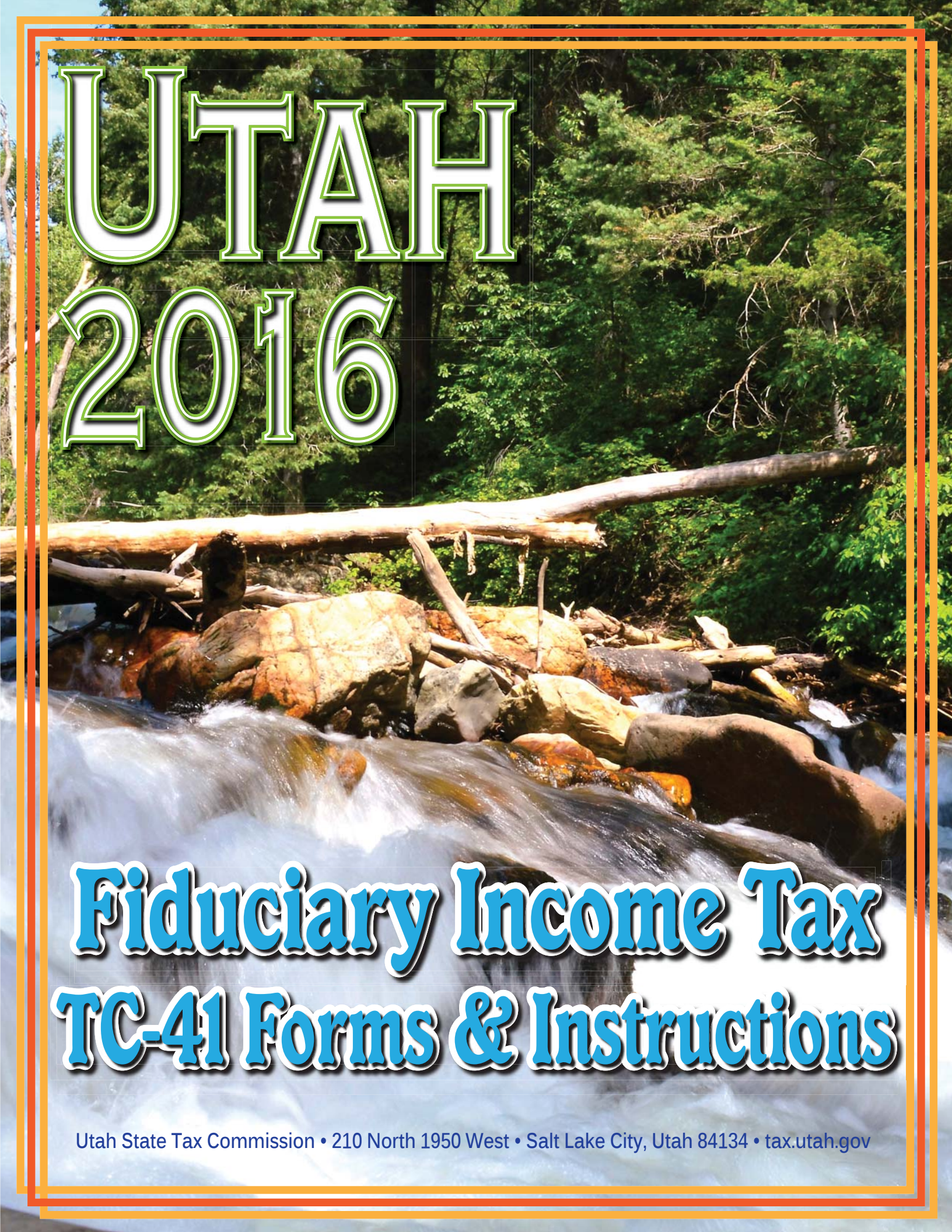

UTAH 2016

Fiduciary Income Tax

TC-41 Forms & Instructions

Utah State Tax Commission • 210 North 1950 West • Salt Lake City, Utah 84134 • tax.utah.gov

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TaxExpress
taxexpress.utah.gov

Cover photo: Big Cottonwood Canyon by Mike Holt

E-Filing is Easier!

E-filing is the easiest and most accurate way to file. Ask your tax preparer about e-filing your individual, partnership, C corporation and S corporation returns, or use commercial tax software.

Utah is Online

Utah offers many online services for individual and business filers, including:

→ **taxexpress.utah.gov**

- Pay by e-check or credit card.
- Manage your Utah tax account.
- Request payment plans.

→ **tax.utah.gov**

- Download forms and instructions for all Utah tax types.
- Link to free business resources and other services.

References

UC Utah Code (**le.utah.gov**)
IRC Internal Revenue Code (**law.cornell.edu/uscode/26**)

E-Verify 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 **uscis.gov/e-verify**.

Need more information?

Questions 801-297-2200 or
1-800-662-4335 (outside the Salt Lake area)

Research Utah rules, bulletins and Commission decisions: **tax.utah.gov**
Utah Code (UC): **le.utah.gov**
Internal Revenue Code (IRC): **law.cornell.edu/uscode/26**

Order paper forms
801-297-6700 or
1-800-662-4335, ext. 6700 (outside the SL area)

Utah Taxpayer Advocate Service

The Taxpayer Advocate Service helps taxpayers who have made multiple, unsuccessful attempts to resolve concerns with the Tax Commission. This service helps resolve problems when normal agency processes break down, identifies why problems occurred, and suggests solutions. See **tax.utah.gov/contact**, or contact us to find out if you qualify for this service at 801-297-7562 or 1-800-662-4335, ext. 7562, or by email at **taxpayeradvocate@utah.gov**.

Do not use the Taxpayer Advocate Service to bypass normal methods for resolving issues or disputes.

*If you need an accommodation under the Americans with Disabilities Act, email **taxada@utah.gov**, or call 801-297-3811 or TDD 801-297-2020. Please allow three working days for a response.*

General Instructions

Who Must File

If you are a fiduciary of a resident estate or trust, or a fiduciary of a nonresident estate or trust with income derived from Utah sources, and you are required to file a federal Fiduciary Income Tax Return, then you must file form TC-41, *Utah Fiduciary Income Tax Return*.

When to File and Pay

You must file your return and pay any tax due:

1. By April 18, 2017, if you file on a 2016 calendar year basis (tax year ends Dec. 31, 2016); or
2. By the 15th day of the fourth month after the fiscal year ends, if you file on a fiscal year basis. If the due date falls on Saturday, Sunday or legal holiday, the due date is the next business day.

All Utah income taxes for the year 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 in this book.)

Utah does not require quarterly estimated tax payments. You can prepay at any time by sending your payment with form TC-548, *Fiduciary Income Tax Prepayment Coupon*, or by paying at **taxexpress.utah.gov**.

Tax Period and Accounting Method

The first return filed by an administrator or executor of an estate must cover the period from the date of the decedent's death to the end of the first tax year selected by the fiduciary. The first return filed by a fiduciary of a trust must cover the period beginning with the creation of the trust to the end of the first tax year selected by the fiduciary. Returns must be filed for each subsequent year the estate or trust exists. The taxable year cannot be longer than 12 months and must coincide with the tax year selected for filing the federal return. You must apply the same accounting method used for federal fiduciary income tax purposes as for Utah fiduciary income tax purposes.

Extension of Time to File

TIP **This is NOT an extension of time to pay your taxes – it is an extension to file your return.**

You automatically get an extension of up to six months to file your return. No extension form is required to be filed. However, penalties will be assessed if you have not met the prepayment requirements by the original due date (see the following section). See *Penalties* and *Interest* instructions in this book. All extension calendar year returns must be filed by Oct. 16, 2017.

Prepayment Requirements for Filing Extension

You must prepay by the original due date:

- 90 percent of your 2016 Utah tax due (TC-41, line 38);
- 100 percent of your 2015 Utah income tax liability from the 2015 *Utah Fiduciary Income Tax Return* (TC-41, line 38); or
- 90 percent of your 2016 Utah income tax due if you did not have a Utah tax liability in 2015 or this is your first year filing.

The pass-through withholding tax **must** be paid to the Tax Commission by the original due date of the return, without regard to extensions. You may pay at **taxexpress.utah.gov** or use form TC-549, *Fiduciary Income Tax Return Payment Coupon*. Prepayments are not required for the pass-through withholding tax.

You may prepay through withholding (W-2, TC-675R, etc.), payments applied from a previous year refund, tax credits and credit carryovers, or payment made by the tax due date using form TC-548, *Fiduciary Income Tax Prepayment Coupon* or at **taxexpress.utah.gov**. Interest is assessed on unpaid tax from the filing due date until the tax is paid in full. Penalties may also apply.

Where to File

Mail your return to:

Utah State Tax Commission
210 N 1950 W
SLC, UT 84134-0250.

What to Attach and What to Keep

Attach

- **Utah Schedules:** Attach all applicable schedules (TC-41A, TC-41B, TC-41C, TC-41K, TC-41K-1 for each beneficiary, TC-41N, TC-41S, TC-41W, and TC-250).
- **Other Adjustments:** Attach an explanation for any equitable or fiduciary adjustment entered on TC-41A, Part 2, code 79 or code 87.
- **Other Utah Forms:** Attach a copy of Utah TC-40LIS if you are a building project owner of a low-income housing unit.
- **Tax Due:** If you have an amount due on the return, submit form TC-549, *Fiduciary Income Tax Return Payment Coupon* (see the last page of this book), and your check or money order along with the return.

FYI: Withholding Forms

Withholding tax information must be entered on TC-41W, which is attached to your return.

Keep

Do not send forms W-2, 1099-R, 1099-MISC, Utah Schedule K-1 received from an upper-tier pass-through entity (see TC-250 instructions in this book for the definition of upper-tier pass-through entity), etc., or form TC-675R (showing mineral withholding tax) with your return. Keep all withholding forms with your tax records for future reference. If you do not complete the TC-41W with all required information, processing

your return may be delayed and your withholding credit may be disallowed.

Do not send a copy of your federal return, credit schedules (other than Utah Schedules TC-41A, TC-41S, and/or TC-41W, if applicable), worksheets, or other documentation with your Utah return. Keep these, along with any receipts, to support entries reported on your return. You may have to provide this information later to verify entries on your return.

Recordkeeping

Keep copies of any receipts, state forms, worksheets, credit authorization forms, and other documentation to support any income, deduction, exemption, and credit you have reported. You may be asked to provide 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 under 50 cents; round up if 50 cents and above. **Do not enter cents anywhere on the return.**

Penalties

Utah law (UC §59-1-401) provides penalties for not filing tax returns by the due date, not paying tax due on time, not pre-paying enough on extension returns, and not filing information returns or supporting schedules. See **tax.utah.gov/billing/penalties-interest** and Pub 58, *Utah Interest and Penalties* (**tax.utah.gov/forms**). You can calculate penalties by using the *Penalty and Interest Calculator* at **taxexpress.utah.gov**.

Interest

(In addition to penalties due)

Interest is assessed on underpayments from the due date until the liability is paid in full. The interest rate for 2017 is 3 percent. Use the *Penalty and Interest Calculator* at **taxexpress.utah.gov** or see Pub 58, *Utah Interest and Penalties* at **tax.utah.gov/forms**.

Fiduciary and Estate Defined

Fiduciary means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in a fiduciary capacity for any individual or entity. The term *estate* refers only to the estate of a deceased person and does not include a trust maintained for minors, for a person adjudicated incompetent, or for any person who is suffering from another legal disability.

Note: Throughout these instructions, any reference to "you" means the fiduciary of the estate or trust.

Domicile Defined

(UC §59-10-136)

Utah Domicile

For Utah tax purposes, a person is considered domiciled in Utah under the following conditions:

Test 1

1. You or your spouse has claimed a dependent on your federal tax return, and the dependent is enrolled in a Utah public K-12 school (unless you are a noncustodial parent who is divorced from a custodial parent).
2. You or your spouse is enrolled as a resident student in a Utah state institution of higher education.

Test 2

There is a rebuttable presumption that you or your spouse is domiciled in Utah (i.e., you are domiciled in Utah unless you can prove otherwise) if either of you:

1. claims a residential exemption for a primary residence under UC §59-2, Property Tax Act;
2. is registered to vote in Utah; or
3. claims Utah residency for purposes of filing your income tax return.

Test 3

Even if you or your spouse does not meet any of the conditions above, you are still domiciled in Utah if:

1. either you or your spouse has a permanent home in Utah to which either of you returns to after being absent; and
2. you or your spouse has voluntarily settled in Utah, not for a special or temporary purpose, but with the intent of making a permanent home.

Whether or not you or your spouse has a permanent home in Utah is based upon a preponderance of the evidence, taking into consideration the totality of the following facts and circumstances (i.e., we will weigh the following facts and circumstances to decide if you have a permanent home in Utah):

- You or your spouse has a Utah driver's license.
- You or your spouse claims an exemption for a dependent who is enrolled as a resident student in a Utah state institution of higher education.
- The nature and quality of your living accommodations in Utah compared to another state.
- You have a spouse or dependent in Utah for whom you or your spouse claims a federal tax exemption.
- The physical location where you or your spouse earns income.
- The state of registration of a vehicle owned or leased by you or your spouse.
- You or your spouse has a membership in a church, club or similar organization in Utah.
- You or your spouse lists a Utah address on mail, a telephone listing, a listing in an official government publication, other correspondence, or similar item.
- You or your spouse lists a Utah address on a federal or state tax return.
- You or your spouse claims Utah residency on a document filed with or provided to a court or other governmental entity.
- You or your spouse fails to obtain a permit or license normally required of a resident in the state where you claim to have domicile.
- You or your spouse has a dependent child who is in the custody of a former spouse and who is enrolled in a Utah public K-12 school.

No Utah Domicile

You do not have a Utah domicile if you and your spouse are absent from Utah for at least 761 consecutive days and during this time you or your spouse:

1. does not return to Utah for more than 30 days in a calendar year,
2. does not claim an exemption on their federal tax return for a dependent who is enrolled in a Utah public K-12 school,
3. is not enrolled in a Utah institution of higher education as a resident student,
4. does not claim the residential exemption for property tax on your primary residence in Utah, or
5. does not claim Utah as your home for federal tax purposes.

