

### Your Utah Paper Return is Scanned

Filing electronically results in the fastest processing, fewest errors and quickest refunds. Submitting your Utah return on paper requires scanning of the data. For the most efficient paper return processing, please follow these guidelines.

- Use black or dark blue ink only. Do not use felt tip pen.
- Write within the lines of each box.
- 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:

			1	2	7		4	6	9	00
--	--	--	---	---	---	--	---	---	---	----

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

	-		6	7	8		8	9	1	00
--	---	--	---	---	---	--	---	---	---	----

### Utah Forms Availability

Online at [tax.utah.gov/forms](http://tax.utah.gov/forms)

Automated forms ordering:

801-297-6700, in the Salt Lake area

800-662-4335 ext. 6700, outside Salt Lake area

At participating libraries and post offices.

### Customer Service

[taxmaster@utah.gov](mailto:taxmaster@utah.gov)

801-297-2200, in the Salt Lake area

800-662-4335, outside the Salt Lake area

Hours: Monday - Thursday, 7:00 a.m. to 6:00 p.m.

### 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 - Thursday, 7:00 a.m. to 6:00 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

### Employee Verification for Employers

Employers can help prevent identity theft by verifying the social security numbers of job applicants. E-Verify is a free service of the U.S. Department of Homeland Security that verifies employment eligibility through the Internet. Employers can use E-Verify at [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify).

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

Utah individual tax law changed for 2008. The dual tax calculation system used in 2007 no longer applies. The following summary shows changes on your 2008 Utah return.

- The Utah tax rate for 2008 is a single rate of 5 percent.
- Some previous deductions were repealed and are no longer available, such as one-half the federal tax, disabled dependent exemption, adoption expenses, health insurance premiums, and long-term care insurance premiums.
- Other deductions have been changed to nonrefundable credits, such as personal exemptions (except for the disabled dependent exemption) and the standard or itemized deductions (page 7), Utah Educational Savings Plan contributions (page 9), Medical Care Savings Plan contributions (page 9), retirement exclusion/deduction (page 9), and capital gain transactions (page 9).
- Use new form, TC-40W, to report your Utah withholding tax. TC-40W replaces forms W-2, 1099, TC-675R, and a Schedule K-1 for a nonresident shareholder. Do not attach these withholding tax forms to your Utah return. Failure to complete the TC-40W may result in processing delays or disallowance of the withholding tax credit.
- Some Utah forms have been re-numbered. The Income Tax Supplemental Schedule is now TC-40A, formerly TC-40S. The Credit for Income Tax Paid to Another State, is now TC-40S, formerly TC-40A. The Non and Part-year Resident Utah Income Schedule is now TC-40B, formerly TC-40C. And the Retirement Credit Schedule is now TC-40C, formerly TC-40B.

**NEW FORM**

## Volunteer Income Tax Assistance (VITA)

VITA volunteers provide free tax preparation service to low-income and elderly taxpayers. Some VITA sites can file electronically. To find the closest VITA site call 2-1-1.

## Federal Earned Income Tax Credit (EITC)

The federal earned income tax credit 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 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](http://www.irs.gov/individuals/article/0,,id=130102,00.html), or call the IRS at 1-800-829-1040.

## 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; and
3. Taxpayers requesting a refund of any overpayment of income tax regardless of the amount of income.

If you must file a Utah return, first complete your federal return, even if you're not required to file with the IRS. Information from the federal return is needed to complete your 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 federal personal exemptions for the taxable year. See instructions for line 9 on page 7.

## When to File and Pay

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

1. By April 15, 2009, if you file on a 2008 calendar year basis (tax year ends December 31, 2008); 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. If the due date falls on a Saturday, Sunday or legal holiday, the due date becomes the next business day.

All Utah income taxes for the year 2008 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.)

Utah does not require quarterly estimated tax payments. Prepayments may be made at any time by sending your payment with form TC-546, Individual Income Tax Prepayment Coupon, or by paying online at [paymentexpress.utah.gov](http://paymentexpress.utah.gov). See additional instructions below.

## 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 on page 3. All extension returns must be filed by October 15, 2009.

## Prepayment Requirements for Filing Extension

**TIP** All prepayments are due on or before April 15, 2009.

The required prepayment must equal:

- Ninety percent (90%) of the tax due for 2008 (TC-40 line 26 plus line 29); or
- One hundred percent (100%) of your 2007 Utah tax liability (line 18 plus line 21 of your 2007 Utah return).

A prepayment may be in the form of withholding (W-2, TC-675R, 1099-R, etc.), payments applied from previous year refunds, tax credit carryover, 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.

## 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.

## 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:** You are no longer required to attach 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. These withholding forms are now listed on the new TC-40W and submitted with your return. Keep copies of all the withholding forms with your tax records for future reference.

Failure to complete the TC-40W with all required information when claiming Utah withholding tax may result in processing delays or the withholding tax credit being disallowed.

- **Utah Schedules:** Attach schedules TC-40A, TC-40B, TC-40C, TC-40S, and/or TC-40W, if applicable.
- **Other Adjustments:** If any equitable adjustments are entered on TC-40A, Part 1, code 69 or Part 2, code 79, attach a separate explanation.
- **Other Forms:** Attach a copy of federal form 8379 to the front of your Utah return if claiming provisions of an injured spouse. Also, include a Utah TC-40LIS if you are a building project owner of a low-income housing unit.

Do not send a copy of your federal return, credit schedules (other than TC-40C and TC-40S), 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.**

## 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](http://tax.utah.gov/billing/penaltyinterest.html) and in Pub 58, Utah Penalty and Interest, available at [tax.utah.gov/forms](http://tax.utah.gov/forms). You may calculate penalties by using the online Penalty and Interest Calculator at [tax.utah.gov/picalc](http://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 2009 calendar year is **5 percent**. Use the online Penalty and Interest Calculator at [tax.utah.gov/picalc](http://tax.utah.gov/picalc) or follow the instructions in Pub 58, Utah Penalty and Interest, available at [tax.utah.gov/forms](http://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 conditions 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, see Tax Commission rules R865-91-2 and R884-24P-52. These can found on our website at [tax.utah.gov/research/search.html](http://tax.utah.gov/research/search.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 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 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 16 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 claiming this credit, complete and attach form TC-40S, Credit for Income Tax Paid to Another State.
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 and receiving income from Utah sources, other than active duty military pay, are required to file a Utah income tax return and pay any tax due. See instructions on page 7 and Pub 57, Military Personnel Instructions.
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 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 full-year nonresident, the couple may file separate Utah tax returns, even though they filed a joint federal tax return. See Special Instructions below and Pub 49, Special Instructions for Married Couples.

