for more information.

(03) Carryover of Prior Credit for Renewable Energy Systems (UC §59-10-1014)

If you claimed a renewable energy systems tax credit on your 2003, 2004, 2005, or 2006 income tax return, and the tax credit was in excess of your tax liability for the year claimed, the excess credit may be carried over to the four succeeding years. If you have any excess credit that was not used against a subsequent tax year liability, and are carrying over that excess credit to 2007, enter the unused carryover on Schedule S, Part 4, using code 03.

(05) Clean Fuel Vehicle Credit (UC §59-10-1009)

Complete form TC-40V, Clean Fuel Vehicle Tax Credit, with the Division of Air Quality approval stamp, verifying the credit has been approved. Do not send form TC-40V with your return. Keep the form and all related documents with your records.

To qualify you must have:

- Purchased a vehicle which is registered in Utah, for which this credit has not been taken, that was manufactured to use propane, natural gas, or electricity, or
- Purchased and installed equipment to convert a vehicle registered in Utah to use propane, natural gas, or electricity.

Note: For tax years beginning after 2005, the clean fuel vehicle credit is no longer available for electric-hybrid vehicles.

Contact the Division of Air Quality, 150 N 1950 W, SLC, UT 84116, telephone (801) 536-4029 to obtain form TC-40V, approval, and for additional information.

(06) Historic Preservation Credit (UC §59-10-1006)

Complete form TC-40H, Historic Preservation Tax Credit, with the State Historic Preservation Office certification, verifying the credit has been approved. Do not send form

TC-40H with your return. Keep the form and all related documents with your records.

Only Utah residents are allowed this credit. The credit is for costs incurred in connection with qualified rehabilitation of any certified historic residential building. Unused credits may be carried forward five years as a credit against Utah tax due.

Contact the State Historic Preservation Office, 300 Rio Grande, SLC, UT 84101, telephone (801) 533-3503, or history.utah.gov/historic_preservation to obtain form TC-40H, certification, and for additional information.

(07) Enterprise Zone Credit (UC §63-38f-413)

TIP An individual may not claim this credit or carry this credit into a year the individual has claimed the recycling market development zone credit (nonrefundable credit, code 10) or the targeted business income tax credit (refundable credit, code 40).

There is no form for this credit. Keep all related documents with your records.

The Enterprise Zone Credit is available for certain businesses that hire new full-time employees, rehabilitate buildings or meet certain other requirements in a designated zone. Indian tribes may apply for enterprise zone designation within an Indian reservation.

Any credit amount exceeding the tax owed may be carried forward for three consecutive years.

If enterprise zone credits are being claimed on your ownership in a partnership or S corporation, you must allocate the credits calculated based on your respective percentage of ownership.

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8775; goed.utah.gov/incentives/enterprise_zones to obtain additional information.

(08) Low-Income Housing Credit (UC §59-10-1010)

Individuals sharing in the credit must obtain form TC-40TCAC, Utah Low-Income Housing Tax Credit Allocation Certification, and complete form TC-40LI, Summary of Utah Low-Income Housing Tax Credit. If you are carrying this credit forward or backward, you must also complete form TC-40LIC, Utah Low-Income Housing Tax Credit Carryback and/or Carryforward. Do not send these forms with your return. Keep the forms and all related documents with your records.

The building project owner must also complete and attach form TC-40LIS, Credit Share Summary of Low-Income Housing Project, to the return.

This credit is an amount, determined by the Utah Housing Corporation, for the owners of a low-income housing project who also received an allocation of the federal low-income housing tax credit. When this credit is applicable, the project owner will provide form TC-40TCAC (issued by the Utah Housing Corporation) to the taxpayer. Unused credits may be carried back three years or carried forward five years.

Contact Utah Housing Corporation, 2479 S Lake Park Blvd, West Valley City, UT 84120, telephone (801) 902-8200, or at www.utahhousingcorp.org, for information.

**(10) Recycling Market Development Zone
(UC §59-10-1007)**

TUP An individual may not claim this credit or carry this credit into a year the individual has claimed the enterprise zone credit (nonrefundable credit, code 07) or the targeted business income tax credit (refundable credit, code 40).

Complete form TC-40R, Recycling Market Development Zone Tax Credit, with the Governor's Office of Economic Development certification, verifying the credit has been approved. Do not send form TC-40R with your return. Keep the form and all related documents with your records.

The credit is available to individuals and businesses operating in a designated recycling market development zone.