An absence from the state begins on the later of the date you or your spouse leaves Utah and ends on the day you or your spouse returns to and stays in Utah for more than 30 days in a calendar year.

If you do not have Utah domicile, you may choose to be considered as having Utah domicile by filing a Utah resident income tax return.

If you are considered to have domicile in Utah, your spouse is also considered to have domicile in Utah. This rule does not apply if you are legally separated or divorced, or you file your federal returns as married filing separately.

You must file a Utah income tax return (or amended return) and pay any penalty and interest that apply if you did not file a Utah return based upon your belief that you did not meet the domicile criteria.

Resident Estate or Trust Defined

Resident estate or resident trust means:

1. an estate of a deceased person who, at death, was domiciled in Utah;
2. a trust, or a portion of a trust, consisting of property transferred by will of a deceased person who at death was domiciled in Utah; or
3. a trust administered in Utah.

   A trust is administered in Utah if:

   a. the trust does not specify a place of administration and the fiduciary transacts a major portion of its trust administration in Utah,
   b. the fiduciary's usual place of business is in Utah, or
   c. the trust states that Utah is the place of administration, and any administration of the trust is done in this state.

Nonresident Estate or Trust Defined

The terms *nonresident estate* or *nonresident trust* are defined as estates or trusts that are not resident estates or trusts.

Part-year Resident Estate or Trust Defined

A part-year resident estate or trust is a resident estate or trust for part of the year and a nonresident estate or trust for part of the year. All income received during the period of Utah residency is taxable in Utah, regardless of where that income is earned, unless specifically exempted. Income from Utah sources is taxable in Utah during the period of nonresidency.

Exempt Trusts

Trust income that is exempt from federal income tax is also exempt from Utah income tax.

An exempt trust with unrelated business income in Utah that files federal Form 990-T must file Utah form TC-20MC, *Tax Return for Miscellaneous Corporations.*

Amounts Reportable as Utah Income by the Beneficiaries

Utah resident beneficiaries must report the income from the estate or trust included in the beneficiary's federal adjusted gross income to Utah as though the beneficiary received the income directly. The estate or trust residence does not affect the source of income for computing the beneficiary's Utah individual income tax.

A Utah nonresident beneficiary is not required to file a Utah return if:

1. their only Utah source of income is from a partnership, S corporation, estate or trust (or other pass-through entity);
2. they had Utah income tax withheld by the partnership, S corporation, estate or trust (or other pass-through entity) on the Utah income; and
3. they do not seek to claim a Utah tax credit.

Portfolio Income

Portfolio income listed on federal return schedules may be either business or nonbusiness income.

For Utah purposes, business portfolio income (portfolio income that is business income) does not qualify as Utah portfolio income. Therefore, business portfolio income is apportionable income for Utah purposes. Generally, Utah portfolio income includes gross income, other than income derived in the ordinary course of a trade or business.

Portfolio income may include:

- Interest
- Dividends
- Royalties
- Income from the disposition of property that produces income of a type defined as portfolio income
- Income from the disposition of property held for investment
- Income from a real estate investment trust, a regulated investment company, a real estate mortgage investment conduit, a common trust fund, a qualified electing fund, or a cooperative

Interest, dividends, royalties, etc., earned in the ordinary course of the trade or business of a pass-through entity are not portfolio income.

Example: Interest, dividends, etc., may constitute Utah portfolio income if the pass-through entity holds funds that are not used to further the trade or business. These funds can neither be comingled with the operating funds nor comprise working capital at any time during the tax year, and cannot be used as collateral, to obtain financing, or for any other business purpose.

Portfolio income is attributable to the beneficiary‘s resident state.

Apportionable Income

Interest, dividends, royalties, gains, etc., derived in the ordinary course of a pass-through entity’s trade or business constitute apportionable business income rather than Utah portfolio income. Income received from holdings in or the sale of partnership interests also constitute apportionable business income. If an entity’s primary business activity is investing funds (such as with a brokerage firm), interest, dividends, gains, etc., also constitute apportionable business income rather than portfolio income.

Pass-through Entity

A pass-through entity is an entity whose income, gains, losses, deductions and/or credits flow through to its partners (partnerships), members (limited liability companies), and shareholders (S corporations) or beneficiaries (estates and trusts) for federal tax purposes.

An estate or trust is also considered a pass-through entity if any of the estate's or trust's income, gains, losses, deductions, and/or credits is divided among and passed through to one or more beneficiaries. A pass-through entity is required to withhold Utah income tax on the income from Utah sources passed through to its beneficiaries. The calculation of the withholding tax requirement for an estate or trust is made on the TC-41N. (See TC-41N instructions in this book.)

Pass-through Entity Taxpayer

A pass-through entity taxpayer is any entity which has income, gains, losses, deductions and/or credits passed to it from a pass-through entity (e.g., an individual who is a beneficiary in a trust is a pass-through entity taxpayer). Utah withholding tax paid for or on behalf of the beneficiary by the pass-through entity is reported on the TC-41, Schedule K-1, and is claimed as a refundable credit on the income tax return filed by the beneficiary.

Pass-through Entity Withholding Requirements

Estates and trusts are considered pass-through entities (see UC §59-10-1402(10)) and, for tax years beginning on or after Jan. 1, 2013, are required to withhold Utah income tax on all nonresident individual beneficiaries, resident or nonresident business beneficiaries, and resident or nonresident estate or trust beneficiaries. These beneficiaries are collectively referred to as pass-through entity taxpayers (see UC §59-10-1402(11)). A pass-through entity is not required to withhold on a beneficiary if:

1. the beneficiary is exempt from tax under UC §59-7-102(1)(a) or §59-10-104.1;
2. the pass-through entity is a plan under IRC Sections 401, 408 or 457 and is not required to file a return under UC Chapter 7; or
3. the pass-through entity is a publicly traded partnership as defined under UC §59-10-1403.2(1)(b)(iv).

Utah imposes a 5 percent withholding tax on all Utah business and nonbusiness income derived from or connected with Utah sources and attributable to pass-through entity taxpayers. The estate or trust may reduce this withholding by any mineral production withholding tax and previous pass-through entity withholding tax allocated to the beneficiary. This withholding tax must be paid to the Tax Commission by the original due date of the return, without regard to extensions.

The calculation of the required Utah withholding tax is done on Schedule N (TC-41N). See the TC-41N instructions in this book.

The estate or trust must provide a Utah Schedule K-1 to each partner showing the amount of Utah withholding paid on behalf of the beneficiary. This withholding tax is then claimed as a credit by the beneficiary on the beneficiary’s personal return.

If this estate or trust has an interest in another pass-through entity, that other entity is required to withhold Utah income tax on Utah income allocated to this estate or trust. The other pass-through entity must provide a Utah Schedule K-1 showing the amount of Utah withholding tax paid on behalf of this estate or trust. This withholding tax must be reported on TC-250, and then allocated to the beneficiaries of this estate or trust to be claimed on their personal returns. Enter this previous pass-through entity withholding tax for each beneficiary on Schedules K and K-1.

The estate or trust may claim a waiver of withholding tax and any associated penalty and interest for all or selected beneficiaries who filed and paid tax on the Utah income from this estate or trust. The tax must be paid on or before the estate or trust’s return due date, including extensions (see UC §59-10-1403.2(6)).

Line-by-Line Instructions

Heading

Print the information requested in the spaces provided. Enter the full name of the estate or trust.

Enter the estate or trust's federal employer identification number (EIN). If the estate or trust is filed with a Social Security number (SSN) instead of an EIN, check the space below this number.

Zip Code – Enter your zip code with the "plus four" at the end, without the hyphen.

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. Abbreviate if necessary. Leave the State and Zip Code fields blank. Enter only the foreign country name in the "Foreign country" field. This is a United States Postal Service requirement.

Filing Period

File using the 2016 return for calendar year and fiscal or short years beginning in 2016. If the return is for a fiscal year or a short tax year (less than 12 months), enter the tax year end date at the top of the form using the format mm/yy.

Amended Return

To amend a previously filed return, use the tax forms and instructions for the year you are amending. Get prior year forms and instructions at **tax.utah.gov/forms**.

Amend your return if you discover an error on your Utah or federal return after it is 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. Contact the Tax Commission if you are unsure whether or not your Utah taxes are affected by an audit or adjustment.

To qualify for a refund or a credit, you must file an amended return by the later of three years after the original return was due or two years from the date the tax was paid. (A return filed before the due date is considered filed on the due date.)

How to Amend a 2016 Utah Fiduciary Tax Return

A. On the top of TC-41, page 1, on the "Amended Return" line, enter the code number from the following list that best describes your **Reason for Amending**:

Reason-for-Amending Codes (enter on return)

1 You filed an amended return with the IRS. Attach a copy of your amended federal return. (If amending for a net operating loss, do not use code 1, use code 4 - see below.)

2 You made an error on your Utah return. Attach an explanation of the error.

3 Your federal return was changed by an IRS audit or adjustment and it affects your Utah return. Attach a copy of the IRS adjustment.

4 You had a net operating loss. If any portion of your amended return is from a net operating loss carryback, use code 4 and complete a Utah fiduciary tax return for each year you are amending. Attach a copy of your amended federal return.

5 Other. Attach an explanation to your 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 29 of the 2016 amended return. If you paid with the original return or made subsequent tax payments before filing the amended return, enter the total previous payments on line 35 of the 2016 amended return.

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 original return with your amended return.**

Federal Form 8886

If you filed federal form 8886, *Reportable Transaction Disclosure Statement,* with the IRS, enter an "X" at the top right-hand side of your TC-41, where indicated.

Line 1. Type of Return

Enter the code that describes the entity filing the return. The entity type indicated must match the type of entity indicated in part A of federal form 1041. If multiple entity types are indicated in part A of federal form 1041, attach an explanation of how trust income from Utah sources is allocated to each entity type and indicate the entity type that is the dominant source of Utah trust income without subtracting income distributed to beneficiaries. For pooled income funds, enter H (Charitable Trust).

Bankruptcy Estate: See the TC-41C instructions in this book for how to compute the Utah tax.

Federal Form 1041-QFT: See the *Qualified Funeral Trust Information and Instructions* in this book.

Electing Small Business Trust (ESBT): Report federal taxable income on line 4 and the separate small business trust portion of the taxable income on TC-41A, Part 1, code 58.

Line 2. Status Code of Estate or Trust

Enter the code "**R**" for a resident estate or trust, "**N**" for a nonresident estate or trust, or "**P**" for a part-year resident estate or trust.

See the *General Instructions* to determine if the estate or trust is a resident or nonresident entity.

Line 3. Nonresident Beneficiaries

If any beneficiary of the estate or trust is not a Utah resident, enter an "**X**" in the box. If all beneficiaries are residents of Utah, leave the box blank.

See definitions of *resident, nonresident* and *part-year residents,* above.

Line 4. Federal Total Income

Enter the federal total income from federal form 1041, line 9 or form 1041-QFT, Part II, line 5.

Bankruptcy Estates. Trustees of an individual bankruptcy estate (chapter 7 or chapter 11) must complete TC-41C, *Bankruptcy Estate Tax Calculation*, to determine the taxable income and tax liability of the estate. Follow these instructions for TC-41:

- Leave lines 4 through 21 blank.
- Line 22, Utah income tax – enter the amount from TC-41C, line 20.
- For a resident bankruptcy estate, complete lines 23 through 42 according to the regular fiduciary instructions.
- For a non or part-year resident bankruptcy estate, complete lines 23 through 25 according to the regular fiduciary instructions, then follow the instructions for TC-41C, page 2.

Line 5. Additions to Income

Enter the total from TC-41A, Part 1.

Complete TC-41A, Part 1 if you have any of the following additions to income:

- Lump Sum Distribution
- Utah Educational Savings Plan (UESP) 529 Plan Addback
- Municipal Bond Interest
- ESBT S Corporation Income
- Fiduciary Adjustments
- Equitable Adjustments

Line 6. Total Adjusted Income

Add line 4 and line 5.

Line 7. Fiduciary Fees for Administering Estate or Trust

Enter any fiduciary fees deducted on your federal form 1041, line 12.

Line 8. Income Distribution Deduction

Enter any income distribution deduction reported on your federal form 1041, line 18.

Line 9. Estate Tax Deduction

Enter the amount of any estate tax deduction, including certain generation-skipping taxes, deducted on your federal form 1041, line 19.

Line 10. Exemption

Enter the exemption deduction taken on your federal form 1041, line 20.

Line 11. State Tax Refund Included in Federal Income

(UC §59-10-202(2)(d))

Enter the amount of any state tax refund you included in income on the federal form 1041 for the same year.

Line 12. Subtractions from Income

Enter the total from TC-41A, Part 2.

Complete TC-41A, Part 2, if you have any of the following subtractions from income:

- Interest from U. S. Government Obligations
- Native American Income
- Railroad Retirement Income
- Equitable Adjustments
- Nontaxable Income from Irrevocable Resident Trust
- Nongrantor Charitable Lead Trust Charitable Contribution
- Fiduciary Adjustments

Line 13. Total Deductions

Add lines 7 through 12.

Line 14. Utah Taxable Income (Loss)

Subtract line 13 from line 6. This amount is used to calculate the tax on line 15.

Line 15. Utah Tax

Multiply the Utah taxable income on line 14 by 5 percent (.05) and enter the result on line 15. If the result is zero or less, enter "0".

Estate or Trust Tax Credit (lines 16 - 21)

(UC §59-10-1020)

Estates and trusts are allowed a credit against Utah tax based on the total of the interest expense, taxes paid, charitable contributions, attorney/accountant/tax preparer fees, and certain miscellaneous deductions. The credit phases out for income over a specified amount.

Line 16. Allowable Deductions for Credit

Use the following worksheet to calculate the estate or trust's allowable deductions. See line instructions below the worksheet.