## Special Instructions for Couples



**Pub 49** - Special instructions could apply when one spouse is a full-year resident and the other is a full-year nonresident - [tax.utah.gov/forms](http://tax.utah.gov/forms)

Couples who qualify to use the Special Instructions in Pub 49 may file a federal return as married filing joint and file Utah returns as married filing separate. Couples who do not qualify to use the Special Instructions must file the Utah return using the same filing status as on their federal return.

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

## Native Americans

Native Americans who earn income in Utah should file a Utah 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 6 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 6 for how to deduct this income.

See more detailed information on our website at [incometax.utah.gov/deductions\\_native.php](http://incometax.utah.gov/deductions_native.php).

## Students

1. **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 the credit, complete and attach form TC-40S, Credit for Income Tax Paid to Another State. Do not send a copy of the other state's return with your Utah return. Keep the other state's return and all related documents with your records.
2. **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](http://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](http://tax.utah.gov/billing/innocent.html).

## Amended Return

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](http://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 2008 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)

- 1 You filed an amended return with the IRS (attach a copy of your amended federal return).
  - 2 You made an error on your Utah return (attach an explanation of the error).
  - 3 Your tax calculation was changed by an IRS audit and/or adjustment (attach a copy of the IRS adjustment).
  - 4 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).
  - 5 Other (attach explanation to return).
- B. Enter the corrected figures on the return and/or schedules.
  - C. Enter all 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 28 of the 2008 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 36 of the 2008 amended return. Contributions on line 27 cannot be changed after the original return is filed.
  - D. Submit the amended return with all schedules, including copies of those schedules that did not change from the original filing.
  - E. Do not submit a copy of your originally-filed return with your 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

Your social security number(s) and name(s) must match your social security card(s). 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. 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 (if not U.S.) 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 appropriate box if the taxpayer or spouse died in 2008 or 2009. See pages 3 and 16 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 could apply when one spouse is a full-year resident and the other is a full-year nonresident - [tax.utah.gov/forms](http://tax.utah.gov/forms)

Enter the 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 1 or 2, whichever applies.

## 2. Exemptions

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

- 2a. 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."
- 2b. Enter "1" if you claim 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."
- 2c. Enter the number of dependents you are claiming on line 6c of the federal return 1040 or 1040A.
- 2d. Add all exemptions and enter the total.

## 3. Election Campaign Fund (UC §59-10-1311)

If your Utah income tax liability on line 26 plus line 29 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.

## 4. Federal Adjusted Gross Income

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

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

**Nonresidents and part-year residents:** Enter the full amount of your federal adjusted gross income from your federal return (as noted above), not just your Utah income.

## 5. Additions to Income

If you have any of the following additions to income, complete TC-40A, Part 1 and attach it to your Utah return. On TC-40A, 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 5 of your Utah TC-40. An explanation of each addition to income is listed below.

### Codes for Additions to Income

- 51** Lump Sum Distribution
- 53** Medical Care 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

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

**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 the amounts shown on Part II, line 6 and on Part III, line 10. 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, 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.

### (53) Medical Care Savings Account (MSA) (UC §59-10-114(1)(c))

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 deducted on your Utah return for a tax year before 2008, or was used in calculating the MSA credit on your Utah return after 2007. Keep form TC-675M with your records.

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

If an amount is withdrawn from a Utah Educational Savings Plan by the taxpayer but not expended for qualified higher education costs, the withdrawn amount must be added-back to income if the amount withdrawn was deducted on your Utah return for a tax year before

2008, or was used in calculating the UESP credit on your Utah return after 2006. 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](http://www.uesp.org).

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

Include any adoption expense deducted on your Utah return for a tax year before 2008, and for which you received in the current year a reimbursement from your insurance company, a public welfare agency, a private charitable organization, or any other source.

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

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 the lesser of federal form 8814, line 4 OR line 5	\$ _____
2. Federal amount not taxed	\$ <b>900</b>
3. Subtract line 2 from line 1. If less than zero, enter zero. Add this amount to Utah income	\$ _____

If you are adding back income that was excluded for more than one child, complete the calculation above separately for each child using their respective federal form 8814. Combine the amounts from line 3 above for each child and enter the total on TC-40A, Part 1, using code 56.

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

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](http://incometax.utah.gov/topics_municipalbonds.php).

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

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)(g))

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 (UC §59-10-115(1))

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit. Attach an explanation of any equitable adjustment reported.

### 6. Total Income

Add line 4 and line 5.

### 7. Deductions from Income

If you have any of the following deductions from income, complete TC-40A, Part 2 and attach it to your Utah return. On TC-40A, write the **code and amount** of each deduction from income. Carry the sum of these deductions from income to line 7 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
- 80 State Tax Refund Included in Federal Income
- 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))



[Pub 33 - Detailed instructions and examples of Interest from U. S. Obligations](#)

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 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.

The U. S. Supreme Court in *Smith vs. Davis*, 323 U.S. 111 (1944) established the following conditions for determining if the instrument qualifies as a U. S. Government obligation: 1) the instrument must be a written document, 2) bear interest, 3) contain a binding promise by the U. S. Government to pay a specific sum on a specific date, and 4) 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 should be deducted from Utah income. Before entering an amount, subtract any related interest expense on money borrowed to purchase the obligation or security.