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8804, goed.utah.gov/incentives/recycling_zones or email lprrall@utah.gov to obtain form TC-40R, certification, and for additional information.

**(11) Tutoring Credit for Disabled Dependents
(UC §59-10-1011)**

There is no form for this credit. Keep all related documents with your records.

The credit is 25 percent of the costs paid by the taxpayer for tutoring each disabled dependent, and may not exceed \$100.

A disabled dependent is a person who: (1) is disabled under UC §53A-15-301; (2) attends a public or private kindergarten, elementary, or secondary school; and (3) is eligible to receive disability program monies under UC §53A-17a-111.

Tutoring, for this credit, means educational services approved by an individual education plan team and provided to a disabled dependent that supplements classroom instruction the dependent receives at a public or private kindergarten, elementary, or secondary school in Utah.

Tutoring does not include:

1. Purchases of instructional books and materials; or
2. Payments for attendance at extracurricular activities, including sporting events, musical or dramatic events, speech activities, or driver education.

Contact the Utah State Board of Education at (801) 538-7587 for additional information.

**(12) Tax Credit for Increasing Research Activities
(UC §59-10-1012)**

There is no form for this credit. Keep all related documents with your records.

The credit is for expenses incurred for increasing qualified research activities in Utah. A qualifying taxpayer may claim the credit in the taxable year immediately following the taxable year for which the taxpayer qualifies for the credit.

(13) Tax Credit for Machinery and Equipment Used to Conduct Research (UC §59-10-1013)

There is no form for this credit. Keep all related documents with your records.

The credit is for machinery, equipment, or both used primarily for conducting qualified research or basic

research in Utah for not less than 12 consecutive months. A qualifying taxpayer may claim the credit in the taxable year following the taxable year for which the taxpayer qualifies for the credit.

**(17) Credit for Income Tax Paid to Another State
(UC §59-10-1003)**

A Utah resident or part-year resident whose income is taxed by Utah AND another state(s), the District of Columbia, or a possession of the United States, may be entitled to a credit against Utah income tax for the amount of tax paid to the other state(s).

Part-year residents will rarely qualify for this credit, as Utah apportions income and only taxes the income earned while a Utah resident. To qualify, the income must be:

1. Taxable in Utah,
2. Taxed by another state(s), and
3. Included in "Column A - Utah" income on form TC-40C.

Part-year residents must prorate the tax paid to other state(s). The credit only applies to the portion of the actual taxes paid on income taxed in both Utah and the other state.

Complete and attach form TC-40A, Credit for Income Tax Paid to Another State. If there are two or more states, use additional copies of form TC-40A. Examples of the calculation are located at incometax.utah.gov/credits_taxesothersates.php. Keep a copy of the other state's return and all related documents with your records.

Do not use the state income tax withheld from form W-2 as the taxes paid to the other state. You must complete and file the other state's return to determine the amount of taxes paid. You may be asked to furnish additional information later to verify this credit.

**(19) Live Organ Donation Expenses Credit
(UC §59-10-1015)**

A living donor may claim a credit for up to \$10,000 of qualified expenses incurred for the donation of human bone marrow, or any part of an intestine, kidney, liver, lung, or pancreas for transplanting in another individual. Qualified expenses are those incurred by the taxpayer or dependent for travel, lodging or a "lost wage" and not reimbursed by any person.

If qualified, complete form TC-40T, Live Organ Donation Expenses Credit. Do not send form TC-40T with your return. Keep the form and related documents with your records.

**(21) Renewable Residential Energy Systems Tax Credit
(UC §59-10-1014)**

Form TC-40E, Renewable Residential and Commercial Energy Systems Tax Credits, must be obtained from the Utah Geological Survey with their certification stamp, verifying the credit has been approved and showing the amount of the approved credit. Do not send form TC-40E with your return. Keep the form and all related documents with your records.

This credit is for reasonable costs, including installation, of a residential energy system that supplies energy required for a residential unit in Utah. Additional residential energy systems or parts may be claimed in subsequent years as long as the total amount claimed does not exceed \$2,000 per residential unit. If the residence is sold to another, who is not a business entity, before claiming the tax credit, the taxpayer may irrevocably transfer to the new owner the right

to the tax credit. The principal portion of lease payments for a residential energy system may qualify for the credit, if the lessor irrevocably transfers to the new owner the right to the tax credit.

Credit in excess of the taxpayer's liability may be carried forward to the four succeeding years.

For more information, contact the Utah Geological Survey (UGS), 1594 W North Temple, Box 146100, SLC, UT 84114-6100, telephone (801) 537-3300, or at geology.utah.gov/sep/incentives/index.htm.