Worksheet for Allowable Deductions

1. Interest	$_____
2. Taxes	$_____
3. Charitable contributions	$_____
4. Attorney/accountant/return preparer fees	$_____
5. Miscellaneous deductions	$_____
6. Total deductions (add lines 1 through 5)	$_____

Enter the amount from line 6 on line 16 of your TC-41.

Worksheet Line Instructions:

Line 1 - Interest. Enter the total interest paid or accrued, and deducted on the federal return (IRC section 163).

Line 2 - Taxes. Enter the total taxes paid or accrued, and deducted on the federal return (IRC section 164). Do not include any amounts paid or accrued for state or local income taxes for the taxable year.

Line 3 - Charitable Contributions. Enter the total charitable contributions deducted on the estate or trust federal return. Do not include any amounts deducted by a qualified nongrantor charitable lead trust under IRC section 642(c).

Line 4 - Certain Fees. Enter the total deducted on the federal return for attorney, accountant, or return preparer fees.

Line 5 - Miscellaneous Deductions. Enter the total miscellaneous and other deductions deducted on the federal return. Include net operating losses on this line.

Note: These deductions are used in the calculation of the Estate or Trust Tax Credit even though they may also have been used in the calculation of income items reported on the Schedules K-1.

Line 17. Initial Credit before Phase-out

Multiply the amount on line 16 by 6 percent (.06).

Line 18. Base Phase-out Amount

The base phase-out amount for an estate or trust is $12,000. For qualified funeral trusts, see *Qualified Funeral Trust Information* in this book.

Line 19. Income Subject to Phase-out

Subtract line 18 (the base phase-out amount) from line 14 (Utah taxable income). If the result is zero or less, enter “0”.

Line 20. Phase-out Amount

Multiply line 19 by 1.3 percent (.013). This is the credit phase-out amount.

Line 21. Estate or Trust Tax Credit

Subtract the phase-out amount on line 20 from the initial credit on line 17. If the result is zero or less, enter “0”.

Line 22. Utah Income Tax

Subtract the estate or trust tax credit on line 21 from the tax calculated on line 15 If the result is zero or less, enter “0”.

Bankruptcy Estates. Enter the tax calculated on TC-41C, line 20. See the TC-41C instructions in this book.

Line 23. Enter Tax from Line 22

Enter the tax from page 1, line 22.

Line 24. Apportionable Nonrefundable Credits

Enter the total from TC-41A, Part 3.

Complete TC-41A, Part 3 if you are claiming any of the following nonrefundable credits:

- Capital Gain Transactions Credit
- Utah Educational Savings Plan (UESP) 529 Plan Credit
- Qualifying Solar Project Credit
- Gold and Silver Coin Sale Credit

Line 25. Subtract line 24 from line 23

Apportionable nonrefundable credits cannot exceed the tax liability on the return. If the total of the credits shown on line 24 is more than or equal to the tax on line 23, enter “0”.

Full-year resident: Enter the amount from line 25 on line 26, and then complete the rest of the return.

Non or part-year resident estate or trust: Enter the amount from line 25 on TC-41B, *Non or Part-year Resident Estate or Trust Schedule*, line 20. Complete TC-41B, enter the tax from TC-41B, line 21 on TC-41, page 2, line 26, and then complete the rest of the return.

Line 26. Enter Applicable Tax

Full-year resident estate or trust: Enter the tax from line 25.

Non or part-year resident estate or trust: Enter the tax from line 21 of TC-41B. See the TC-41B instructions in this book.

Bankruptcy estates: Enter the tax from TC-41C, line 58. See the TC-41C instructions in this book.

Line 27. Nonapportionable Nonrefundable Credits

Enter the total from TC-41A, Part 4.

Complete TC-41A, Part 4 if you are claiming any of the following nonrefundable credits:

- Qualified Sheltered Workshop Cash Contribution Credit
- Clean Fuel Vehicle Credit
- Historic Preservation Credit
- Carryforward of Enterprise Zone Credit
- Low-Income Housing Credit
- Recycling Market Development Zone Credit
- Credit for Increasing Research Activities in Utah
- Carryforward of Credit for Machinery/Equipment Used to Conduct Research
- Credit for Tax Paid to Another State
- Renewable Residential Energy Systems Credit
- Combat Related Death Credit
- Veteran Employment Credit
- Employing Persons Who are Homeless Credit
- Achieving a Better Life Experience Program Credit

Line 28. Subtract Line 27 from Line 26

Nonapportionable nonrefundable credits cannot exceed your tax liability. If the total credits on line 27 is more than or equal to the tax on line 26, enter “0”.

Line 29. Amended Return Only - Previous Refund

This line is **only** for an amended return. Enter the total of all refund, credits, or offsets of state income tax received for the tax year being amended. Do not include refund interest.

Line 30. Utah Use Tax

Use tax is a tax on goods and taxable services purchased for use, storage or other consumption in Utah during the taxable year and applies only if sales tax was not paid at the time of purchase. If you purchased an item from an out-of-state seller,

including Internet, catalog, radio and TV purchases, and the seller did not collect sales tax on that purchase, you must pay the use tax directly to the Tax Commission. If you have a Utah sales tax license/account, include the use tax on your sales tax return. If you do not have a Utah sales tax license/account, report the use tax on line 30 of TC-41.

You may take a credit for sales or use tax paid to another state (but not a foreign country). If the other state's tax rate is lower than Utah's, you must pay the difference. If the other state's tax rate is more than Utah's, no credit or refund is given. If sales tax was paid to more than one state, complete the *Use Tax Worksheet* below for each state. Add lines 8 on all worksheets and enter the total on line 30.

Sales and use tax rates vary throughout Utah. Use the *Use Tax Rate Chart* below to find the rate for the location where the merchandise was delivered, stored, used or consumed. Use the county rate if the city is not listed.

Grocery food bought through the Internet or catalog is taxed at 3 percent. The grocery food must be 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. See Pub 25, *Sales and Use Tax,* at **tax.utah.gov/forms**.

Use Tax Worksheet

1. Amount of purchases (except grocery food) subject to use tax	1	_____
2. Use tax rate (decimal from *Use Tax Rate Chart*)	2	.__ __ __ __
3. Multiply line 1 by line 2	3	_____
4. Amount of grocery food purchases subject to use tax	4	_____
5. Multiply line 4 by 3% (.03)	5	_____
6. Add line 3 and line 5	6	_____
7. Credit for sales tax paid to another state on use tax purchases	7	_____
8. Use tax due (subtract line 7 from line 6) (If less than zero, enter "0.")	8	_____

Use Tax Rate Chart (Effective Dec. 31, 2016)

.0595	**Beaver County**
.0695	Beaver City
.0595	**Box Elder County**
.0650	Brigham City, Perry, Willard
.0695	Snowville
.0630	**Cache County**
.0655	Cache Valley Transit, Hyde Park, Lewiston, Millville
.0660	Hyrum, Logan, Nibley, N. Logan, Providence, Richmond, River Heights, Smithfield
.0620	**Carbon County**
.0630	Helper
.0660	Price
.0650	Wellington
.0695	**Daggett County**
.0805	Dutch John
.0675	**Davis County**
.0685	Bountiful, Centerville, Clearfield, Farmington, Layton, N. Salt Lake, W. Bountiful, Woods Cross
.0620	**Duchesne County**
.0630	Duchesne City
.0660	Roosevelt
.0595	**Emery County**
.0785	Green River
.0695	**Garfield County**
.0795	Boulder, Panguitch, Tropic
.0805	Bryce Canyon, Escalante
.0620	**Grand County**
.0810	Moab
.0595	**Iron County**
.0605	Cedar City
.0795	Brian Head
.0595	**Juab County**
.0620	Santaquin South
.0625	Nephi
.0695	**Kane County**
.0795	Kanab, Orderville
.0595	**Millard County**
.0595	**Morgan County**
.0595	**Piute County**
.0620	**Rich County**
.0780	Garden City
.0685	**Salt Lake County**
.0705	Murray, South Salt Lake
.0835	Alta
.0620	**San Juan County**
.0660	Blanding, Monticello
.0620	**Sanpete County**
.0630	Centerfield, Mayfield
.0650	Ephraim, Fairview, Mt. Pleasant
.0660	Gunnison
.0620	**Sevier County**
.0630	Aurora, Redmond
.0660	Richfield, Salina
.0605	**Summit County**
.0635	Snyderville Basin Transit
.0795	Park City
.0620	**Tooele County**
.0650	Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0660	Tooele City
.0605	**Uintah County**
.0655	Naples, Vernal
.0675	**Utah County**
.0685	American Fork, Cedar Hills, Lindon, Orem, Provo
.0595	**Wasatch County**
.0625	Heber
.0705	Independence
.0735	Midway
.0785	Park City East
.0605	**Washington County**
.0635	Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0765	Springdale
.0595	**Wayne County**
.0710	**Weber County**
.0730	Falcon Hill Riverdale, Riverdale

31. Total Pass-through Withholding Tax

Enter the total pass-through withholding tax from Schedule N, column J.

This pass-through withholding tax must be paid to the Tax Commission by the original due date of the return, without regard to extensions. Pay at **taxexpress.utah.gov** or use form TC-549, *Fiduciary Income Tax Return Payment Coupon*. Prepayments are not required for pass-through withholding tax.

Do not include on this line any pass-through withholding tax credit received from an upper-tier pass-through entity as reported on a Utah Schedule K-1 you received. These pass-through withholding tax credits received from other pass-through entities are entered on TC-250, Part 2 and carried to the Utah Schedule A, Part 5. These credits are allocated to each beneficiary on the Utah Schedule K-1 and are also used in the calculation of the withholding tax for the beneficiary on Schedule N, column I.

Do not include on this line any mineral production withholding tax credit received from an upper-tier pass-through entity as reported on a Utah Schedule K-1 you received. These mineral production withholding tax credits received from other pass-through entities are entered on TC-250, Part 3 and carried to

the Utah Schedule A, Part 5. These credits are allocated to each beneficiary on the Utah Schedule K-1 and are also used in the calculation of the withholding tax for each beneficiary on Schedule N, column H.

Line 32. Total Tax, Additions and Use Tax

Add lines 28 through 31.

Line 33. Utah Income Tax Withheld

You **MUST** enter your **UTAH TAX WITHHELD** on this line.

Complete TC-41W, Part 1 listing each W-2 and 1099 with Utah withholding tax. The total Utah withholding tax on the TC-41W, Part 1 must equal the amount entered on line 33. If you have more than four withholding forms, use additional TC-41Ws.

See instructions for TC-41W in this book.

Keep withholding forms with your records. Do not attach them to your Utah return. Processing may be delayed or the withholding tax credit disallowed if you do not complete the TC-41W, Part 1 with all required information.

Line 34. Credit for Utah Fiduciary Tax Prepaid

Prepayments include payments made with form TC-548, *Fiduciary Income Tax Prepayment Coupon*, and any amount of the previous year's refund applied to your current tax liability.

Line 35. Amended Return Only - Previous Payments

Use this line **only** for an amended return. Enter the total tax paid with the original return plus any later tax payments for the tax year being amended. Do not include on this line any penalty, interest or fees paid on the previous return.

Line 36. Refundable Credits

Enter the total from TC-41A, Part 5.

Complete TC-41A, Part 5 to claim the following refundable credits:

- Renewable Commercial Energy Systems Credit
- Targeted Business Credit
- Pass-through Entity Withholding Tax Credit
- Mineral Production Withholding Tax Credit
- Agricultural Off-highway Gas/Undyed Diesel Credit
- Farm Operation Hand Tools Credit

Line 37. Total Withholding and Refundable Credits

Add lines 33 through 36.

Line 38. Tax Due

If line 32 is more than line 37, subtract line 37 from line 32. This is the tax you owe.

Line 39. Penalty and Interest

If you are filing your return or paying any tax late, you may owe penalties and interest. Calculate your penalty and interest by using the Penalty and Interest Calculator at **taxexpress.utah.gov** or by following the instructions in Pub 58, *Utah Interest and Penalties,* at **tax.utah.gov/forms**. The Tax Commission will send you a bill if you do not pay the penalties and interest with your return or the penalty and/or interest were calculated incorrectly.

Penalties

You may receive a penalty for not filing your return on time and for not paying any tax due on time. The penalties are a percentage of the unpaid tax, based on the number of days late. Instructions to calculate these penalties are found at **tax.utah.gov/billing/penalties-interest** and in Pub 58, *Utah Interest and Penalties,* at **tax.utah.gov/forms**. Include these penalties on line 39, if applicable.

A penalty for underpaying an extension prepayment is 2 percent of the unpaid tax per month of the extension period. If the return is not filed by the extension due date, failure to file and pay penalties will apply, as if the extension had not been granted. Also, include this penalty on line 39, if applicable.

There is no late filing penalty (including on an amended return) if you have no tax due on the return.

Interest

Calculate interest from the due date to the date paid. The 2017 interest rate is 3 percent. Include this interest on line 39, if applicable.

Line 40. Total Due - Pay this Amount

Add any penalty and interest you owe on line 39 to the tax on line 38. Pay this amount with your return. Include a TC-549 coupon with your payment.

Payment Options

You may pay your tax online with your credit card or with an electronic check (ACH debit). Online payments may include a service fee. Follow the instructions at **taxexpress.utah.gov**.

You may also mail your check or money order payable to the "Utah State Tax Commission" with your return. Write your daytime phone number, and "2016 TC-41" on your check. **Do not staple** your check to your return. Remove any check stub before sending. **Do not mail cash** with your return. The Tax Commission is not liable for cash lost in the mail. Include the TC-549 coupon with your payment.

Mail your payment, coupon and Utah return to Utah State Tax Commission, 210 N 1950 W, Salt Lake City, UT 84134-0250.

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

Payment Agreement Request

If you cannot pay the full amount you owe, you can request a payment plan. Go to **taxexpress.utah.gov** and click on "TAP - Taxpayer Access Point." Then click "Request Waiver, Payment Plan or e-Reminder."