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

#### (77) Native American Income (UC §59-10-114(2)(b) and (e))

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-40A, 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 Band of Goshute Indians           |
| 5 | Ute Indian Tribe                               |
| 6 | Other tribe                                    |

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

Federal law does not permit states to tax railroad retirement or disability income received from the Railroad Retirement Board and reported on form RRB-1099. States are also prohibited from taxing unemployment and sickness benefits from this source. If a railroad retirement pension from form RRB-1099 is used to calculate the retirement credit on form TC-40C for a taxpayer under age 65, do not deduct the amount again as a deduction on TC-40A, Part 2.

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  
(UC §59-10-115(1))**

Enter any qualified equitable adjustment needed to prevent suffering a double tax detriment. Attach an explanation of any equitable adjustment claimed.

**(80) State Tax Refund Included in Federal Income  
(UC §59-10-114(2)(c))**

If you itemized your deductions on your 2007 federal form 1040, enter the amount reported on your 2008 federal form 1040, line 10. Otherwise leave this line blank.

**(82) Nonresident Active Duty Military Pay  
(UC §59-10-103(1)(I))**

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-40A, Part 2, using code 82. Also, see instructions for TC-40B, line 30 and Pub 57, Military Personnel Instructions.

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

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.

**8. Utah Taxable Income**

Subtract line 7 from line 6. If the result is less than zero, enter "0". This is the income used to calculate the tax on line 10.

**9. Qualified Exempt Taxpayers**

If your federal adjusted gross income is less than or equal to the sum of your federal standard deduction (do not include the extra deduction for age 65 or older or for blindness) and federal exemption amount, you are exempt from Utah income tax. Complete the worksheet to see if you qualify.

**Qualified Exempt Taxpayer Worksheet**

- Enter the federal adjusted gross income from: 1) \_\_\_\_\_  
**1040**, line 37      **1040NR**, line 35  
**1040A**, line 21      **1040NR-EZ**, line 10  
**1040EZ**, line 4
- Enter your standard deduction. If your standard deduction was limited on your federal return, enter the amount allowable. Federal 1040NR and 1040NR-EZ filers, enter "0". 2) \_\_\_\_\_  
  - Single:** Enter \$5,450 (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 \$8,000
  - Married filing joint:** Enter \$10,900 (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 \$5,450. If your spouse itemized, enter "0".
  - Qualifying widow(er):** Enter \$10,900
- Enter the exemption amount from: 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 \$3,500. If you are married filing joint and did not check a box on line 5, enter \$7,000.
- Add lines 2 and 3 4) \_\_\_\_\_
- Subtract line 4 from line 1. If the amount is less than zero, enter "0". 5) \_\_\_\_\_

If the **amount on line 5 of this worksheet is greater than zero**, leave box on line 9 of TC-40 blank and go to line 10.

If the **amount on line 5 of this worksheet is zero**, you are exempt from paying Utah income tax. Enter "X" in the box on line 9 of TC-40 and enter "0" on line 10, then complete the balance of the return.

**10. Tax Calculation**

Multiply the Utah taxable income on line 8 by 5 percent (.05) and enter the result on line 10.

**Taxpayer Tax Credit (lines 11 - 20)**

(UC §59-10-1018)

Taxpayers are allowed a credit against their Utah tax based on the total of their Utah exemptions and their adjusted federal itemized deductions or standard deduction. The taxpayer tax credit is phased-out for incomes over a specified amount, based on filing status.

**11. Exemption Calculation**

The Utah personal exemption is \$2,625 per person (75 percent of the federal exemption amount). If your federal adjusted gross income on line 4 of your Utah return is less than or equal to \$119,975, multiply \$2,625 by the number of exemptions claimed in box 2d and enter the result.

If your federal adjusted gross income on line 4 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
\$119,975	Married-separate
\$159,950	Single
\$199,950	Head of household
\$239,950	Married-joint or Qualifying widow(er)

## 12. Federal Standard or Itemized Deductions

Enter the amount of your federal standard or itemized deductions, whichever was claimed on your federal return.

**Itemized Deductions:** If you itemized your deductions on your federal return, enter the same itemized deductions on line 12. 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, enter the same standard deduction on line 12. 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 \$5,450. If you are married filing joint and did not check a box on line 5, enter \$10,900.

## 13. Total Exemptions and Standard/Itemized Deductions

Add line 11 and line 12.

## 14. State Income Tax Itemized on 2008 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 state and local income tax paid as an itemized deduction on federal Schedule A, line 5, enter an amount as follows:

- For federal adjusted gross income LESS than or equal to \$159,950 (or \$79,975 for married filing separate) on line 4 on your Utah return, enter the state and local income tax itemized on your federal Schedule A, line 5.
- For federal adjusted gross income GREATER than \$159,950 (or \$79,975 for married filing separate) on line 4 on your Utah return, complete the worksheet located on this page to determine the amount to enter.

### Line 14 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 13 of your Utah return. \$ \_\_\_\_\_
- Enter the amount from line 29 on Schedule A \$ \_\_\_\_\_
- Subtract line 4 from line 1 \$ \_\_\_\_\_
- Subtract line 5 from line 3 \$ \_\_\_\_\_
- Divide line 6 by line 3 (decimal) \_\_\_\_\_
- Multiply the amount on line federal Schedule A, line 5 by the decimal on line 7. Enter the amount here and on line 14 of your Utah return. \$ \_\_\_\_\_

## 15. Total Exemptions and Federal Deductions

Subtract line 14 from line 13.

## 16. Initial Taxpayer Tax Credit Before Phase-out

Multiply line 15 by 6 percent (.06).

## 17. Phase-out Base Amount

Enter the base phase-out amount based on the filing status shown on line 1.

Filing Status	Base Amount
Single	\$12,000
Married filing jointly	\$24,000
Married filing separately	\$12,000
Head of household	\$18,000
Qualifying widow(er)	\$24,000

## 18. Income Subject to Phase-out

Subtract line 17 (the base phase-out) from line 8 (Utah taxable income). If less than zero enter "0".

## 19. Phase-out Amount

Multiply line 18 by 1.3 percent (.013). This is the credit phase-out amount.

## 20. Taxpayer Tax Credit

Subtract the phase-out amount on line 19 from the initial credit on line 16. If the result is less than zero, enter "0".