18. Subtract line 17 from line 16

Nonrefundable credits cannot exceed the tax liability on the return. If the total of the credits shown on line 17 is greater than or equal to the tax on line 16, enter zero.

19. Contributions

TIP Contributions may be made to the following approved funds. Contributions will add to your tax due or reduce your refund. Any contribution designated on an original return is irrevocable and cannot be changed on an amended return.

Write the **code and amount** of each voluntary contribution on lines 19a through 19e. Enter the sum of all contributions on line 19. An explanation of each contribution is listed below.

Codes for lines 19a through 19e

01	Utah Nongame Wildlife Fund
02	Pamela Atkinson Homeless Trust Fund
03	Kurt Oscarson Children's Organ Transplant Fund
05	School District and Nonprofit School District Foundation
08	Wolf Depredation Fund
09	Cat and Dog Community Spay and Neuter Program

(01) Utah Nongame Wildlife Fund (UC §59-10-530)

Contribute \$1 or more. Contributions provide funding for management, preservation, protection, and perpetuation of nongame wildlife species. For information, contact the Utah Division of Wildlife Resources, 1594 W North Temple, Suite 2110, SLC, UT 84116, telephone (801) 538-4853.

(02) Pamela Atkinson Homeless Trust Fund (UC §59-10-530.5)

Contribute \$2 or more. Contributions provide funds for services and programs statewide to help Utahns become self-sufficient. For information, contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8650 or community.utah.gov/housing_and_community_development/SCSO/pahtf.html.

(03) Kurt Oscarson Children's Organ Transplant Fund (UC §59-10-550)

Contribute \$1 or more. Contributions provide financial assistance to the families of children in need of organ transplants. For information, contact the representative for the Department of Health, 7247 S Santa Maria Circle, West Jordan, UT 84084, telephone (801) 566-5356 or (801) 243-7060.

(05) School District and Nonprofit School District Foundation (UC §59-10-549(1)(a))

Contribute \$1 or more. Contributions provide funds to private, nonprofit school district foundations established to promote: (1) partnership activities between schools and

communities; (2) charitable giving activities to specific educational programs; and (3) opportunities for scientific, educational, literary, and improvement objectives. If the school district does not have a nonprofit foundation, the contribution goes to the school district. Indicate to which school district/foundation you would like your contribution donated by entering the corresponding code below in the SCHOOL DIST. CODE box to the right of the amount.

School District Codes for "SCHOOL DIST. CODE" box			
Code	Code	Code	Code
01	Alpine	11	Grand
02	Beaver	12	Granite
03	Box Elder	13	Iron
04	Cache	14	Jordan
05	Carbon	15	Juab
06	Daggett	16	Kane
07	Davis	17	Logan
08	Duchesne	18	Millard
09	Emery	19	Morgan
10	Garfield	20	Murray
		21	Nebo
		22	N. Sanpete
		23	N. Summit
		24	Ogden
		25	Park City
		26	Piute
		27	Provo
		28	Rich
		29	Salt Lake
		30	San Juan
		31	Sevier
		32	S. Sanpete
		33	S. Summit
		34	Tintic
		35	Tooele
		36	Uintah
		37	Wasatch
		38	Washington
		39	Wayne
		40	Weber
		41	Utah Assistive Technology

(08) Wolf Depredation Fund (UC §59-10-550.1)

Contribute \$1 or more. Contributions provide funding to be used for payments for livestock depredation by wolves and for wolf management, as permitted by federal law. For information, contact the Utah Division of Wildlife Resources, 1594 W North Temple, Suite 2110, SLC, UT 84116, telephone (801) 538-4853 or wildlife.utah.gov.

(09) Cat and Dog Community Spay and Neuter Program (UC §59-10-550.2)

Contribute \$1 or more. Contributions provide funding for exempt organizations that operate a qualified clinic of licensed veterinarians who provide spay and neuter services for cats and dogs owned by low-income persons. For information, contact the Department of Health, 288 N 1460 W, PO Box 141000, SLC, UT 84114-1000, telephone (801) 538-6343, or email drabiger@utah.gov.

20. Amended Returns Only - Previous Refunds

This line is used only for amended returns. When filing an amended return, enter the amount of all refunds, credits, or offsets of state income tax received for the tax year being amended. Exclude refund interest from this amount.