Or call the Tax Commission at 801-297-7703, or 1-800-662-4335 ext. 7703 (outside the SLC area).

Payment plan requests will be considered after your return is processed. If your plan request is accepted, you will receive an email stating the terms and conditions of the agreement. A payment plan does not stop penalties and interest from accruing, and we may still file a tax lien to secure the debt.

You may make payments prior to approval of the payment plan or prior to receiving a billing notice.

Line 41. Refund

If line 37 is more than line 32, subtract line 32 from line 37. This is your refund.

Line 42. Refund Applied To 2017 Taxes

You may apply all or part of your refund as a prepayment for your 2017 Utah fiduciary tax liability. Enter the amount of refund you want applied to your 2017 tax on this line. Any part not applied to your 2017 tax liability will be refunded to you (unless you have other outstanding government obligations).

Completing the Return

Signature

The fiduciary or an officer representing the estate or trust must sign the return. Failing to sign the return will delay your refund.

Paid Preparer Information

The paid preparer must enter his or her name, address and PTIN in the section below the fiduciary's signature.

Paid Preparer Authorization

If you want to allow the Tax Commission to discuss this return with the paid preparer who signed it, enter an "X" in the box on the right-hand side of the signature area of the return where indicated. This authorization applies only to the individual whose signature appears in the Paid Preparer's Section of the return. It does not apply to the firm, if any, shown in that section.

If you enter an "X" in the box, you authorize the Tax Commission to call the paid preparer with questions that may arise while processing the return. You also authorize the preparer to:

- give the Tax Commission any missing information from the return,
- call the Tax Commission for information about the processing of the return or the status of any refund or payment(s), and
- respond to certain Tax Commission notices about math errors, offsets and return preparation.

You are not authorizing the preparer to receive any refund, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Commission. The authorization automatically ends on the due date for filing the next year's tax return (without regard to extensions).

If you want to change the preparer's authorization, complete and submit form TC-737, *Power of Attorney and Declaration of Representative* (**tax.utah.gov/forms**). If you want 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.

Preparer Penalties

(UC §59-1-401(11)(12))

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 penalty (second degree felony with a fine from $1,500 to $25,000).

TC-41A – Fiduciary Supplemental Schedule

Use TC-41A to enter five categories of items affecting the fiduciary return:

- **Part 1** - Additions to Income (added to federal income)
- **Part 2** - Subtractions from Income (subtracted from federal income)
- **Part 3** - Apportionable Nonrefundable Credits (apportioned for non or part-year residents)
- **Part 4** - Nonapportionable Nonrefundable Credits
- **Part 5** - Refundable Credits

▶ Part 1 – Additions to Income

Enter the following additions to income that apply on TC-41A, Part 1, and attach it to your Utah return.

On TC-41A, write the **code and amount** of each addition to income. Enter the sum of all additions to income on line 5 of your Utah TC-41. Each addition to income is explained below.

Note: Only include amounts that will not be passed through to the beneficiaries. You must apportion the additions to income between the income taxed at the estate or trust level and the amounts distributed to the beneficiaries. Calculate the apportioned amount that must be added on this line as follows:

1. Divide the amount distributed to beneficiaries by distributable net income,
2. Multiply the amount in step 1 by the total amount of the addition that must be apportioned, and
3. Subtract the amount in step 2 from the total amount of the addition that must be apportioned.

Codes for Additions to Income, TC-41 Part 1

51 Lump Sum Distribution
54 Utah Educational Savings Plan (UESP) 529 Plan Addback
57 Municipal Bond Interest
58 ESBT S Corporation Income
62 Fiduciary Adjustments
69 Equitable Adjustments

(51) Lump Sum Distribution
(UC §59-10-202(1)(a))

This addition to income only applies if you filed form 4972 with your federal return. 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 with others, enter the amount calculated by multiplying the amount on line 10 of federal form 4972 by the distribution percentage shown in box 9a on your form 1099-R, then adding the amount shown on form 4972, Part II, line 6.

(54) Utah Educational Savings Plan (UESP) 529 Plan Addback
(UC §59-10-202(1)(d))

If you withdrew an amount from a Utah Educational Savings Plan (UESP) 529 account but did not use it for qualified higher education expenses, and the withdrawal did not meet an exception under IRC §529(c) or §530(d), enter that amount to the extent the amount was deducted or used in calculating the UESP credit on your current or a previously filed Utah tax return. If you are a UESP account owner, you will receive form TC-675H, *Utah Educational Savings Plan Tax Statement for Contributions, Withdrawals, and Transfers*, from UESP. Keep this form with your records. If you have any questions about UESP accounts, call UESP at 801-321-7188 or 1-800-418-2551, or visit **uesp.org**.

(57) Municipal Bond Interest
(UC §59-10-202(1)(b))

Enter interest from certain bonds, notes and other evidences of indebtedness issued by non-federal government entities outside Utah (commonly known as municipal bonds) if acquired on or after Jan. 1, 2003. Do not enter interest earned on non-Utah municipal bonds if the issuing state (or political subdivision) does not impose an income tax on bonds issued by Utah, or the issuing state does not impose an income tax. See details at **incometax.utah.gov/additions/municipal-bond-interest**.

(58) ESBT S Corporation Income
(UC §59-10-202(1)(c))

Electing Small Business Trusts (ESBTs) must report the separate S portion of the taxable income, as calculated on the attachment to federal form 1041.

(62) Fiduciary Adjustments
(UC §59-10-210)

Enter any qualified fiduciary adjustment.

(69) Equitable Adjustments
(UC §59-10-209.1)

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit.

▶ Part 2 – Subtractions from Income

Enter the following subtractions from income that apply on TC-41A, Part 2 and attach it to your Utah fiduciary return.

On TC-41A, write the **code and amount** of each subtraction from income. Enter the sum of all subtractions from income on line 12 of your Utah TC-41. Each subtraction from income is explained below.

Note: Only include amounts that apply to income taxed at the estate or trust level. You must apportion the subtractions from income between the amount taxed at the estate or trust level and the amounts distributed to the beneficiaries. Calculate the apportioned amount that may be deducted on this line as follows:

1. Divide the amount distributed to beneficiaries by distributable net income,
2. Multiply the amount in step 1 by the total amount of the subtraction that must be apportioned, and
3. Subtract the amount in step 2 from the total amount of the subtraction that must be apportioned.

Codes for Subtractions from Income, TC-41A Part 2

71 Interest from U. S. Government Obligations
77 Native American Income
78 Railroad Retirement Income
79 Equitable Adjustments
84 Nontaxable Income from Irrevocable Resident Trust
86 Nongrantor Charitable Lead Trust Charitable Contribution
87 Fiduciary Adjustments

(71) Interest from U.S. Government Obligations
(UC §59-10-202(2)(a))

Interest earned on government obligations issued by the United States is **exempt** from state income tax. These obligations include:

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

The following income is **NOT** exempt from Utah income tax:

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

The following conditions determine if the instrument qualifies as a U. S. Government obligation (see U.S. Supreme Court decision in *Smith v. Davis*, 323 U.S. 111 (1944)). The instrument must:

1. 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 total 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.

If the interest income is from an estate or trust, attach a schedule to your return showing the calculation of income. Include the name, residency and federal identification number of the estate or trust making the distribution.

See Pub 33, *Interest from U.S. Government Obligations,* at **tax.utah.gov/forms**.

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

(77) Native American Income
(UC §59-10-202(2)(c) and (f))

A member of a Native American tribe in Utah who lives and works on the reservation where 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 v. Utah* (510 U.S. 399 (1994)) is exempt from Utah income tax on income earned on the reservation.

Enter the exempt income included in your federal total income on TC-41A, Part 2, using code 77. Enter your enrollment/census number and your Nation/Tribe Code from the following list:

Nation/Tribe Code

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

(78) Railroad Retirement Income
(UC §59-10-202(2)(e))

Federal law does not permit states to tax railroad retirement, disability income, unemployment income, and sickness benefits received from the Railroad Retirement Board and reported on form RRB-1099.

Railroad retirement pensions are deductible only for the amount taxed on the federal return. If you received pension payments, disability income or unemployment payments under the Railroad Retirement Act and must report all or part of the amount received as income on your federal return, you may deduct that amount from Utah income.

(79) Equitable Adjustments
(UC §59-10-209.1)

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

(84) Nontaxable Income from Irrevocable Resident Trust
(UC §59-10-202(2)(b))

Income of an irrevocable resident trust is subtracted from federal total income if:

1. the trust became a resident trust on or after Jan. 1, 2004;
2. no assets were held at any time after Jan. 1, 2003, in another resident irrevocable trust created by the same settlor or the settlor's spouse;
3. the trustee is a trust company as defined in UC §7-5-1(1)(d); and
4. the amount subtracted is reduced to the extent the settlor or any other person is treated as an owner of any portion of the trust, and by any interest on indebtedness incurred or continued to buy or carry the assets generating the income, and by any expense incurred in the production of income to the extent those expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

(86) Nongrantor Charitable Lead Trust Charitable Contribution
(UC §59-10-202(2)(g))

Enter the amount a qualified nongrantor lead trust deducted on the federal return as a charitable contribution under IRC Section 642(c).

(87) Fiduciary Adjustments
(UC §59-10-210)

Enter any qualified fiduciary adjustment and attach an explanation of the adjustment.

▶ Part 3 – Apportionable Nonrefundable Credits

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

Enter the following apportionable nonrefundable credits (credits that must be apportioned for nonresidents and part-year residents) that apply on TC-41A, Part 3 and attach it to your Utah return.

On TC-41A, write the **code and amount** of each apportionable nonrefundable credit you are claiming. Total these credits, then subtract any apportionable nonrefundable credits being distributed to beneficiaries on the Utah Schedule K-1. Enter the net amount of the credits being claimed on the fiduciary return and carry this amount to line 24 of your TC-41. Each apportionable nonrefundable credit is explained below.

Keep all related documents with your records. You may have to provide this information later to verify a credit claimed on your return.

Codes for Apportionable Nonrefundable Credits, TC-41A Part 3

04 Capital Gain Transactions Credit
20 Utah Educational Savings Plan (UESP) 529 Plan Credit
24 Qualifying Solar Project Credit
26 Gold and Silver Coin Sale Credit

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

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

a. the transaction occurs on or after Jan. 1, 2008,
b. at least 70 percent of the gross proceeds of the transaction are used to buy stock in a qualified Utah small business corporation within 12 months from when the capital gain transaction occurred; and
c. you did not have an ownership interest in the qualified Utah small business corporation at the time of investment.

See **incometax.utah.gov/credits/capital-gains** for more information.

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

Calculation of Capital Gain Transactions Credit

1. Eligible short-term or long-term capital gain 1 _____
2. Multiply line 1 by 5% (.05). This is your credit. 2 _____

Enter this amount on TC-41A, Part 3, using code 04.

Note: Any credit that is more than the tax liability may not be carried back or forward.

(20) Utah Educational Savings Plan (UESP) 529 Plan Credit
(UC §59-10-1017)

If a qualified contribution was made to your Utah Educational Savings Plan (UESP) 529 account, you may claim a nonrefundable credit. To qualify, the contribution must be made during the taxable year and must not have been deducted on your federal return.

If you are a UESP account owner, you will receive form TC-675H, *Utah Educational Savings Plan Tax Statement for Contributions, Withdrawals, and Transfers*, from UESP. Use form TC-675H to calculate the credit, below.

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

Calculation of UESP Credit

1. Enter the amount from form TC-675H, box 1. 1 _____
2. Multiply line 1 by 5% (.05). 2 _____
3. Enter the amount from TC-675H, box 2. 3 _____
4. Multiply line 3 by 95. 4 _____

Enter the lesser of line 2 or line 4 on TC-41A, Part 3, using code 20.

Note: Any credit that is more than the tax liability may not be carried back or forward.

(24) Qualifying Solar Project Credit
(UC §59-10-1024)

You may claim a credit of 25 percent of the amount paid to buy one or more solar units from a qualifying political subdivision, up to a maximum credit of $2,000 per year. The installation of a solar power system at a residence or business does not qualify for this credit.

A qualifying solar unit is a portion of the electrical output of an active solar project constructed, controlled or owned by a qualifying political subdivision, which generates electricity furnished to or for the benefit of one or more residential units, and is sold to the taxpayer in exchange for credit on the taxpayer's electric bill.

Calculation of Qualifying Solar Project Credit

1. Amount paid for solar unit(s) 1 _____
2. Multiply line 1 by 25% (.25) 2 _____
3. Enter the lesser of line 2 or $2,000. This is your credit. 3 _____

Enter this amount on TC-41A, Part 3, using code 24.

Note: Any credit that is more than the tax liability or in excess of $2,000 may be carried forward as a credit for the next four years.

There is no form for this credit. Keep all solar unit purchase documents with your records.

For more information, contact your city or electrical utility provider.

(26) Gold and Silver Coin Sale Credit
(UC §59-10-1028)

Capital gains recognized on the sale or exchange of gold and silver coins issued by the United States government and reported on a fiduciary federal income tax return are eligible for an apportionable nonrefundable credit against Utah tax.

You may also include any gold or silver coin or bullion, other than that issued by the United States, if a court of competent

jurisdiction issues a final, unappealable judgment or order determining that Utah may recognize the gold or silver coin or bullion as legal tender in the state, or Congress enacts legislation expressly providing that such coin or bullion is legal tender.

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

1. The capital gain transaction must be for the sale or exchange of gold or silver coin issued by the federal government for another form of legal tender;
2. The capital gain transaction must result in a short-term or long-term capital gain (defined in IRC §1222) that is reported on Schedule D of your federal fiduciary return;
3. Any eligible capital gain must first be offset by any capital loss recognized for the year for federal purposes from the sale of gold and/or silver coin; and
4. The transaction must be made during the taxable year.

For more information, see UC Title 59, Chapter 1, Part 15, *Specie Legal Tender Act*.