## 21. Utah Income Tax

Subtract the taxpayer tax credit on line 20 from the tax calculated on line 10. If the result is less than zero, enter "0".

## 22. Apportionable Nonrefundable Credits

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

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

If you claim any of the following apportionable nonrefundable credits (credits that must be apportioned for non and part-year residents), complete TC-40A, Part 3 and attach it to your Utah return. On TC-40A, write the **code and**

**amount** of each apportionable nonrefundable credit you are claiming. Carry the sum of these credits to line 22 of your return. An explanation of each apportionable nonrefundable credit is listed below.

**Codes for Apportionable Nonrefundable Credits**

- 04** Capital Gain Transactions Credit  
**18** Retirement Tax Credit  
**20** Utah Educational Savings Plan (UESP) credit  
**22** Medical Care Savings Account (MSA) credit

**(04) Capital Gain Transactions Credit  
(UC §59-10-1022)**

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

- The gain occurs on or after January 1, 2008;
- At least 70% of the gross proceeds of the capital gain transaction are used to purchase stock in a qualified Utah small business corporation within 12 months from when the gain was recognized; and
- The individual did not have an ownership interest in the qualified Utah small business corporation at the time of investment.

For more information and detailed definitions, visit the Tax Commission website, [incometax.utah.gov/credits\\_capitalgains.php](http://incometax.utah.gov/credits_capitalgains.php) or refer to UC §59-10-1022.

**Calculation of Capital Gain Transactions Tax Credit**

- |  |          |
|--|----------|
| 1. Eligible short-term or long-term capital gain   | \$ _____ |
| 2. Multiply line 1 by .05. This is your credit.<br>Enter this amount on TC-40A, Part 3, using code 04. | \$ _____ |

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

**(18) Retirement Tax Credit  
(UC §59-10-1019)**

Complete and attach form TC-40C to determine your allowable retirement credit. Enter the calculated credit from line 18 of TC-40C on TC-40A, Part 3, using code 18.

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

**A. Taxpayers age 65 or older who were born before January 1, 1953.**

Each taxpayer (you, and/or your spouse if filing jointly) who is age 65 or older at the end of the tax year **and** was born before January 1, 1953, may be entitled to a retirement credit of up to \$450. This credit is limited by the total of your modified adjusted gross income, nontaxable interest income, and any additions to income reported on TC-40A, Part 1.

**B. Taxpayers under age 65 who were born before January 1, 1953.**

Each taxpayer (you, and/or your spouse if filing jointly) who is under age 65 at the end of the tax year **and** was born before January 1, 1953, and received eligible retirement income, may qualify for a credit up to \$288, but not in excess of 6% of the qualifying income. The credit is limited by the total of your modified adjusted gross income, nontaxable interest income, and any additions to income reported on TC-40A, Part 1. Use form TC-40C to calculate the allowable credit.

**Qualifying Income**

Qualifying income is pensions, annuities or taxable retirement social security benefits. To claim the credit 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 credit.

The following are considered to be retirement income:

- Amounts 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;
- Amounts purchased by an employee under a plan that meets the requirements of Section 408 of the Internal Revenue Code (commonly known as IRA plans);
- Amounts 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.

**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.

**NOTE:** The retirement credit is phased-out when modified adjusted gross income exceeds certain amounts based on filing status and shown on line 15 of TC-40C. When calculating modified adjusted gross income on line 14, do not include any municipal bond interest on line 13 that was reported on TC-40A, Part 1, code 57.

**(20) Utah Educational Savings Plan (UESP) Credit  
(UC §59-10-1017)**

If you made a qualified investment in a Utah Educational Savings Plan (UESP) account, you may claim a nonrefundable credit against your Utah tax. To qualify, the investment must be made during the taxable year and not have been deducted on your federal return. The credit is 5 percent of the lesser of the investment made during the tax year or \$1,650 per individual beneficiary. On a joint return filed by a married couple, the credit is 5 percent of the lesser of the actual investment made during the tax year or \$3,300 per beneficiary.

A UESP account holder should receive form TC-675H, Statement of Contributions and Disbursements for the Utah Educational Savings Plan, from UESP. Your allowable credit amount is shown on 1A or line 1B of form TC-675H, whichever applies. Enter this credit amount on TC-40A, Part 3, using code 20.

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](http://www.uesp.org).

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

**(22) Medical Care Savings Account (MSA) Credit  
(UC §59-10-1021)**

If you made a qualified investment in a Medical Care Savings Account (MSA) and did NOT deduct that investment on your federal form 1040, you may use the MSA amounts to calculate your Utah credit.

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 on line 1 of the calculation below. Keep form TC-675M with your records.

**Calculation of Medical Care Savings Account Tax Credit**

1. Eligible amount for credit from line 5 and line 6 of form TC-675M \$ \_\_\_\_\_
2. Multiply line 1 by .05. This is your MSA credit. \$ \_\_\_\_\_  
Enter this amount on TC-40A, Part 3, using code 22.

**Note:** Any Medical Savings Account credit in excess of the tax liability may not be carried back or carried forward.

**23. Subtract line 22 from line 21**

Apportionable nonrefundable credits cannot exceed the tax liability on the return. If the total of the credits shown on line 22 is greater than or equal to the tax on line 21, enter "0".

**FULL-YEAR RESIDENT** - Enter the tax from line 23 on line 24 on page 2 of TC-40 and then complete the rest of the return.

**NON OR PART-YEAR RESIDENT** – Enter the tax from line 23 on TC-40B, Non or Part-year Resident Utah Income Schedule, line 34. Complete the TC-40B, enter the tax from line 35 of TC-40B on line 24 of page 2 of TC-40, then complete the rest of the return.

**TC-40B – Nonresident and Part-year Resident Instructions**

Follow these steps to calculate your Utah tax.