21. Recapture of Low-Income Housing Credit

Taxpayers who have taken the low-income housing credit and disposed of the building or an ownership interest, must recapture any credits that reduced their tax liability in a previous year. See form TC-40LIC for instructions on calculating the recapture tax.

22. Utah Use Tax

Use tax is required on all taxable items purchased for storage, use or consumption in Utah during the filing year, if sales and use tax was not paid at the time of purchase. Purchases include amounts paid or charged for purchases made on the Internet or through catalogs.

Credit is allowed for sales or use tax paid to another state, but not a foreign country. If the tax rate in the other state is lower than Utah's rate, the person or consumer must pay the difference. If the tax rate in the other state is greater than Utah's rate, no sales or use tax credit or refund is allowed.

If sales taxes were paid to more than one state, complete a worksheet for each state. Enter the sum of the use tax from each worksheet on line 22.

Sales and use tax rates vary throughout Utah. Use the chart on this page to find the rate for the Utah location where the merchandise was delivered, stored, used, or consumed. If the city is not listed, use the county tax rate.

The sales tax rate on food or food ingredients purchased through the Internet or by mail order is 2% less than the regular sales tax rate. In order to qualify for this reduced rate, the food or food ingredients must be for substances sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value. The reduced rate does not apply to alcoholic beverages or tobacco. For more information, see Tax Commission Publication 25, available at tax.utah.gov/forms.

Enter use tax of \$400 or less. If the amount exceeds \$400, the purchaser is required to obtain a sales and use tax license and to pay the use tax on a sales and use tax return.

1. Total amount of purchases subject to use tax	\$ _____
2. Use tax rate (decimal from chart)	x _____
3. Multiply line 1 by line 2	\$ _____
4. Amount of purchases for food and food ingredients included on line 1	\$ _____
5. Multiply line 4 by .02	\$ _____
6. Subtract line 5 from line 3	\$ _____
7. Credit for sales tax paid to another state	\$ _____
8. Use tax due (subtract line 7 from line 6) Enter ZERO if less than ZERO	\$ _____

.0600 Beaver County	.0600 San Juan County
.0700 Beaver City	.0650 Monticello
.0600 Box Elder County	.0600 Sanpete County
.0625 Brigham City, Perry, Willard	.0625 Ephraim, Gunnison Mt. Pleasant
.0700 Snowville	.0600 Sevier County
.0610 Cache County	.0610 Aurora, Redmond
.0635 Cache Valley Transit, Hyde Park, Hyrum,	.0625 Richfield
Logan, Millville, Nibley, N.Logan, Providence,	.0635 Salina
Richmond, River Heights, Smithfield	.0610 Summit County
.0600 Carbon County	.0735 Park City
.0625 Wellington	.0635 Snyderville Basin Transit
.0635 Price	.0600 Tooele County
.0700 Daggett County	.0625 Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0650 Davis County	.0635 Tooele City
.0600 Duchesne County	.0650 Uintah County
.0635 Roosevelt	.0675 Vernal
.0575 Emery County	.0625 Utah County
.0750 Green River	.0650 Alpine, American Fork, Cedar Hills, Highland, Lehi, Lindon, Mapleton, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Spanish Fork, Springville
.0700 Garfield County	.0660 Orem
.0800 Boulder, Panguitch, Tropic	.0600 Wasatch County
.0600 Grand County	.0625 Heber
.0775 Moab	.0725 Midway, Park City East
.0600 Iron County	.0600 Washington County
.0610 Cedar City	.0625 Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0785 Brian Head	.0750 Springdale
.0600 Juab County	.0600 Wayne County
.0625 Nephi	.0660 Weber County
.0675 Kane County	
.0775 Kanab, Orderville	
.0575 Millard County	
.0600 Morgan County	
.0600 Piute County	
.0600 Rich County	
.0700 Garden City	
.0685 Salt Lake County	
.0835 Alta	

23. Total Tax, Use Tax and Additions to Tax

Add lines 18 through 22.

24. Utah Income Tax Withheld

You **MUST** enter the amount of **UTAH TAX WITHHELD** on this line. Utah tax withheld is identified by the code **UT** and the amount withheld found on the following forms:

- W-2, boxes 15 and 17
- 1099-MISC, boxes 16 and 17
- 1099-R, boxes 10 and 11

Attach to your return a copy of each form showing Utah withholding. Also, keep copies of all withholding forms with your records.

NOTE: If a Utah employer identification number is not shown on forms W-2 box 15, 1099-R box 11, or 1099-MISC box 17, any refund may be reduced or the tax due increased. Contact the employer or payer of the income to obtain the Utah employer ID number and write it on the withholding form.