Calculation of Gold and Silver Coin Sale Credit

1. Capital gains on all sales and exchanges of gold and silver coins	1	_____
2. Capital losses on all sales and exchanges of gold and silver coins	2	_____
3. Subtract line 2 from line 1 (if a loss, STOP, there is no credit)	3	_____
4. Amount from form 1041, Schedule D, line 16 (if a loss, STOP, there is no credit)	4	_____
5. Enter the lesser of line 3 or line 4	5	_____
6. Credit percentage - 5%	6	**.05**
7. Credit - multiply line 5 by line 6	7	_____

Enter this amount on TC-41A, Part 3, using code 26.

Note: Any credit that is more than the tax liability may not be carried back or carried forward.

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

▶ Part 4 – Nonapportionable Nonrefundable Credits

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

Enter the following nonapportionable nonrefundable credits that apply on TC-41A, Part 4 and attach it to your Utah return.

On TC-41A, write the **code and amount** of each nonapportionable nonrefundable credit you are claiming. Total these credits, then subtract nonapportionable nonrefundable credits being distributed to beneficiaries on the Utah Schedule K-1.

Enter the net amount of the credits being claimed on the fiduciary return and carry this amount to line 27 of your Utah TC-41. Each nonapportionable nonrefundable credit is explained below.

Keep all related documents, including credit forms, with your records. You may have to provide this information later to verify a credit claimed on your return.

Codes for Nonapportionable Nonrefundable Credits, TC-41A Part 4

- **02** Qualified Sheltered Workshop Cash Contribution Credit
- **05** Clean Fuel Vehicle Credit
- **06** Historic Preservation Credit
- **07** Carryforward of Enterprise Zone Credit
- **08** Low-Income Housing Credit
- **10** Recycling Market Development Zone Credit
- **12** Credit for Increasing Research Activities in Utah
- **13** Carryforward of Credit for Machinery/Equipment Used to Conduct Research
- **17** Credit for Income Tax Paid to Another State
- **21** Renewable Residential Energy Systems Credit
- **25** Combat Related Death Credit
- **27** Veteran Employment Credit
- **28** Employing Persons Who are Homeless Credit
- **63** Achieving a Better Life Experience Program Credit

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

Cash contributions made during the taxable year to a qualified Utah nonprofit rehabilitation sheltered workshop facility for persons with disabilities are eligible for the credit. 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 the lesser of $200 or 50 percent of the total cash contributions.

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-41A, Part 4 to claim the credit.

Contributions claimed as a credit under this section may not also be claimed as a charitable deduction in determining net taxable income.

Note: Any credit that is more than the tax liability may not be carried back or forward.

For more information, contact:
Division of Services for People with Disabilities
195 N 1950 W
Salt Lake City, UT 84116
1-844-275-3773
dspd.utah.gov

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

The Utah Division of Air Quality may authorize a credit for the purchase or lease of a clean fuel vehicle or the purchase of equipment to convert a vehicle to clean fuel. The credit may only be claimed once per vehicle. See form TC-40V, *Clean Fuel Vehicle Tax Credit*, for more information.

To take the credit, you must have a TC-40V with the Division of Air Quality approval stamp. Do not send form TC-40V with your return. Keep the form and all related documents with your records.

Note: Any credit that is more than the tax liability for the year of purchase may be carried forward for the next five years. Track your use of the credit on TC-40V.

For more information, contact:
Division of Air Quality
195 N 1950 W
PO Box 144820
Salt Lake City, UT 84114-4820
801-536-4000
cleanfuels.utah.gov/taxcredits/taxcreditsintro.htm

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

The credit is for costs to restore any residential certified historic building.

Complete form TC-40H, *Historic Preservation Tax Credit*, with the State Historic Preservation Office certification, verifying the credit is approved. Do not send form TC-40H with your return. Keep the form and all related documents with your records.

Note: Any credit that is more than the tax liability may be carried forward for next five years.

For more information, contact:
State Historic Preservation Office
300 S Rio Grande St.
Salt Lake City, UT 84101
801-245-7244
heritage.utah.gov/history/state-tax-credit

(07) Carryforward of Pre-2016 Enterprise Zone Credit
(UC §59-10-1037)

This credit has changed significantly effective Jan. 1, 2016.

If you claimed this credit on your return for a year before 2016 and the credit was more than the liability for that year, you may carry the excess credit forward through tax year 2018 or until the credit is used up, whichever comes first. Use code 07 for the carryforward.

To take this credit for tax years beginning Jan. 1, 2016 you must get a certificate from the Governor's Office of Economic Development.

You may not carry this credit into the same year you claim the recycling market development zone credit (code 10) or the targeted business credit (code 40).

See **incometax.utah.gov/credits/enterprise-zones**.

For more information, contact:
Governor's Office of Economic Development
60 E South Temple, 3rd Floor
Salt Lake City, UT 84111
801-538-8804
business.utah.gov/programs/incentives/enterprise-zones

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

This credit is determined by the Utah Housing Corporation for owners of a low-income housing project who also received part of the federal low-income housing credit. When this credit applies, the project owner will provide you with form TC-40TCAC (issued by the Utah Housing Corporation).

If you share in this credit, get form TC-40TCAC, *Utah Low-Income Housing Tax Credit Allocation Certification*, and complete form TC-40LI, *Summary of Utah Low-Income Housing Tax Credit*. 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 to the return form TC-40LIS, *Utah Credit Share Summary of Low-Income Housing Project*.

Note: Any credit that is more than the tax liability may be carried back three years or forward for the next five years. If you are carrying this credit back or forward, also complete form TC-40LIC, *Utah Low-Income Housing Tax Credit Carryback and/or Carryforward*.

For more information, contact:
Utah Housing Corporation
2479 S Lake Park Blvd.
West Valley City, UT 84120
801-902-8200
utahhousingcorp.org

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

Note: You may not claim or carry this credit forward into the same year you claim or carry forward the enterprise zone credit or the targeted business credit.

This credit is available for qualified machinery and equipment purchased and for other qualified expenditures made by individuals and businesses operating in a designated recycling market development zone.

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

Note: Any credit that is more than the tax liability may be carried forward for the next three years.

For more information, contact:
Governor's Office of Economic Development
60 E South Temple, 3rd Floor
Salt Lake City, UT 84111
801-538-8804
business.utah.gov/programs/incentives/recycling-zones

(12) Credit for Increasing Research Activities in Utah
(UC §59-10-1012)

The credit is:

1. 5 percent of your qualified expenses for increasing research activities in Utah above a base amount;
2. 5 percent of certain payments made to a qualified organization increasing basic research in Utah above a base amount; and
3. 7.5 percent of your qualified research expenses in a taxable year beginning on or after Jan. 1, 2012.

Note: Any credit for 1 or 2 above that is more than the tax liability may be carried forward for the next 14 taxable years. Any credit for 3 above may not be carried forward.

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

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

This credit expired for taxable years beginning after 2010.

If you claimed a credit on your return for machinery and/or equipment used to conduct research for a year after 1998 and prior to 2011, and the credit was more than the tax liability for the year, you may carry the excess credit forward to the next 14 years and use it to offset tax until used up. If you are using any remaining credit, enter that carryforward amount on TC-41A, Part 4, using code 13.

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

If you are a Utah estate or trust with income that is taxed by Utah and another state(s), the District of Columbia, or a possession of the United States, you may be entitled to a credit for the tax paid to the other state(s). Nonresident estates and trusts do not qualify for this credit.

You 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-41B.

Complete and attach form TC-41S, *Credit for Fiduciary Income Tax Paid to Another State*. If there are two or more states, use separate calculations for each state. Carry the sum of the credits from TC-41S, line 7 to TC-41A, Part 4, using code 17.

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 tax amount paid. You may have to provide additional information later to verify this credit.

Note: Any credit that is more than the tax liability may not be carried back or forward.

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

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

This credit is for reasonable costs, including installation, of a residential energy system that supplies energy to a Utah residential unit. Additional residential energy systems or parts may be claimed in following years as long as the total amount claimed does not exceed $2,000 per residential unit. If the residence is sold to a non-business entity before claiming the credit, you may irrevocably transfer the right to the credit to the new owner. The principal portion of the system's lease payments may qualify for the credit if the lessor irrevocably transfers the right to the credit to the new owner.

Get form TC-40E, *Renewable Residential and Commercial Energy Systems Tax Credits*, from the Governor's Office of Energy Development with their certification stamp, verifying the credit is 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.

Note: Any credit that is more than the tax liability may be carried forward for the next four years.

For more information, contact:

Governor's Office of Energy Development (OED)
60 E South Temple, Suite 300
Salt Lake City, UT 84111
801-538-8662
energy.utah.gov/renewabletaxcredit

(25) Combat Related Death Credit (UC §59-10-1027)

If the fiduciary return is being filed on behalf of a military service member who died as a result of military service in a combat zone, the fiduciary may claim a nonrefundable credit equal to the amount of the tax liability on the return attributable to the deceased service member for the year the service member died.

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

1. The military service member must have been in an active or reserve component of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard;
2. The combat related death must have occurred on or after Jan. 1, 2010;
3. The death must have occurred while the military service member was serving in a combat zone, or be the result of a wound, disease, or injury incurred while serving in a combat zone; and
4. The service must have been on or after the date declared by the President of the United States by Executive Order as a combat zone, and on or before such designation is terminated by the President.

If the return is being filed for only the deceased service member, the credit is equal to the tax liability shown on line 22. Enter this amount on TC-41A, Part 4, using code 25.

If the return is being filed for more than just the deceased service member, see instructions at **incometax.utah.gov/credits/combat**.

(27) Veteran Employment Credit (UC §59-10-1031)

A nonrefundable credit is available to taxpayers who hire a qualified, recently deployed veteran in a taxable year that begins on or after Jan. 1, 2012.

A qualified, recently deployed veteran is an individual who was mobilized to active federal military service in an active or reserve component of the United States Armed Forces, and received an honorable or general discharge within the two-year period before the employment begins.

To qualify for the credit, the qualified veteran must meet all of the following conditions:

1. Received an honorable or general discharge within the two-year period before the employment begins;
2. Was collecting or was eligible to collect unemployment benefits, or has exhausted their unemployment benefits within the last two years, under Title 35A, Chapter 4, Part 4, *Benefits and Eligibility*; and
3. Work for the taxpayer for at least 35 hours per week for not less than 45 of the next 52 weeks following the veteran's employment start date.

The credit is claimed beginning in the year the 45 consecutive weeks in paragraph 3 above are met.

Calculate the credit as follows:

First Year Credit

(count all months in the year the 45-week requirement is met):

1. Number of months or partial months the veteran was employed in the first year	1	_____
2. Monthly credit allowable in first year	2	**200**
3. First year credit – multiply line 1 by line 2 (maximum $2,400)	3	_____

Second Year Credit:

4. Number of months or partial months the veteran was employed in the 2nd year	4	_____
5. Monthly credit allowable in second year	5	**400**
6. Second year credit – multiply line 4 by line 5 (maximum ($4,800)	6	_____

Any credit in excess of tax due will not be refunded, but may be carried forward to offset tax for up to five years.

The following documentation for the qualified, recently deployed veteran must be retained by the taxpayer to support the credit claimed and made available to the Tax Commission upon request:

1. Veteran's name, last known address, and taxpayer identification or Social Security number;
2. Start date of employment;
3. Documentation establishing that the veteran was employed 45 out of the next 52 weeks after the start date of employment;
4. Documentation provided by the recently deployed veteran's military service unit establishing that the veteran is a recently deployed veteran; and
5. A signed statement from the Department of Workforce Services that the recently deployed veteran was collecting, was eligible to collect, or exhausted their unemployment benefits within the last two years.

(28) Employing Persons Who Are Homeless Credit (UC §59-10-1032)

You may claim a credit of up to $2,000 for hiring a homeless person if you receive a credit certificate from the Department of Workforce Services. A homeless person is someone whose primary nighttime residence is a permanent housing, permanent supportive, or transitional facility.

Do not send the certificate with your return. Keep the certificate and all related documents with your records.

Note: Any credit that is more than the tax liability may be carried forward for the next five years.

For more information contact:
Department of Workforce Services
140 E 300 S
P.O. Box 45249
Salt Lake City, UT 84145-0249
801-526-9675
jobs.utah.gov

(63) Achieving a Better Life Experience Program Credit (UC §59-10-1035)

You may claim a credit for 5 percent of the total qualified contributions you made to an *Achieving a Better Life Experience Program* account. You must make contributions during the taxable year and have an itemized statement from the account administrator for these contributions.

You may not claim a credit for an amount greater than the federal gift tax exclusion (IRC Section 2503) or an amount already deducted on your federal income tax return.

Credit calculation

Contributions _____ x .05 = Credit _____

Note: Any credit that is more than the tax liability may not be carried back or forward.

For more information, contact:
Department of Workforce Services
140 E 300 S
P.O. Box 45249
Salt Lake City, UT 84145-0249
801-526-9675
jobs.utah.gov

▶ Part 5 – Refundable Credits

Claim the following refundable credits that apply on TC-41A, Part 5 and attach it to your Utah return.

On TC-41A, write the **code and amount** of each refundable credit you are claiming. Total these credits, then subtract any refundable credits being distributed to beneficiaries on the Utah Schedule K-1. Enter the net amount of the credits being claimed on the fiduciary return and carry this amount to line 36 of your Utah TC-41. Each refundable credit is explained below.

Keep all related documents, including credit forms, with your records. You may have to provide this information later to verify a credit claimed on your return.

Codes for Refundable Credits - TC-41A Part 5

39	Renewable Commercial Energy Systems Credit
40	Targeted Business Credit
43	Pass-through Entity Withholding Tax Credit
46	Mineral Production Withholding
47	Agricultural Off-highway Gas/Undyed Diesel Credit
48	Farm Operation Hand Tools Credit

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

Get form TC-40E, *Renewable Residential and Commercial Energy Systems Tax Credits*, from the Governor's Office of Energy Development with their certification stamp. Do not send this form with your return. Keep the form and all related documents with your records.