1. Complete form TC-40, page 1, through line 23.
2. Complete form TC-40B, Non or Part-Year Resident Utah Income Schedule, included in this booklet.
  - a. **Column A – Utah Income and Adjustments:** Enter in column A (lines 1 through 16) all income or (loss) earned or received from Utah sources while not a Utah resident, plus all income or (loss) earned or received from all sources while a Utah resident (even if not from a Utah source). Enter each adjustment (lines 17 through 31) applicable to Utah income, including moving expenses when moving into Utah.
  - b. **Column B – Federal Income and Adjustments:** Enter in column B (lines 1 through 16) the total income or (loss) from all sources as reported on your federal return, as noted on the TC-40B. Enter the adjustments (lines 17 through 31) claimed on your federal return, as noted on the TC-40B.
  - c. **Nonresident Active Duty Military Pay Adjustment:** Enter on line 30, column B the total amount of any active duty military pay received by a nonresident taxpayer and included in the income reported on line 1, column B. (This income should already be excluded in the entry on line 1, column A for Utah.)
3. Enter on line 33 of your TC-40B, the result of dividing the total on line 32 column A by the total on line 32 column B. Enter the result rounded to four decimal places. Do not enter an amount greater than 1.0000.
4. Enter on line 34 of your TC-40B the tax from your TC-40, page 1, line 23.
5. Enter on line 35 of your TC-40B, the result of multiplying the tax you entered on line 34 by the decimal on line 33. This is your Utah tax.
6. Transfer your Utah tax from line 35 of your TC-40B to line 24 on page 2 of your TC-40.
7. Complete page 2 of your TC-40.

Attach a copy of form TC-40B to your Utah return. Do not attach a copy of your federal return. Also, keep a copy of form TC-40B and your federal return with your records.

**24. Enter Tax**

**Full-year residents:** Enter the tax from line 23.

**Non or part-year residents:** Enter the tax from line 35 of TC-40B.

**25. Nonapportionable Nonrefundable Credits**

**TIP** Nonapportionable 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 claimed on your Utah return.

If you claim any of the following nonapportionable nonrefundable credits, complete TC-40A, Part 4 and attach it to your Utah return. On TC-40A, write the **code and amount** of each credit you are claiming. Carry the sum of these credits to line 25 of your return. An explanation of each nonapportionable nonrefundable credit is listed below.

**Codes for Nonapportionable Nonrefundable Credits**

<b>01</b> At-Home Parent Credit	<b>10</b> Recycling Market Credit
<b>02</b> Qualified Sheltered Workshop	<b>11</b> Tutoring Disabled Depend.
<b>03</b> Carryover 04, 05, 06 Energy Cr.	<b>12</b> Research Activities in Utah
<b>05</b> Clean Fuel Vehicle Credit	<b>13</b> Research Mach./Equip.
<b>06</b> Historic Preservation Credit	<b>17</b> Taxes Paid to Another State
<b>07</b> Enterprise Zone Credit	<b>19</b> Live Organ Donation Expen.
<b>08</b> Low-Income Housing Credit	<b>21</b> Renew. Residential Energy Sys.

**(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 on the at-home parent's return;
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 shown on line 4 the TC-40 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 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-40A, 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 the lesser of \$200 or 50 percent of the total cash contributions.

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](http://www.hsdspd.utah.gov) for more information.

### **(03) Carryover of 2004, 2005 or 2006 Energy Credit (UC §59-10-1014)**

If you claimed a renewable energy systems tax credit on your 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 2008, enter the unused carryover on TC-40A, 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, electricity, or other approved fuel, or
- Purchased and installed equipment to convert a special mobile engine or a vehicle registered in Utah to use propane, natural gas, electricity, or other approved fuel.

**Note:** This credit is not available for electric-hybrid vehicles.

Contact the Division of Air Quality, 150 N 1950 W, SLC, UT 84116, telephone 801-536-4000, or [www.airquality.utah.gov/Planning/Mobile/Clean\\_Fuel\\_Tax\\_Credit.htm](http://www.airquality.utah.gov/Planning/Mobile/Clean_Fuel_Tax_Credit.htm) 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.

The credit is for costs incurred in connection with qualified rehabilitation of any certified historic residential building. Any credit amount exceeding the tax owed may be carried forward for five consecutive years as a credit against Utah tax due.

Contact the State Historic Preservation Office, 300 S Rio Grande St, SLC, UT 84101, telephone 801-533-3500, or [history.utah.gov/historic\\_buildings/financial\\_assistance/index.html](http://history.utah.gov/historic_buildings/financial_assistance/index.html) to obtain form TC-40H, certification, and additional information.

### **(07) Enterprise Zone Credit (UC §63M-1-413)**

**TIP** An individual may not claim this credit or carry this credit into a year the individual claims the recycling market development zone credit (nonapportionable 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 as a credit against Utah tax due.

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 801-538-8804; [goed.utah.gov/incentives/enterprise\\_zones](http://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 back or forward, 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. Any credit amount exceeding the tax owed may be carried back three years or carried forward for five consecutive years as a credit against Utah tax due.

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

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

**TIP** An individual may not claim this credit or carry this credit into a year the individual claims the enterprise zone credit (nonapportionable 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](http://goed.utah.gov/incentives/recycling_zones) or email [lprrall@utah.gov](mailto:lprrall@utah.gov) 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 the lesser of \$100 or 25 percent of the costs paid by the taxpayer for tutoring each disabled dependent.

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 Research Activities in Utah (UC §59-10-1012)**

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

The credit is equal to:

1. 5% of the taxpayer's qualified expenses for the taxable year incurred for increasing research activities in Utah above a base amount,
2. 5% of certain payments made during the taxable year to a qualified organization increasing basic research in Utah above a base amount, and
3. 5% of the taxpayer's qualified research expenses for the taxable year beginning in 2008.

Any credit under 1 or 2 above exceeding the tax owed may be carried forward for the next 14 taxable years as a credit against Utah tax due. Any credit under 3 above may not be carried forward.

**2007 Credit:** This credit formerly could be claimed in the taxable year immediately following the year for which the taxpayer qualified for the credit. Consequently, those who had qualified research expenses in 2007 may deduct that credit in 2008, along with any 2008 credit, as explained above.

### **(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 equal to:

1. 6% of the purchase price of machinery, equipment, or both used primarily to conduct qualified research in Utah for not less than 12 consecutive months, and

2. 6% of the purchase price of machinery, equipment, or both donated to a qualified organization and used primarily to conduct basic research in Utah for not less than 12 consecutive months.