Nonresident Shareholder's Withholding Tax Credit is entered on TC-40S, Part 5, using code 43 and should **NOT** be entered on this line.

25. Credit for Utah Income Taxes Prepaid

Prepayments include payments made with form TC-546, Individual Income Tax Prepayment Coupon, and any amount from the previous year's refund applied as a credit to your current tax liability.

Nonresident Shareholder's Withholding Tax Credit is entered on TC-40S, Part 5, using code 43 and should **NOT** be entered on this line.

26. Amended Returns Only - Previous Payments

This line should only be used for amended returns. When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing this amended return.

27. Refundable Credits

Keep all related documents, including credit forms, with your records. You may be asked to furnish this information later to verify a credit entered on your Utah return.

To claim any of the following refundable credits, complete TC-40S, Part 5 and attach it to your Utah return. On TC-40S, write the **code and amount** of each refundable credit you are claiming. Carry the sum of all refundable credits to line 27 of your return. An explanation of each refundable credit is listed below.

39 Renewable Commercial Energy Systems Tax Credit
40 Targeted Business Tax Credit
41 Special Needs Adoption Credit
43 Nonresident Shareholder's Withholding Tax Credit
46 Mineral Production Withholding Tax Credit
47 Agricultural Off-highway Gas/Undyed Diesel Tax Credit
48 Farm Operation Hand Tools

(39) Renewable Commercial Energy Systems Tax Credit (UC §59-10-1106)

Form TC-40E, Renewable Residential and Commercial Energy Systems Tax Credits, must be obtained from the Utah Geological Survey with their certification stamp, verifying the credit has been approved and showing the amount of the approved credit. Do not send form TC-40E with your return. Keep the form and all related documents with your records.

This credit is for reasonable costs, including installation, of a commercial energy system that is an active solar system, a direct-use geothermal system, a geothermal heat-pump system, a hydroenergy system, or a passive solar system. Credit is also allowed for a commercial system that uses wind, geothermal electricity, or biomass equipment.

For more information, contact the Utah Geological Survey (UGS), 1594 W North Temple, Box 146100, SLC, UT 84114-6100, telephone (801) 537-3300, or through the Internet at geology.utah.gov/sep/incentives/index.htm.

(40) Targeted Business Tax Credit (UC §63-38f-503)

TIP If an individual claims this credit, the individual may not claim an enterprise zone tax credit (nonrefundable credit, code 07) or recycling market development zone tax credit (nonrefundable credit, code 10).

A refundable credit is available to businesses providing a community investment project as defined in UC §63-38f-501 through §63-38f-503. Obtain a certified copy of form TC-40TB, Targeted Business Tax Credit. Keep this form and all related documents with your records.

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8775, goed.utah.gov/incentives/enterprise_zones to obtain form TC-40TB, certification or for additional information.

(41) Special Needs Adoption Credit (UC §59-10-1104)

There is no form for this credit. Keep all related documents with your records.

A taxpayer who adopts in Utah a child who has a special need may claim a refundable credit of \$1,000 for each special need child adopted. This credit may only be claimed in the year the court issues the order granting the adoption.

To claim this credit, the child must meet one of the following conditions: be five years of age or older; be under the age of 18 and have a physical, emotional, or mental disability; or be a member of a sibling group (two or more persons) placed together for adoption.

(43) Nonresident Shareholder's Withholding Tax Credit (non/part-year residents only) (UC §59-10-1103)

TIP Only enter this credit on TC-40S, Part 5, using code 43. Do not include this credit on lines 24 or 25 of your return.

Keep the federal Schedule K-1 issued by the corporation and all other related documents with your records. Do not attach them to your Utah return.

If you are a Utah nonresident shareholder of an S corporation, you are entitled to a credit for any Utah income tax withheld and paid by the S corporation on your behalf. Enter the amount of the withholding credit claimed. Also, enter the federal identification number of the S corporation in the space provided on TC-40S. If you have Utah withholding credits from more than one S corporation, enter the federal identification number of the S corporation for which you are claiming the largest amount of withholding.

(46) Mineral Production Withholding Tax Credit (UC §59-6-102(3))

Enter the total of the mineral production tax withheld as shown on forms TC-675R or federal Schedule K-1(s) for the

tax year. Attach copies of form TC-675R or federal Schedule K-1 to the return to receive proper credit. (Attach these forms with other W-2 and 1099 forms.)

(47) Agricultural Off-highway Gas/Undyed Diesel Tax Credit (UC §59-13-202)

There is no form for this credit. Keep all related documents with your records.