For more information, contact:
Governor's Office of Energy Development (OED)
60 E South Temple, Suite 300
Salt Lake City, UT 84111
801-538-8662
energy.utah.gov/renewabletaxcredit

(40) Targeted Business Credit
(UC §63N-2-305)

Note: You may not claim this credit the same year you claim or carry forward the enterprise zone credit or the recycling market development zone credit.

A credit is available to businesses providing a community investment project as defined in UC §63N-2-302 through §63N-2-304. Get a certified copy of form TC-40TB, *Targeted Business Tax Credit*. Keep this form and all related documents with your records.

For more information, contact:
Governor's Office of Economic Development
60 E South Temple, 3rd Floor
Salt Lake City, UT 84111
801-538-8804
business.utah.gov/programs/incentives/enterprise-zones

(43) Pass-through Entity Taxpayer's Withholding Tax Credit
(UC §59-10-1103)

If you have an interest in a pass-through entity (partnership, LLP, LLC, S corporation or trust) and received an income distribution from them, you may have had Utah income tax withheld from your distribution.

Utah income tax withheld by a pass-through entity that is attributable to income you received but did not distribute to your beneficiaries may be claimed as a credit on the fiduciary return. Enter such withholding tax on TC-41W, Part 3 and carry the total to TC-41A, Part 5, using code 43.

If you distributed the income you received from the pass-through entity to your beneficiaries, the Utah income tax withheld must also be distributed to your beneficiaries. Complete TC-41A, page 2, using code 43 to report the withholding, then subtract on the schedule the withholding distributed to the beneficiaries.

Keep Utah Schedule K-1s issued by the pass-through entity and all other related documents with your records. Do not attach them to your Utah return. Processing may be delayed or the withholding tax credit disallowed if you do not complete TC-41W, Part 3 with all required information.

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

List any Utah mineral production withholding tax from TC-675R or Utah Schedule K-1 on TC-41W, Part 2. Total your entries on TC-41W, Part 2, and enter this total on your TC-41A, Part 5, using code 46.

The mineral production company must provide the following information to you:

- The company's federal employer identification number (EIN),
- The company's Utah mineral production withholding account number, and
- Your share of the mineral production withholding tax.

Keep all TC-675R(s) and Utah Schedule K-1(s) with your records. **Do not attach them to your Utah return.** Processing may be delayed or the withholding tax credit disallowed if you do not complete the TC-41W, Part 2 with all required information.

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

You may claim a credit of 29.4 cents per gallon for motor fuel and undyed diesel fuel bought in Utah during 2016 and used to operate stationary farm engines and self-propelled farm machinery used solely for commercial non-highway agricultural use if the fuel was taxed at the time it was bought. This does not include golf courses, horse racing, boat operations, highway seeding, vehicles registered for highway use, hobbies, personal farming and other non-agricultural use.

Credit calculation

Gallons _____ x .294 = Credit _____

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

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

This credit is 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.

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

TC-41B - Non or Part-year Resident Estate or Trust

Note: Bankruptcy estates do not use TC-41B. See instructions for TC-41C.

Residency Status

- If you are a nonresident, enter the two-character home state postal abbreviation. If you are a resident of a foreign country (a foreign national or citizen), enter "NA" in the home state abbreviation field.
- If you are a part-year resident, enter the date you established residency in Utah and the date your residency ended. Enter dates in the format mm/dd/yy.

Follow these steps to calculate your Utah tax:

1. Complete form TC-41 through line 25.
2. Complete form TC-41B, *Non or Part-Year Resident Estate or Trust Schedule* (see Column A and Column B instructions, below).
3. Complete the rest of form TC-41, beginning with line 26.

Attach form TC-41B to your Utah return. **Do not attach a copy of your federal return.** Keep a copy of form TC-41B and your federal return with your records.

Line-by-Line Instructions

Note: Column A is for Utah income and deductions. Column B is for total income and deductions.

Lines 1 - 8

Column A: Enter all income (loss) earned or received from Utah sources while not a Utah resident, plus all income (loss) earned or received from all sources while a Utah resident (even if not from a Utah source) included in income on the federal return.

Column B: Enter the total income (loss) from all sources as reported on your federal return.

Line 9

Column A: Enter the Utah portion only of the additions to income shown on TC-41A, Part 1. In the case of an addition to income attributable to a Utah Educational Savings Plan (UESP) addback, only include the addition in Column A to the extent it was previously subtracted from Utah taxable income. Include in Column A an equitable adjustment shown on TC-41A, Part 1, only to the extent the equitable adjustment relates to additions to income from Utah sources.

Column B: Enter the total additions to income shown on TC-41A, Part 1

Line 10

Enter total of lines 1 through 9 for each column.

Lines 11 - 14

Column A: Enter deductions applicable to Utah income.

Column B: Enter deductions claimed on your federal return.

Line 15

Column A: Enter a subtraction for a state tax refund included in federal income only to the extent the refund is related to Utah tax.

Column B: Enter the state tax refund included in federal income.

Line 16

Column A: Enter only the subtractions from income shown on TC-41A, Part 2. Include in Column A an equitable adjustment shown on TC-41A, Part 2, only to the extent the equitable adjustment relates to subtractions from income from Utah sources.

Column B: Enter the total subtractions from income shown on TC-41A, Part 2.

Line 17

Enter the total of lines 11 through 16 for each column.

Line 18

Subtract line 17 from line 10 and enter the result for each column.

Note: The amount on line 18 in column B must equal the amount shown on TC-41, line 14.

Line 19

Divide the total on line 18, Column A by the total on line 18, Column B and enter the result on line 19. Round to four decimal places. Do not enter a decimal greater than 1.0000 and do not enter a negative number. (If the amount in Column A or Column B is zero, enter 0.0000 on line 19.)

Line 20

Enter the tax from TC-41, line 25.

Line 21

Multiply the tax on line 20 by the decimal on line 19. This is your Utah tax. Carry this amount to TC-41, line 26.

TC-41C – Bankruptcy Estate Schedule

The filing of a bankruptcy petition for an individual debtor under chapter 7 or chapter 11 of the bankruptcy code creates a separate taxable entity known as a bankruptcy estate. The trustee (for chapter 7 cases) or the debtor-in-possession (for chapter 11 cases) must prepare and file the estate's tax returns and pay its taxes. The debtor remains responsible for filing returns and paying taxes on any income that does not belong to the estate.

Amended Return. If a bankruptcy case begins, but is later dismissed by the bankruptcy court, the estate is not treated as a separate taxable entity. If tax returns have been filed for the estate, amended returns must be filed to move income and deductions from the estate's returns to the debtor's returns. If no returns have been filed, report all income and deductions on the debtor's returns.

Utah Instructions. For purposes of the TC-41C, references made to federal form 1040 refer to the federal form 1040 that is attached as a schedule to federal form 1041 that the trustee or debtor-in-possession files on behalf of the bankruptcy estate with the Internal Revenue Service.

A trustee or debtor-in-possession of a bankruptcy estate (chapter 7 or chapter 11) must file form TC-41, *Utah Fiduciary Income Tax Return*, and attach a completed TC-41C, *Bankruptcy Estate Schedule*. Leave lines 4 through 21 of the TC-41 blank. Line 22 of the TC-41 is the tax calculated on the TC-41C, line 20.

- **Resident Bankruptcy Estate:** Complete lines 23 through 42 of the TC-41 according to the regular fiduciary instructions. Complete and attach only page 1 of TC-41C to your return; do not complete or attach TC-41C, page 2.
- **Nonresident or Part-year Resident Bankruptcy Estate:** Complete TC-41, lines 23 through 25, following the regular fiduciary instructions. Then complete TC-41C, page 2 to calculate the Utah tax. Enter the apportioned tax from TC-41C, line 58 on TC-41, line 26. Attach both pages 1 and 2 of TC-41C to your return.

The estate's tax liability is determined by completing the TC-41C with information and calculations similar to the Utah TC-40, *Individual Income Tax Return*.

The special bankruptcy estate instructions on TC-41C override those for TC-41 and TC-41B, where there is a conflict.

TC-41C, Page 1

Line 1. Federal Total Income

Enter the amount from line 22 of the bankruptcy estate's federal return, form 1040, attached to the federal fiduciary return, form 1041.

Line 2. Federal Adjustments to Income

Enter the amount from line 36 of the bankruptcy estate's federal return, form 1040, attached to the federal fiduciary return, form 1041.

Line 3. Federal Adjusted Gross Income

Subtract line 2 from line 1. (This amount must equal the federal adjusted gross income shown on line 37 of the bankruptcy estate's federal return, form 1040, attached to the federal fiduciary return, form 1041).

Line 4. Additions to Income

Enter the code and amount of each addition to income. Codes and explanations for these additions to income are in the TC-40 tax return instruction booklet.

Line 5. Add lines 3 and 4

Enter the total of line 3 and line 4.

Line 6. State Tax Refund Included on Federal Form 1040, Line 10

If you itemized your deductions on your 2015 federal form 1040, enter the amount reported on your 2016 federal form 1040, line 10. Otherwise, leave this line blank.

Line 7. Subtractions from Income

Enter the code and amount of each subtraction from income. Codes and explanations for these subtractions from income are in the TC-40 tax return instruction booklet.

Line 8. Utah Taxable Income (Loss)

Subtract the sum of lines 6 and 7 from line 5.

Line 9. Utah Tax

Multiply the Utah Taxable Income on line 8 by 5 percent (.05). Do not enter an amount less than "0".

Taxpayer Tax Credit (lines 10 - 19)

(UC §59-10-1018)

Line 10. Personal Exemption

A bankruptcy estate exemption is $3,038.

Line 11. Standard or Itemized Deductions

Enter $6,300 (standard deduction) or the bankruptcy estate's federal itemized deductions from federal form 1040, Schedule A (if greater) attached to the federal fiduciary return, form 1041.

Line 12. Add Lines 10 and 11

Add the amounts on line 10 and line 11.

Line 13. State Income Tax Itemized on 2016 Federal Schedule A

Enter the amount, if any, of state income tax deducted on the bankruptcy estate's federal Schedule A, line 5 attached to the federal fiduciary return, form 1041. If you did not itemize your deductions on federal Schedule A, leave this line blank.

Line 14. Subtract Line 13 from Line 12

Subtract the amount on line 13 from line 12.

Line 15. Initial Credit before Phase-out

Multiply the amount on line 14 by 6 percent (.06). This is your initial taxpayer tax credit before phase-out.

Line 16. Base Phase-out Amount

The base phase-out amount for a bankruptcy estate is $13,867.

Line 17. Phase-out Income

Subtract the base phase-out amount on line 16 from the Utah taxable income on line 8.

Line 18. Phase-out Amount

Multiply the amount on line 17 by 1.3 percent (.013). This is the credit phase-out amount.

Line 19. Taxpayer Tax Credit

Subtract the phase-out amount on line 18 from the initial credit on line 15. If the result is less than zero, enter "0".

Line 20. Utah Income Tax

Subtract the taxpayer tax credit on line 19 from the tax calculated on line 9. If the result is less than zero, enter "0".

Full-year Utah Resident Bankruptcy Estate:

Carry the amount on line 20 to TC-41, line 22, and then complete the rest of the TC-41 return. Attach TC-41C, page 1 to the TC-41 return. (Do not complete or attach TC-41C, page 2 to your return.)

Non-resident or Part-year Resident Bankruptcy Estate

Carry the amount on line 20 to TC-41, line 22. Complete TC-41, lines 23 through 25. Then complete TC-41C, page 2 to determine your apportioned Utah tax. Carry the amount from TC-41C, line 58 to TC-41, line 26. Then complete the rest of the TC-41 return.

2 TC-41C, Page 2 – Nonresident or Part-year Resident

If filing for a nonresident or part-year resident bankruptcy estate, complete form TC-41C, page 2 and attach it to the TC-41 return.

Residency Status

- If a nonresident, enter the two-character home state postal abbreviation. If you are a resident of a foreign country (a foreign national or citizen), enter "NA" in the home state abbreviation field.
- If a part-year resident, enter the date you established residency in Utah and the date such residency ended. Enter dates in the format mm/dd/yy.

Follow these steps to calculate your Utah tax:

1. Complete form TC-41C, page 1.
2. Carry the tax from TC-41C, line 20 to TC-41, line 22.
3. Complete form TC-41, lines 23 through 25.
4. Complete form TC-41C, page 2.

Line-by-Line Instructions

Note: Column A is for Utah income and adjustments. Column B is for total income and adjustments

Lines 21 - 35

Column A: Enter all income (loss) earned or received from Utah sources while not a Utah resident, plus all income (loss) earned or received from all sources while a Utah resident (even if not from a Utah source).

Column B: Enter the total income (loss) from all sources you reported on your federal return.

Line 36

Column A: Enter only the additions to income attributable to Utah shown on TC-40A, Part 1. In the case of an addition to income attributable to a Medical Savings Account addback, a Utah Educational Savings Plan (UESP) addback, or Reimbursed Adoption Expenses, only include the addition in Column A to the extent it was previously subtracted from Utah taxable income. Include in Column A an equitable adjustment shown on TC-40A, Part 1, only to the extent the equitable adjustment relates to additions to income from Utah sources.

Column B: Enter the total additions to income shown on TC-40A, Part 1.

Line 37

Enter the total of lines 21 through 36 for each column.

Lines 38 - 50

Column A: Enter adjustments applicable to Utah income.

Column B: Enter adjustments claimed on your federal return.

Line 51

Column A: Enter a subtraction for a state tax refund included on line 10 of federal form 1040, only to the extent the refund subtracted is related to Utah tax.

Column B: Enter the state tax refund included on line 10 of federal form 1040.

Line 52

Column A: Enter only the subtractions from income attributable to Utah shown on TC-40A, Part 2. Include in Column A an equitable adjustment shown on TC-40A, Part 2, only to the extent the equitable adjustment relates to subtractions from income from Utah sources.

Column B: Enter the total subtractions from income shown on TC-40A, Part 2.

Line 53

If you have federal adjustments on line 36 of federal form 1040, enter the description on the line 53 blank line and the adjustment amount(s) in Column A and Column B.