Any credit exceeding the tax owed may be carried forward for the next 14 taxable years as a credit against Utah tax due.

If machinery and equipment for which this credit was claimed are used for less than 12 consecutive months to primarily conduct qualified research, the credit claimed is not allowed. File an amended return for the year the credit was claimed, removing the credit from the return and paying any increase in tax. See amended return instructions on page 4.

**2007 Credit:** This credit formerly could be claimed in the taxable year immediately following the year for which the taxpayer qualified for the credit. Consequently, those who had qualified research expenses in 2007 may deduct that credit in 2008, along with any 2008 credit, as explained above.

### **(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 rarely qualify for this credit, as Utah apportions income and only taxes the income earned while a Utah resident. A taxpayer domiciled in Utah for part of the year and domiciled in a state, other than Utah, for part of the year, may only claim credit on the portion of income:

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

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

Nonresidents do not qualify for this credit.

Complete and attach form TC-40S, Credit for Income Tax Paid to Another State. If there are two or more states, use separate calculations for each state. Examples of the calculation are located at [incometax.utah.gov/credits\\_taxesothersates.php](http://incometax.utah.gov/credits_taxesothersates.php).

Do not use the state income tax withheld from form W-2 as the tax 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.

If you are filing your Utah return electronically, you may only claim a credit for tax paid to one other state. If claiming credit for taxes paid to more than one state, you must file your Utah return on paper.

Keep a signed copy of the other state's return and all related documents with your records.

### **(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 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.

Any credit amount exceeding the tax owed may be carried forward for four consecutive years as a credit against Utah tax due.

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](http://geology.utah.gov/sep/incentives/index.htm).

**26. Subtract line 25 from line 24**

Nonapportionable nonrefundable credits cannot exceed the tax liability on the return. If the total of the credits shown on line 25 is greater than or equal to the tax on line 24, enter "0".

**27. Contributions**

**TIP** Voluntary contributions may be made to the following approved funds. Contributions will add to your tax due or reduce your refund. Any contribution made 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 27a through 27e. Enter the sum of all contributions on line 27. An explanation of each contribution is listed below.

Codes for Voluntary Contributions	
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
09	Cat and Dog Community Spay and Neuter Program

**(01) Utah Nongame Wildlife Fund (UC §59-10-1305)**

Contribute \$1 or more to provide funding for preservation, protection, perpetuation, and enhancement of nongame wildlife species that are protected, endangered or threatened with extinction. 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 §59-10-1306)**

Contribute \$1 or more to provide funds for services and programs statewide to help Utahns become self-sufficient. Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone 801-538-8650 or [housing.utah.gov/pahtf/index.html](http://housing.utah.gov/pahtf/index.html).

**(03) Kurt Oscarson Children's Organ Transplant Fund (UC §59-10-1308)**

Contribute \$1 or more to 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 §59-10-1307)**

Contribute \$1 or more to 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	21 Nebo	31 Sevier
02 Beaver	12 Granite	22 N. Sanpete	32 S. Sanpete
03 Box Elder	13 Iron	23 N. Summit	33 S. Summit
04 Cache	14 Jordan	24 Ogden	34 Tintic
05 Carbon	15 Juab	25 Park City	35 Tooele
06 Daggett	16 Kane	26 Piute	36 Uintah
07 Davis	17 Logan	27 Provo	37 Wasatch
08 Duchesne	18 Millard	28 Rich	38 Washington
09 Emery	19 Morgan	29 Salt Lake	39 Wayne
10 Garfield	20 Murray	30 San Juan	40 Weber
		41 Utah Assistive Technology	

**(09) Cat and Dog Community Spay and Neuter Program (UC §59-10-1310)**

Contribute \$1 or more to 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 801-538-6344.

**28. Amended Returns Only - Previous Refunds**

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

**29. Recapture of Low-Income Housing Credit**

Taxpayers who claimed the Utah low-income housing credit in a previous year and then disposed of the building or an ownership interest or where the qualified basis of the building has decreased, may have to recapture the credit. See form TC-40LIC for instructions on calculating the recapture tax.

### 30. 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 taxpayer 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 30.

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 grocery food purchased through the Internet or by mail order is 2 percent less than the regular sales tax rate. In order to qualify for this reduced rate, the grocery food 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](http://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.

### 31. Total Tax, Use Tax and Additions to Tax

Add lines 26 through 30.

### 32. Utah Income Tax Withheld

You **MUST** enter your **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
- Utah withholding shown on any other form 1099

Complete TC-40W, Part 1 and list each W-2 and 1099 showing Utah withholding tax. The total Utah withholding tax on the TC-40W, Part 1 must equal the amount entered on line 32. See example on page 18.

**Keep copies of all withholding forms with your records. Not completing TC-40W, Part 1 may result in processing delays or disallowance of the withholding tax credit.**

**NOTE:** If there is no Utah 6-character employer identification number on forms W-2 box 15, 1099-R box 11, 1099-MISC box 17, or any other 1099 form, your refund may be reduced or the tax due increased. Contact the employer or payer of the income to get the Utah employer ID number.

### 33. 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.

#### Worksheet for Computing Utah Use Tax on Line 30

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 grocery food 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) If less than zero, enter "0"	\$ _____