The credit is 24.5 cents per gallon only for motor fuel and undyed diesel fuel purchased in Utah to operate stationary farm engines and self-propelled farm machinery used solely for commercial nonhighway agricultural use that was taxed at the time of purchase. Activities that DO NOT qualify for this credit include, but are not limited to, the following: golf courses, horse racing, boat operations, highway seeding, vehicles registered for highway use, hobbies, farming for personal use, etc.

Credit calculation: Gallons _____ x .245 = Credit _____

(48) Farm Operation Hand Tools (UC §59-10-1105)

There is no form for this credit. Keep all related documents (receipts, invoices, and documents showing amount of sales or use tax paid) with your records.

The refundable credit is allowed for sales and use tax paid on hand tools purchased and used or consumed primarily and directly in a farming operation in Utah. The credit only applies if the purchase price of a tool is more than \$250.

28. Total Withholding and Credits

Add lines 24 through 27.

29. Tax Due

If the amount on line 23 is greater than the amount on line 28, subtract line 28 from line 23. This is the tax you owe.

30. Penalty and Interest

If you are filing your return late or paying any tax due late, you may be subject to penalty and interest. You may calculate your penalty and interest by using the Penalty and Interest Calculator online at tax.utah.gov/picalc or by following the instructions in Pub 58, available online at tax.utah.gov/forms. If you do not include all applicable penalties and interest with your return, or the penalty and/or interest was calculated incorrectly, the Tax Commission will send you a bill.

Add together any penalty and interest you owe and enter the total on line 30.

PENALTIES: The penalty for failure to file a tax due return by the due date is a percentage of the unpaid tax, based on the number of days late. The penalty for failure to pay tax due as reported on a timely filed return a percentage of the tax due, based on the number of days late. Details for calculating these penalties can be found at www.tax.utah.gov/billing/penaltyinterest.html and in Pub 58 available at www.tax.utah.gov/forms. Include these penalties on line 30, if applicable.

The penalty for underpayment of an 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, failure to file and failure to pay penalties will apply, as if the extension had not been granted. Also, include this penalty on line 30, if applicable.

There is no penalty for filing a return late (including an amended return) if there is no tax due on the return.

INTEREST: Calculate interest due from the due date (April 15, 2008) to the date paid using the 2008 rate of **7 percent** (or applicable rate if after 2008). Include this interest on line 30, if applicable.

PAYMENT OPTIONS

You may pay any tax due online with your credit card or with an electronic check (ACH debit) from your checking account. Each online payment is subject to a service fee. To pay online, access PaymentExpress (**paymentexpress.utah.gov**) and follow the step-by-step instructions.

You may also mail in your check or money order payable to the Utah State Tax Commission with your return. Be sure to write your social security number, daytime telephone number and "2007 TC-40" on your check. **DO NOT STAPLE** check to return. Remove the check stub before sending. **DO NOT MAIL CASH** with your return. The Tax Commission assumes no liability for loss of cash placed in mail. **Include the TC-547 coupon on page 21 with your payment.**

Use the envelope provided in this booklet. If you do not have a preprinted envelope, mail your payment, coupon and return to the Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0266.

ALLOW AT LEAST 90 DAYS FOR YOUR RETURN TO BE PROCESSED.

PAYMENT AGREEMENT REQUEST: If you owe tax and are unable to pay all of the amount owed, you may request a payment agreement by completing form TC-804, Payment Agreement Request, available at **tax.utah.gov/forms**. You can also complete the request by accessing Utah Online Payment Agreement at **tax.utah.gov/billing/payment.html**. 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 and a lien may be filed to secure the debt.

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, unless you request a payment agreement by completing and mailing form TC-804, completing the Utah Online Payment Agreement at **tax.utah.gov/billing/payment.html**, or calling (801) 297-7703 or 1-800-662-4335 ext. 7703. If you do not receive confirmation of your payment plan within 45 days, please call us.

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

NOTE: A payment plan cannot be set up until your return is processed.

31. Pay This Amount

Add the tax on line 29 and any penalty and interest on line 30. This is the total amount you owe. Complete the TC-547 coupon on page 21 and include it with your payment.

32. Refund

If the amount on line 28 is greater than the amount on line 23, subtract line 23 from line 28. This is your refund.

NOTE: Your refund may be applied to any outstanding federal or state debt owed.