Line 54

Enter the total of lines 38 through 53 for each column.

Line 55

Subtract line 54 from line 37 for both Columns A and B.

Note: The amount on line 55 in Column B must equal the amount must on TC-41C, line 8.

Line 56

Divide the total on line 55, Column A by the total on line 55, Column B and enter the result on line 56. Round to four decimal places. Do not enter a decimal greater than 1.0000, and do not enter a negative number. (If the amount in Column A or Column B is zero, enter 0.0000 on line 56.)

Line 57

Enter the tax amount from form TC-41, line 25.

Line 58

Multiply the tax on line 57 by the decimal on line 56. This is your Utah tax. Carry this amount to TC-41, line 26. Then complete the rest of form TC-41.

TC-41K – Beneficiaries' Share of Income, Deductions and Credits

Attach TC-41, Schedule K to show the estate's or trust's income, gains, losses, deductions, and Utah credits that are being distributed to the beneficiaries.

Enter in the federal column the total of the amounts reported on the federal form 1041, Schedule K-1 for all beneficiaries. Enter in the Utah column the total of the amounts on the Utah TC-41, Schedule K-1 for all beneficiaries. Portfolio income is attributable to the beneficiary's resident state.

Number of Schedules K-1 Attached to this Return

Enter the number of Schedules K-1 that are attached to this return and issued to beneficiaries.

Line 1a. U.S. Government Interest Income

Enter in the federal column the total U.S. government interest income reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on Utah Schedules K-1.

Line 1b. Municipal Bond Interest Income

Enter in the federal column the total municipal bond interest income reported on all federal Schedules K-1. Enter in the Utah column the total Utah taxable portion reported on Utah Schedules K-1. (See TC-41A instructions for an explanation of what municipal bond interest income to report.)

Line 1c. Other Interest Income

Enter in the federal column the total other interest income (other than interest income shown on lines 1a and 1b above) reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on Utah Schedules K-1.

Line 2. Ordinary Dividends

Enter in the federal column the total ordinary dividends reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 3. Net Short-term Capital Gains

Enter in the federal column the total net short-term capital gains reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 4. Net Long-term Capital Gains

Enter in the federal column the total net long-term capital gains reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 5. Other Portfolio and Nonbusiness Income

Enter in the federal column the total other portfolio and nonbusiness income reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 6. Ordinary Business Income

Enter in the federal column the total ordinary business income reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 7. Net Rental Real Estate Income

Enter in the federal column the total net rental real estate income reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 8. Other Rental Income

Enter in the federal column the total other rental income reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 9. Directly Apportioned Deductions

Enter in the federal column the total directly apportioned deductions reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 10. Estate Tax Deduction

Enter in the federal column the total estate tax deduction reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 11. Final Year Deductions

Enter in the federal column the total final year deductions reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 12. Other Information

Enter in the federal column the total other information reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on all Utah Schedules K-1.

Line 13. Utah Nonrefundable Credits

Enter in the Utah column the Utah nonrefundable credits being distributed to the beneficiaries. Describe the nonrefundable credit in the space provided (abbreviate as necessary), enter the Utah credit code and amount of the credit (see explanations of credits and codes under the instructions for TC-41, lines 24 and 27).

Line 14. Utah Refundable Credits

Enter in the Utah column the Utah refundable credits being distributed to the beneficiaries. Describe the refundable credit in the space provided (abbreviate as necessary), enter the Utah credit code and amount of the credit (see explanations of credits and code under the instructions for TC-41, line 36).

Line 15. Total Utah Withholding Tax to be Paid by This Fiduciary

Enter in the Utah column the total amount of Utah withholding tax paid or withheld on behalf of all the beneficiaries who are pass-through entity taxpayers by the estate or trust, and for whom the waiver from withholding was not requested or who is not a dependent beneficiary (see Schedule N instructions in this book). This amount must match the total pass-through withholding tax on Schedule N, column J.

TC-41K-1 – Beneficiary's Share of Utah Income, Deductions, and Credits

Complete a TC-41, Schedule K-1 for each beneficiary, showing the share of income, gains, losses, deductions, and Utah credits that are distributed to the beneficiary.

Estate/Trust, Fiduciary and Beneficiary Information

Provide all of the estate/trust, fiduciary and beneficiary information requested in the left column of the schedule.

Other Information

Enter any additional information or explanation of entries needed by the beneficiary in order to complete their individual Utah return.

Note: Portfolio income and non-Utah nonbusiness income from a Utah estate or trust should not be reported on the Utah Schedule K-1 for a Utah nonresident beneficiary. Portfolio income from a Utah estate or trust is reported only on the Utah Schedule K-1 for Utah resident beneficiaries.

Line 1a. Utah U.S. Government Interest Income

Enter the Utah portion of the beneficiary's distributive share of U.S. government interest income included in the interest income reported on their federal Schedule K-1, line 1. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 1b. Utah Taxable Municipal Bond Interest Income

Enter the Utah portion of the beneficiary's distributive share of Utah taxable municipal bond interest income included in the interest income reported on their federal Schedule K-1, line 1. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0". (See TC-41A instructions for the definition of taxable municipal bond interest income.)

Line 1c. Utah Other Interest Income

Enter the Utah portion of the beneficiary's distributive share of other interest income (other than interest income shown on lines 1a and 1b above) included in the interest income reported on their federal Schedule K-1, line 1. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 2. Utah Ordinary Dividends

Enter the Utah portion of the beneficiary's distributive share of federal ordinary dividends reported on their federal Schedule K-1, line 2a. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 3. Utah Net Short-term Capital Gains

Enter the Utah portion of the beneficiary's distributive share of federal net short-term capital gains reported on their federal Schedule K-1, line 3. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 4. Utah Net Long-term Capital Gains

Enter the Utah portion of the beneficiary's distributive share of federal net long-term capital gains reported on their federal Schedule K-1, line 4a. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 5. Other Utah Portfolio and Nonbusiness Income

Enter the Utah portion of the beneficiary's distributive share of other federal portfolio and nonbusiness income reported on their federal Schedule K-1, line 5. If the beneficiary is a nonresident, enter "0".

Line 6. Utah Ordinary Business Income

Enter the Utah portion of the beneficiary's distributive share of federal ordinary business income reported on their federal Schedule K-1, line 6.

Line 7. Utah Net Rental Real Estate Income

Enter the Utah portion of the beneficiary's distributive share of federal net rental real estate income reported on their federal Schedule K-1, line 7. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 8. Utah Other Rental Income

Enter the Utah portion of the beneficiary's distributive share of federal other rental income reported on their federal Schedule K-1, line 8. If this income is portfolio or non-Utah nonbusiness income and the beneficiary is a nonresident, enter "0".

Line 9. Utah Directly Apportioned Deductions

Enter the Utah portion of the beneficiary's distributive share of federal directly apportioned deductions reported on their federal Schedule K-1, line 9. Enter the description as shown on the Schedule K in the space provided. For a nonresident beneficiary, do **not** include deductions attributable to portfolio income or non-Utah nonbusiness income which is **not** reported on the beneficiary's Utah Schedule K-1.

Line 10. Estate Tax Deduction

Enter the Utah portion of the beneficiary's distributive share of the federal estate tax deduction reported on their federal Schedule K-1, line 10.

Line 11. Final Year Utah Deductions

Enter the Utah portion of the beneficiary's distributive share of the final year federal deductions reported on their federal Schedule K-1, line 11. Enter the description as shown on the Schedule K in the space provided. For a nonresident beneficiary, do **not** include deductions attributable to portfolio income or non-Utah nonbusiness income which is **not** reported on the beneficiary's Utah Schedule K-1.

Line 12. Other Utah Information

Enter the Utah portion of the beneficiary's distributive share of federal other information reported on their federal Schedule K-1, line 14.

Line 13. Utah Nonrefundable Credits Distributed to Beneficiary

Enter the beneficiary's distributive share of Utah nonrefundable credits as reported on the Utah Schedule K, line 13. Also enter the description and the Utah nonrefundable credit code as shown on the Schedule K (abbreviate as necessary).

Line 14. Utah Refundable Credits Distributed to Beneficiary

Enter the beneficiary's distributive share of Utah refundable credits as reported on the Utah Schedule K, line 14. Also enter the description and the Utah refundable credit code as shown on the Schedule K (abbreviate as necessary).

Line 15. Utah Tax Withheld on Behalf of Beneficiary

Enter the amount of Utah withholding tax withheld by this estate or trust on behalf of this beneficiary if treated as a pass-through entity taxpayer and calculated on Schedule N, and for whom the waiver from withholding was not requested or who is not a dependent beneficiary (see Schedule N instructions in this book). This amount will be claimed on the beneficiary's individual Utah return.

Enter an "X" if the estate or trust entered a "1" in the Withholding Waiver Request field at the top of Schedule N to not withhold Utah tax on all pass-through entity taxpayers, or if the estate or trust entered a "2" in the Withholding Waiver Request field at the top of Schedule N and entered an "X" on line B of Schedule N for this specific beneficiary.

Provide each beneficiary a copy of their Utah Schedule K-1.

TC-41N – Pass-through Entity Withholding Tax

The estate or trust, as a pass-through entity, must pay or withhold tax on behalf of each nonresident individual beneficiary, each resident or nonresident business beneficiary, and each resident or nonresident trust or estate beneficiary (collectively referred to as pass-through entity taxpayers) unless a withholding waiver request is made (see below). The estate or trust is not required to withhold Utah tax on a beneficiary if:

- the beneficiary is exempt from taxation under UC §59-7-102(1)(a) or §59-10-104.1;
- this estate or trust is a plan under IRC Sections 401, 408 or 457 and is not required to file a return under UC Chapter 7; or
- this estate or trust is a publicly traded partnership as defined under UC §59-10-1403.2(1)(b)(iv).

Beneficiaries may take a credit for the amount of tax paid by the estate or trust on their behalf. To claim the credit, the beneficiary must file a Utah income tax return for the taxable year. A beneficiary subject to withholding by the estate or trust and who has no other Utah source of income may elect to forego the credit and not file a Utah income tax return. However, a beneficiary with income or loss from other Utah sources must file a Utah income tax return. A beneficiary who is eligible for Utah tax credits, in addition to the Utah pass-through tax withheld, must file a Utah income tax return to claim those credits.

If the beneficiary is a pass-through entity, it must file a Utah return to report its income/loss and withholding allocations to its partners/members/shareholders/beneficiaries.

Estates or trusts having beneficiaries for whom withholding is required must complete Schedule N showing the amount of Utah income attributable to the beneficiaries, the amount of Utah tax on such income (5 percent), any Utah mineral production withholding tax and upper-tier Utah pass-through entity withholding tax credited to the beneficiaries, and the net amount of withholding tax this estate or trust must pay on behalf of such beneficiaries. Use additional forms TC-41, Schedule N, if needed.

Withholding Waiver Claim

(UC §59-10-1403.2(5))

You may claim a waiver from the requirement to withhold Utah income tax on pass-through entity taxpayers by entering a “1” in the field if the waiver is for all beneficiaries, or a “2” if the waiver is for only certain beneficiaries. Also enter an “X” on line B and a “0” in column F for each beneficiary for whom the waiver is claimed.

Claiming the waiver for all or specific beneficiaries does not relieve the estate or trust from the responsibility of paying Utah tax on the income allocated to beneficiaries if the beneficiaries do not pay. If the beneficiary or beneficiaries for whom you claimed a waiver fail to file a return and make the required payment in a timely manner, you will be liable for the withholding on those amounts, plus any associated penalties and interest.

Dependent Beneficiary Definition

A “dependent beneficiary” is not subject to the withholding requirement.

A dependent beneficiary is a person who is a beneficiary of the estate or trust and is claimed as a dependent on the federal income tax return of another person,

A dependent beneficiary is not subject to the pass-through withholding requirements if the person who is claiming the beneficiary’s dependent exemption on their federal income tax return provides the estate or trust with a signed *Statement of Dependent Beneficiary Income* attesting that they expect the dependent beneficiary to have adjusted gross income for the taxable year that will not exceed the basic federal standard deduction as calculated under IRC Section 63 for that taxable year.

The trustee must keep the statement and present it to the Tax Commission upon request (UC §59-10-1403.2(6)).

Line-by-Line Instructions

Line A. Name of Beneficiary (Pass-through Entity Taxpayer)

Enter the name of each nonresident individual beneficiary, resident/nonresident business beneficiary, or resident/nonresident trust or estate beneficiary (referred to as pass-through entity taxpayer).

Line B. Withholding Waiver for this Beneficiary

If you entered either a “1” or a “2” on the Withholding Waiver Claim line at the top of the Schedule N, enter an “X” on line B if this beneficiary is included in the waiver claim.

If you check this field, enter a “0” on line F for the beneficiary.

Line C. Dependent Beneficiary

Enter an “X” on line C if the beneficiary is a dependent beneficiary (see definition above). Entering an “X” on this line will be treated as a claim for waiver of the withholding requirements for this beneficiary.

Line D. SSN/EIN of Beneficiary

Enter the Social Security number (SSN) of each nonresident individual beneficiary, the federal employer identification number (EIN) of each resident/nonresident business beneficiary, or the EIN of the resident/nonresident trust or estate beneficiary.

Line E. Beneficiary’s Percent of Income

Enter the percent of the estate or trust the pass-through entity taxpayer receives, to four decimal places.

Line F. Income (Loss) Attributable to Utah

Enter the income (loss) attributable to Utah and taxable to the pass-through entity taxpayer.

Calculate this income for a pass-through entity taxpayer by adding the income amounts shown on their Utah Schedule K-1, lines 1a through 8, then subtracting the deductions on their Utah Schedule K-1, lines 9 through 11.

Line G. 5 percent of Income

Multiply the amount of income attributable to Utah for each pass-through entity taxpayer (line F) by 5 percent. If the amount on line F is a loss, enter "0." Also enter "0" if the waiver request has been requested for this beneficiary (line B checked).