#### Use Tax Rate Chart (Effective Dec. 31, 2008)

.0590 Beaver County	.0680 Salt Lake County
.0690 Beaver City	.0830 Alta
.0590 Box Elder County	.0590 San Juan County
.0645 Brigham City, Perry, Willard	.0625 Blanding
.0690 Snowville	.0590 Sanpete County
.0625 Cache County	.0620 Ephraim, Gunnison, Mt. Pleasant
.0650 Cache Valley Transit, Hyde Park, Lewiston, Millville	.0590 Sevier County
.0655 Hyrum, Logan, N. Logan, Providence, Richmond, River Heights, Smithfield, Nibley	.0600 Aurora, Redmond Richfield
.0590 Carbon County	.0630 Salina
.0630 Price	.0600 Summit County
.0620 Wellington	.0740 Park City
.0690 Daggett County	.0630 Snyderville Basin Transit
.0645 Davis County	.0590 Tooele County
.0655 Bountiful, Centerville	.0620 Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0590 Duchesne County	.0630 Tooele City
.0630 Roosevelt	.0640 Uintah County
.0590 Emery County	.0665 Naples
.0770 Green River	.0670 Vernal
.0690 Garfield County	.0620 Utah County
.0790 Boulder, Panguitch, Tropic	.0645 Alpine, American Fork, Cedar Hills, Highland, Lehi, Lindon, Mapleton, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Spanish Fork, Springville
.0800 Bryce Canyon	.0655 Orem
.0590 Grand County	.0590 Wasatch County
.0780 Moab	.0620 Heber
.0590 Iron County	.0700 Independence
.0600 Cedar City	.0730 Midway, Park City East
.0780 Brian Head	.0590 Washington County
.0590 Juab County	.0620 Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0620 Nephi	.0750 Springdale
.0690 Kane County	.0590 Wayne County
.0790 Kanab, Orderville	.0680 Weber County
.0590 Millard County	
.0590 Morgan County	
.0590 Piute County	
.0590 Rich County	
.0690 Garden City	

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

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 on your behalf by the S corporation. Enter the withholding tax claimed on TC-40W, Part 3 and bring the total over to line 34. Also, enter the federal identification number of each S corporation withholding Utah tax on the TC-40W, Part 3.

Keep federal Schedule K-1 issued by the corporation and all other related documents with your records. Do not attach them to your Utah return. Not completing TC-40W, Part 3 may result in processing delays or disallowance of the withholding tax credit.

## 35. Mineral Production Withholding Tax Credit

### (UC §59-6-102(3))

Complete TC-40W, Part 2 and list each mineral production tax withholding form TC-675R and federal Schedule K-1 showing Utah withholding tax. The total Utah mineral production withholding tax listed on the TC-40W, Part 2 must equal the amount entered on line 35.

Keep copies of all TC-675Rs and federal Schedule K-1(s) with your records. Not completing TC-40W, Part 2 may result in processing delays or disallowance of the mineral withholding tax credit.

## 36. Amended Returns Only - Previous Payments

This line is **only** for amended returns. When filing an amended return, enter the total of tax paid with the original return and any subsequent payments of the tax prior to filing this amended return.

## 37. 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-40A, Part 5 and attach it to your Utah return. On TC-40A, write the **code and amount** of each credit you are claiming. Carry the sum of all credits to line 37 of your return. An explanation of each refundable credit is listed below.

### Codes for Refundable Credits

- 39 Renewable Commercial Energy Systems Credit
- 40 Targeted Business Tax Credit
- 41 Special Needs Adoption Credit
- 47 Agricultural Off-highway Gas/Undyed Diesel Credit
- 48 Farm Operation Hand Tools Credit

### (39) Renewable Commercial Energy Systems 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 at [geology.utah.gov/sep/incentives/index.htm](http://geology.utah.gov/sep/incentives/index.htm).

### (40) Targeted Business Tax Credit (UC §63M-1-504)

**TIP** An individual may not claim this credit in a year the individual claims the enterprise zone tax credit (non-apportionable nonrefundable credit, code 07) or the recycling market development zone tax credit (nonapportionable nonrefundable credit, code 10).

A refundable credit is available to businesses providing a community investment project as defined in UC §63M-1-501 through §63M-1-503. 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 801-538-8804, [goed.utah.gov/incentives/enterprise\\_zones](http://goed.utah.gov/incentives/enterprise_zones) 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.

### (47) Agricultural Off-highway Gas/Undyed Diesel 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 Credit (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.

## 38. Total Withholding and Credits

Add lines 32 through 37.

## 39. Tax Due

If the amount on line 31 is greater than the amount on line 38, subtract line 38 from line 31. This is the tax you owe.

## 40. 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](http://tax.utah.gov/picalc) or by following the instructions in Pub 58, Utah Penalty and Interest, available online at [tax.utah.gov/forms](http://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.

**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 is a percentage of the tax due, based on the number of days late. Details for calculating these penalties can be found at [tax.utah.gov/billing/penaltyinterest.html](http://tax.utah.gov/billing/penaltyinterest.html) and in Pub 58, Utah Interest and Penalties, available at [tax.utah.gov/forms](http://tax.utah.gov/forms). Include these penalties on line 40, 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 40, 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, 2009) to the date paid using the 2009 rate of **5 percent** (or applicable rate if after 2009). Include this interest on line 40, if applicable.

## 41. Pay This Amount

Add together any penalty and interest you owe and entered on line 40 to the tax on line 39. This is the total amount you should remit with your return. Complete the TC-547 coupon on page 21 and include it with your payment.

### 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, go to [paymentexpress.utah.gov](http://paymentexpress.utah.gov) and follow the step-by-step instructions.

You may also mail 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 "2008 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

**TIP** A payment agreement plan cannot be set up until your return is processed.

If you owe tax and are unable to pay the full amount owed, you may request a payment agreement by completing form TC-804, Payment Agreement Request, available at [tax.utah.gov/forms](http://tax.utah.gov/forms). You may also complete the request by accessing Utah Online Payment Agreement at [tax.utah.gov/billing/payment.html](http://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](http://tax.utah.gov/billing/payment.html), or calling 801-297-7703 or outside the Salt Lake area, 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.

## 42. Refund

If the amount on line 38 is greater than the amount on line 31, subtract line 31 from line 38. 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](http://incometax.utah.gov).

## 43. Refund Applied To 2009 Taxes

You may apply all or part of your refund shown on line 42 as a prepayment for your 2009 Utah income tax liability. Enter the amount of refund you want applied to your 2009 tax on this line. Any part of the refund not applied to your 2009 tax liability will be refunded to you (unless you have other outstanding government obligations). Once made, this election cannot be changed.

## 44. 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 17 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. Failure to sign the return will delay any refund you are due.