Use the envelope provided in this booklet. To help you get your refund quicker, completely darken the **BLUE** box area on the front of the envelope using **BLACK** ink so that none of the vertical lines show. If you do not have a preprinted envelope, mail your return to Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0260.

Check your refund status online at **incometax.utah.gov**.

33. Refund Applied To 2008 Taxes

You may apply all or part of your refund shown on line 32 as a prepayment for your 2008 Utah income tax liability. Enter the amount of refund you want applied to your 2008 tax on this line. Any part of the refund not applied to your 2008 tax liability will be refunded to you (unless you have other outstanding government obligations). Once made, this election cannot be changed.

34. Direct Deposit

TIP If you choose to deposit your refund directly into your account, you will not receive a check in the mail.

If you want your refund deposited directly into your checking or savings account, enter your financial institution's routing number and your account number.

The check example on page 19 indicates where the routing and checking account numbers are located on your check. If needed, contact your financial institution and they can provide this information to you.

If for any reason your financial institution rejects your request for direct deposit, you will receive a check by mail instead of direct deposit.

Completing The Return Signature

You must sign the return. If the return is a joint return, both husband and wife must sign.

Signature For Deceased

If your spouse died during 2007 or 2008, prior to filing, and you are filing a joint return, write "DECEASED" in the signature block for your spouse. See additional instructions on pages 3 and 5. *If you are not a surviving spouse, attach form TC-131.*

Attachments to Return

Include with your TC-40 **ONLY** the following:

- Withholding forms showing Utah withholding, i.e., W-2, 1099-R, 1099-MISC, TC-675R, etc.;
- Utah schedules TC-40A, TC-40B, TC-40C, and/or TC-40S, if applicable;
- An explanation of any other adjustment entered on TC-40S, Part 1, using code 69 or Part 2, using code 79.

Do not send a copy of your federal return, credit schedules, worksheets, or other documents. Keep these with your tax records.

Third Party Designee

If you want to allow a friend, family member or other person to discuss your 2007 Utah tax return with the Tax Commission, enter the party's name and telephone number in the Third Party Designee area on page 2 of your Utah return. Also, a number (up to 9 digits) the designee chooses as his or her personal identification number (PIN) should be entered where indicated. If you want to designate the paid preparer who signed your return as the Third Party Designee, enter "Preparer" in the space for the designee's name.

If you make entries in the Third Party Designee area, you, and your spouse if filing a joint return, are authorizing the Tax Commission to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the Tax Commission any missing information from your return;
- Call the Tax Commission for information about the processing of your return or the status of your refund or payment(s);
- Receive copies of notices or transcripts related to your return, upon request; and
- Respond to certain Tax Commission notices about math errors, offsets and return preparation.

You are not authorizing the designee to receive any refund, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Commission. If you want to expand the designee's authorization, complete and submit to the Tax Commission form TC-737, Power of Attorney and Declaration of Representative. Form TC-737 is available on our website at tax.utah.gov/forms.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2008 tax return. This is April 15, 2009 for most people. If you wish to revoke the authorization before it ends, submit your request in writing to the Utah State Tax Commission, attention Taxpayer Services, 210 N 1950 W, SLC, UT 84134.

Paid Preparer Requirements

A paid preparer must enter his or her name, address, and social security number or PTIN in the section below the taxpayer's signature on the return.

Preparer Electronic Filing Requirements (UC §59-10-514.1)

If a preparer (or two or more preparers affiliated together in the same establishment) prepared over 100 returns in the prior calendar year, the preparer(s) must submit all their Utah individual income tax returns electronically or using 2D bar code technology. Exceptions apply for taxpayers who elect out of electronic filing or using 2D technology (see form TC-831) and for undue hardship on the preparer in conforming to this provision.

Preparer Penalties: The person who prepares, presents, procures, advises, aids, assists, or counsels another on a return, affidavit, claim, or similar document administered by the Tax Commission, and who knows or has reason to believe it may understate a tax, fee or charge is subject to both a civil penalty (\$500 per document) and criminal penalties (second degree felony with a fine from \$1,500 to \$25,000). See Utah Code §59-1-401(9) and (10) for specific details.

IRS

All information on your return is compared to information filed with the IRS.

Direct Deposit Example for Line 34

JOHN J. TAXPAYER
MARY S. TAXPAYER
900 N 500 W
My Town, UT 84000

1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

MY TOWN BANK
My Town, UT 84000

FOR _____

Routing number **Account number** **Do not include the check number**

⌘ 250250025 ⌘ 000009876543 ⌘ 1234

● Routing number

2 5 0 2 5 0 0 2 5

● Account number

0 0 0 0 0 9 8 7 6 5 4 3

● Enter "X" for account type
Checking Savings

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2007 TRADITIONAL TAX CALCULATION

1. Select **WORKSHEET A** or **WORKSHEET B** based on your filing status from line 1 of your return.
2. Locate the **taxable income column** that matches the taxable income on line 10. For example, if you used **WORKSHEET B** and your income on line 10 was \$5,500, you would look for the taxable income column that is \$4,001 to \$6,000.
3. Under the selected **taxable income column**, complete the calculations as instructed on the worksheet.

WORKSHEET A - For Single or Married Filing Separate

Use this worksheet if you entered code **A** or **D** on line 1 on the front of the return.

If taxable income from line 10 is →	\$0 to \$1,000	\$1,001 to \$2,000	\$2,001 to \$3,000	\$3,001 to \$4,000	\$4,001 to \$5,500	Over \$5,500
a. Taxable income from line 10						
b. Amount to subtract	— 0	— \$1,000	— \$2,000	— \$3,000	— \$4,000	— \$5,500
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	X .023	X .033	X .042	X .052	X .06	X .0698
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$23	+ \$56	+ \$98	+ \$150	+ \$240
g. This is your Utah income tax. (Add lines e and f) Enter on line 12	=	=	=	=	=	=

WORKSHEET B - For Married Filing Joint, Head of Household, or Qualifying Widow(er)

Use this worksheet if you entered code **B**, **C** or **E** on line 1 on the front of the return.

If taxable income from line 10 is →	\$0 to \$2,000	\$2,001 to \$4,000	\$4,001 to \$6,000	\$6,001 to \$8,000	\$8,001 to \$11,000	Over \$11,000
a. Taxable income from line 10						
b. Amount to subtract	— 0	— \$2,000	— \$4,000	— \$6,000	— \$8,000	— \$11,000
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	X .023	X .033	X .042	X .052	X .06	X .0698
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$46	+ \$112	+ \$196	+ \$300	+ \$480
g. This is your Utah income tax. (Add lines e and f) Enter on line 12	=	=	=	=	=	=

SEPARATE AND RETURN ONLY THE BOTTOM PORTION WITH PAYMENT. KEEP TOP PORTION FOR YOUR RECORDS.

Individual Income Tax Return Payment Coupon

Tax year

2007

For Office Use Only

Mail to: Utah State Tax Commission, 210 N 1950 W, SLC UT 84134-0266

TC-547
Rev. 12/06

Your name		Social Security no.	
Spouse's name		Spouse's Social Security no.	
Address			
City	State	Zip code	
Payment amount enclosed		\$	00

Make check or money order payable to the Utah State Tax Commission. Do not send cash. Do not staple check to coupon. Detach check stub.

11004

What's New for 2007

Dual Income Tax System

For 2007, you will calculate your Utah tax two different ways: the traditional way with deductions and exemptions, and the new 5.35% single tax rate way. You then use the lower of the two taxes on your return. The two calculations are built into the TC-40, so you only need to complete the one form to determine the lowest tax.

The TC-40S (Schedule S) has been redesigned to accommodate the changes required by this dual tax system. Part 1, Additions to Income, and Part 2, Deductions from Income, apply to both systems. Part 3, Other Deductions from Income, applies to only the traditional tax system. The credits in Part 4 and Part 5 apply to both systems.

Utah Educational Savings Plan Deduction Expanded

The deduction for an investment in a Utah Educational Savings Plan has been increased for 2007. In addition, the allowable deduction on a return of a married couple filing jointly is the actual amount invested, but not more than twice the maximum allowed on a single return.

Utah Educational Savings Plan Tax Credit

An investment in a Utah Educational Savings Plan may be taken as a deduction (Part 3) under the traditional tax system. It may also be used as a credit under the single rate tax system. See specific instructions for this credit on pages 9 and 11.

Nonrefundable Residential Energy System Tax Credit

The prior nonrefundable energy systems credit expired December 31, 2006, but a new credit is available for an system installed on a residential unit that supplies all or part of the energy required. See page 13 for details.

Refundable Commercial Energy System Tax Credit

A new refundable credit is available for a commercial energy system. See page 15 for details.

Repealed Provisions

- The voluntary contribution to a College of Applied Technology Campus and the Uniform School Fund are no longer available.
- The credit for hiring the disabled expired December 31, 2006.

*You can file electronically yourself or through a tax practitioner or accountant.
Check it out at incometax.utah.gov*