### Signature for Deceased

If your spouse died during 2008 or 2009, 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 and are claiming a refund for the deceased taxpayer, attach form TC-131.*

### Attachments to Return

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

- Utah schedules TC-40A, TC-40B, TC-40C, TC-40S, and/or TC-40W, if applicable;

- An explanation of any other adjustment entered on TC-40A, Part 1, using code 69 or Part 2, using code 79.
- A copy of federal form 8379 if claiming injured spouse refund allocation for Utah tax debts.
- A copy of Utah TC-40LIS if you are a building project owner of a low-income housing unit.

Do not send a copy of your federal return, credit schedules, worksheets, or other documents. Also, do not send copies of your forms W-2s, 1099-R, 1099-MISC, or TC-675R showing Utah withholding, as these forms are now listed on the TC-40W. Keep all these with your tax records.

**Third Party Designee**

If you want to allow a friend, family member or other person to discuss your 2008 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 5 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](http://tax.utah.gov/forms).

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2009 tax return. This is April 15, 2010 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 44**

**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: 250250025  
 Account number: 000009876543  
 Do not include the check number: 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

# New Form TC-40W - Utah Withholding Schedule

## New for 2008 Return

Utah has a new tax form, TC-40W. Use this form to report Utah withholding tax from the following forms:

- Federal form W-2, Wage and Tax Statement
- Federal form 1099 (with Utah withholding) including 1099-R, 1099-MISC, 1099-G, etc.
- Utah form TC-675R or federal Schedule K-1 showing Utah mineral production withholding tax
- Federal Schedule K-1 for a nonresident shareholder showing Utah withholding tax paid on behalf of the nonresident shareholder by the S corporation

Do not send these withholding tax forms with your Utah return. Keep them in your files.

Not completing the TC-40W when claiming Utah withholding tax (and including the withholding forms instead) may delay processing of your return or disallowance of the withholding tax credit.

## Examples

Examples below show how to transfer information on from your W-2 or 1099 to the new Utah form TC-40W.

22222		a Employee's social security number 567-89-0123	OMB No. 1545-0008	
b Employer identification number (EIN) 87-1234567		1 Wages, tips, other compensation 32,519.85	2 Federal income tax withheld 4,877.98	
c Employer's name, address, and ZIP code ABC ENTERPRISES INC 9876 MAIN ST SALT LAKE CITY UT 84101		3 Social security wages 32,519.85	4 Social security tax withheld 2,016.23	
		5 Medicare wages and tips 32,519.85	6 Medicare tax withheld 471.54	
		7 Social security tips	8 Allocated tips	
d Control number		9 Advance EIC payment	10 Dependent care benefits	
e Employee's first name and initial Last name WILLIAM J SMITH 456 TIMBER DR MURRAY UT 84150		11 Nonqualified plans	12a	
		13 Statutory Retirement Third-party employee plan Sick pay	12b	
		14 Other	12c	
f Employee's address and ZIP code		12d		
15 State UT	Employer's state I.D. no. W12345	16 State wages, tips, etc. 32,519.85	17 State income tax 767.99	18 Locality name
		19 Local wages, tips, etc.	20 Local income tax	

Form **W-2** Wage and Tax Statement **2008**

40089		<b>Part 1 - Utah Withholding Tax Schedule</b>		<b>TC-40W</b> Rev. 12/08	
Your last name SMITH			Your social security number 567-89-0123		
<p><b>Do not send your W-2s or 1099s with your return.</b> Instead, enter the W-2 or 1099 information requested below, if there is Utah withholding on the form. Use additional forms TC-40W, Part 1, if you have more than four W-2s or 1099s.</p>					
• A Employer or payer W-2 or 1099 information		• B Employee or taxpayer information		• C Utah withholding tax from W-2 box "17" or 1099	
Utah withholding ID number from W-2 box "15" or 1099 W 1 2 3 4 5 *X* if 1099 <input type="checkbox"/>		Employee's SSN from box a 5 6 7 8 9 0 1 2 3 *X* if SSN is for spouse <input type="checkbox"/>		Utah wages from box 16 , 3 2 , 5 2 0 . 00	
Enter employer or payer ID from W-2 box "b" or 1099 8 7 - 1 2 3 4 5 6 7		Enter employer or payer name from W-2 box "c" or 1099 ABC ENTERPRISES INC		UT withhold from W-2 box "17"/1099 , , , , 7 6 8 . 00	
Enter employer or payer name from W-2 box "c" or 1099 ABC ENTERPRISES INC Address 9876 MAIN ST City SALT LAKE CITY State UT Zip 84101		Utah withholding ID number from W-2 box "15" or 1099 *X* if 1099 <input type="checkbox"/>		Employee's SSN from box a , , , , , , , , , , Check if SSN is for spouse <input type="checkbox"/>	
Enter employer or payer ID from W-2 box "b" or 1099 , , , , , , , , , ,		Enter employer or payer name from W-2 box "c" or 1099 , , , , , , , , , ,		Utah wages from box 16 , , , , , , , , , , . 00	



# Utah's Electronic Services

*It's easy to file & pay online*

[tax.utah.gov/online.html](http://tax.utah.gov/online.html)



## PaymentExpress

- Pay any tax liability online, quickly and easily.
- File now and pay later, on the day you choose.
- Payments are credited to your account the same day they are made.
- Pay with credit card or electronic check (direct debit).

## Joint IRS and Utah electronic filing

- Your federal and Utah returns are filed together at the same time.
- See your tax preparer for assistance.
- If you purchase tax preparation software, just follow the instructions.



*You may qualify to file your federal return free. See the IRS website for details. Then file your Utah return through TaxExpress (see right).*

[www.irs.gov](http://www.irs.gov)

## TaxExpress

- Free online filing of your Utah return.
- 24 hours a day, 7 days a week.
- Convenient, easy and fast.
- Accurate, safe and secure.
- Faster refunds – less than one week when used with direct deposit.
- No paper return to mail – just click send.

*Not online? Not a problem! Find free Internet access at your local library.*



[taxexpress.utah.gov](http://taxexpress.utah.gov)



**Join the 710,000 Utah taxpayers who file electronically.**

*Each year more and more Utahns choose the ease and convenience of electronic filing. Once you try electronic filing, you will never want to file a paper return again!*