Line H. Mineral Production Withholding Credit

Enter the amount of any mineral production withholding tax allocated by the estate or trust to the pass-through entity taxpayer. The credit for mineral production withholding tax reduces the amount of Utah withholding tax that is calculated for this beneficiary on Schedule N. The credit should equal the amount reported on line 14 of Schedule K-1 for mineral production withholding tax credit for this beneficiary.

Line I. Upper-tier Pass-through Withholding Tax

Enter the amount of any pass-through entity withholding tax paid by an upper-tier (previous) pass-through entity, attributable to this estate or trust, and allocated to the pass-through entity taxpayer of this estate or trust. The credit for upper-tier pass-through entity withholding tax reduces the amount of Utah withholding tax calculated for this beneficiary on Schedule N. The credit should equal the amount reported on line 14 of Schedule K-1 for upper-tier pass-through withholding tax for this beneficiary.

Line J. Withholding Tax to be Paid by This Fiduciary

Subtract the total of the credits on lines H and I from the tax calculated on line G for each pass-through entity taxpayer. Do not enter an amount less than zero.

The withholding tax shown in column J is the withholding tax this estate or trust must withhold or pay on behalf of the pass-through entity taxpayer. This withholding tax is to be reported on line 15 of Utah Schedule K-1 given to the beneficiary.

This withholding tax is to be paid to the Tax Commission by the original due date of the return. If the return is being filed on extension, this withholding tax must be prepaid by the original due date.

Total Utah Withholding Tax to be Paid by This Fiduciary

Add the pass-through withholding in column J for all beneficiaries. Enter this total at the bottom of the Schedule N and carry it to TC-41, page 2, line 31 and to Schedule K, line 15.

TC-41W – Utah Withholding Tax Schedule

You must claim Utah withholding tax credits by completing form TC-41W and attaching it to your Utah return.

Do not send copies of W-2s, 1099s, TC-675Rs, and Utah Schedules K-1 with your Utah return. Keep all these forms with your tax records — we may ask you to provide the documents at a later time.

Processing may be delayed or your withholding tax credits may be disallowed if you do not complete TC-41W as explained below and submit it with your Utah return.

TC-41W, Part 1 Instructions

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.

Do not send W-2s or 1099s with your Utah return. Keep them in your files.

Processing may be delayed or the withholding tax credit disallowed if you do not complete the TC-41W with all required information.

To claim credit for Utah withholding tax, complete TC-41W, page 1. Enter the following information from form W-2 or 1099.

Line 1 - Enter the employer/payer federal EIN (W-2 box "b," or 1099).

Line 2 - Enter the employer/payer Utah withholding account number (W-2 box "15," or 1099).

FYI: Withholding Account Number

The Utah withholding account number is a 14-character number. The first eleven characters are numeric and the last three are "WTH." Do not enter hyphens. Example: 12345678901WTH.

If the form W-2 or 1099 does not reflect this number, contact the employer or payer to obtain the correct number to enter on TC-41W, Part 1. Failure to include this number on the TC-41W may cause your withholding to be disallowed and delay any refund.

Line 3 - Enter the employer/payer name and address (W-2 box "c," or 1099).

Line 4 - Enter an "X" if the income and withholding tax are from a form 1099.

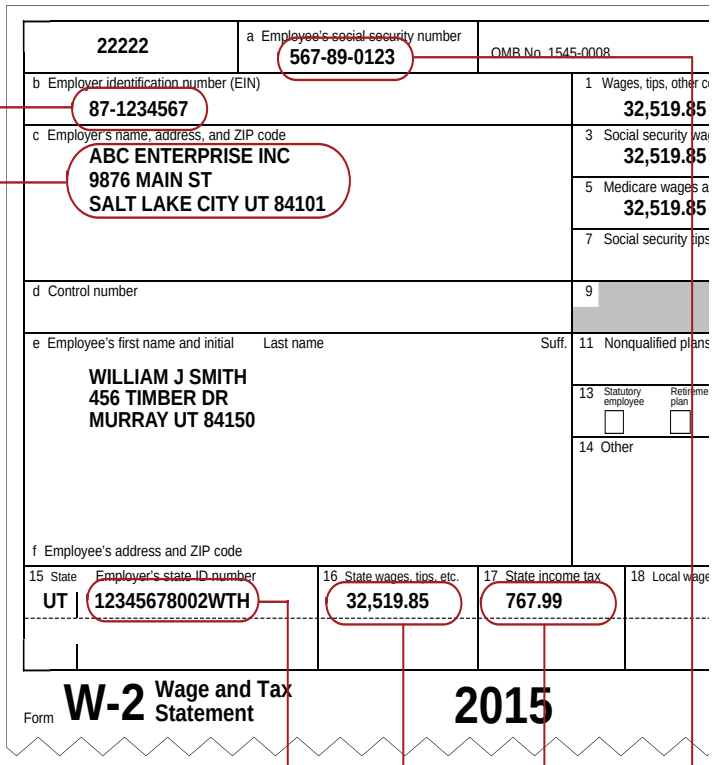
Line 5 - Enter the taxpayer's Social Security number or EIN (W-2 box "a," or 1099).

Line 6 - Enter the Utah wages or income being reported (W-2 box "16," or 1099).

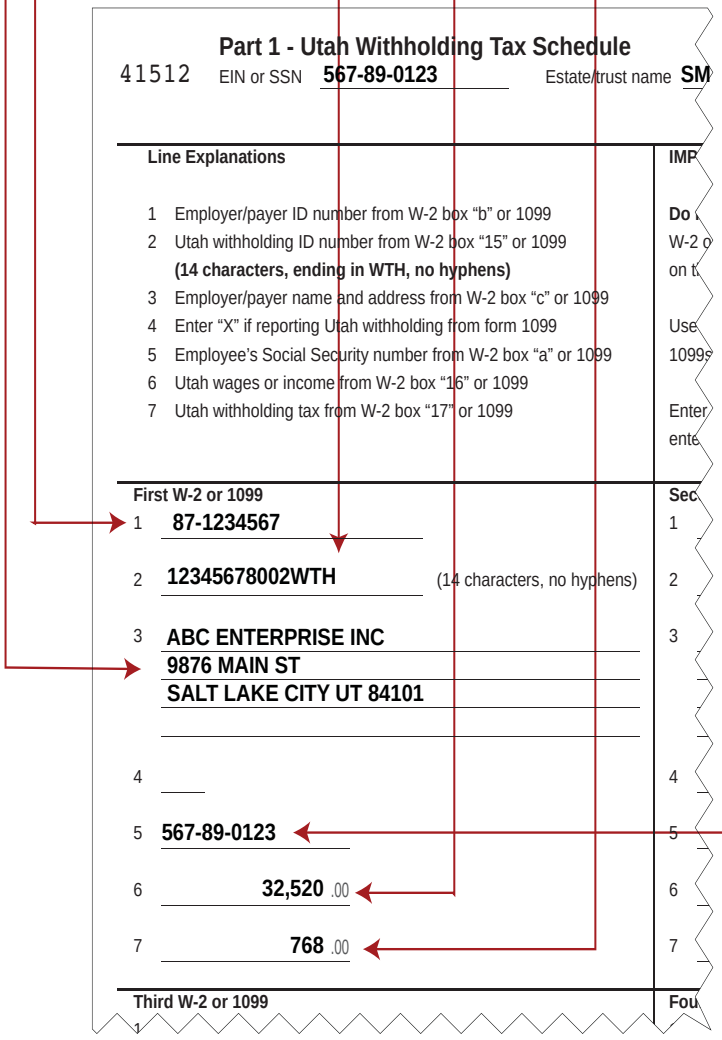
Line 7 - Enter the Utah withholding tax (W-2 box "17," or 1099).

Note: If there is no Utah employer identification number on a form W-2 box 15, 1099-R box 13, 1099-MISC box 17, or any other 1099 form, your refund may be reduced or your tax due increased. Contact the employer or payer of the income to get the Utah withholding account number.

W-2 Example



Utah TC-41W Example



Add the amounts of Utah withholding tax from all lines 7 and enter the total at the bottom of TC-41W, page 1, and on form TC-41, page 2, line 33.

TC-41W, Part 2 Instructions

To claim credit for Utah mineral production withholding tax, enter the following information. If from form TC-675R, enter lines 1, 2, 3 and 5; if from Utah Schedule K-1, enter lines 4 and 5.

Line 1 - Enter the mineral producer's federal EIN (TC-675R box 2).

Line 2 - Enter the mineral producer's name (TC-675R box 1).

Line 3 - Enter the mineral producer's Utah withholding account number (TC-675R box 3).

FYI: Mineral Withholding Account Number

The Utah mineral withholding account number is a 14-character number. The first eleven characters are numeric and the last three are "WMP." Do not enter hyphens. Example: 12345678901WMP.

If the form TC-675R does not reflect this number, contact the payer to obtain the correct number to enter on TC-41W, Part 2. Failure to include this number on the TC-41W may cause your withholding tax credit to be disallowed and delay any refund.

Line 4 - If the mineral withholding tax distribution was received from a pass-through entity (partnership, LLC, LLP or S corporation), enter the pass-through entity's federal EIN. If you receive a TC-675R directly from the mineral producer, leave this line blank.

Line 5 - Enter your mineral production withholding tax (TC-675R box 6) or your share of mineral production withholding tax reported on the Utah Schedule K-1 by a pass-through entity.

Add the amounts of mineral production withholding tax from all lines 5 and enter the total on form TC-41A, Part 5, using code 46.

Do not send the TC-657R(s) or Utah Schedule K-1(s) with your Utah return. Keep them in your files.

Processing may be delayed or the withholding tax credit disallowed if you do not complete the TC-41W with all required information.

TC-41W, Part 3 Instructions

To claim credit for Utah withholding tax paid on your behalf by a pass-through entity (partnership, LLP, LLC or S corporation), enter the following information from Utah Schedule K-1:

Line 1 - Enter the pass-through entity's federal EIN (Schedule K-1 box A).

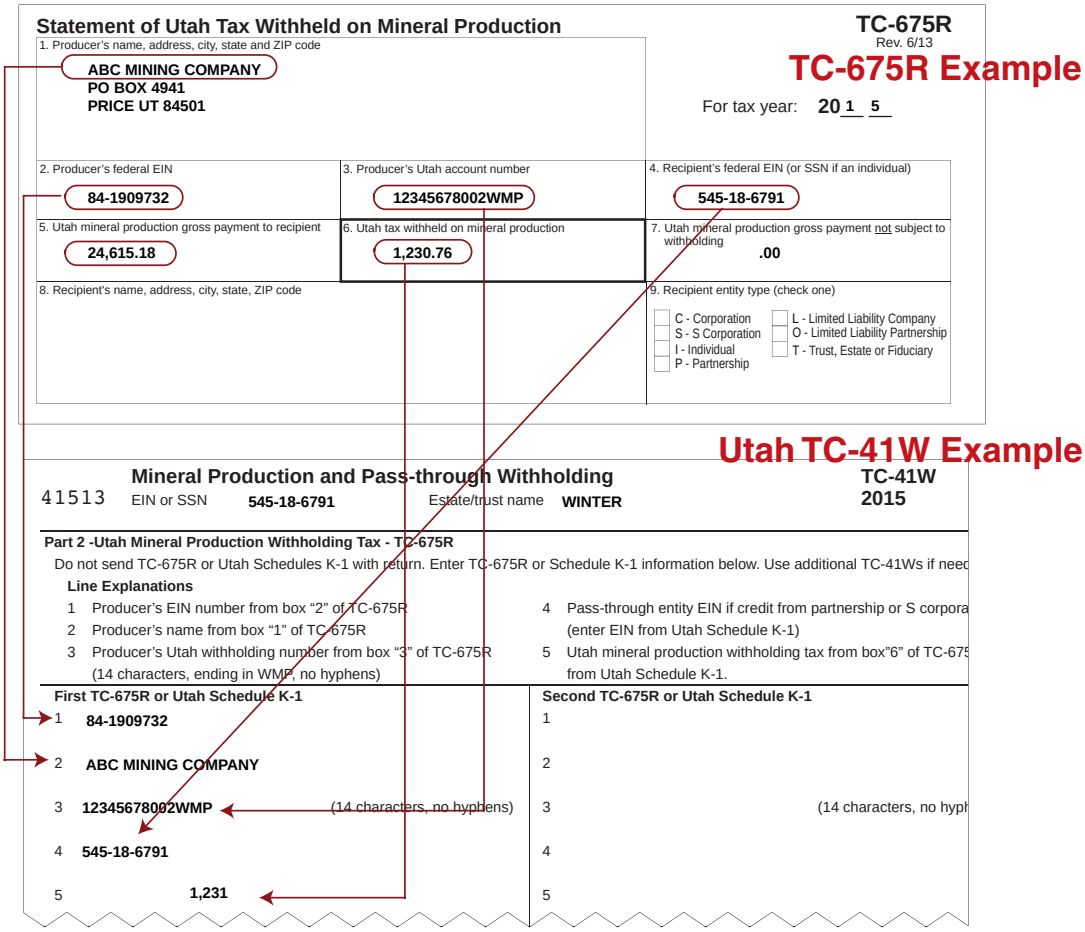
Line 2 - Enter the pass-through entity's name (Schedule K-1 box B).

Line 3 - Enter the Utah withholding tax withheld or paid on your behalf by the pass-through entity.

Add the amounts of pass-through entity Utah withholding tax from all lines 3 and enter the total on TC-41A, using code 43.

Do not send the Utah Schedule(s) K-1 with your Utah return. Keep them in your files.

Processing may be delayed or the withholding tax credit disallowed if you do not complete the TC-41W with all required information.



TC-250 – Credits Received from Upper-tier Pass-through Entities and Mineral Production Withholding Tax Credit on TC-675R

Use TC-250 to report Utah nonrefundable and refundable tax credits allocated on a Utah Schedule K-1 to this estate or trust by an upper-tier pass-through entity in which this estate or trust owns an interest, as well as mineral production withholding tax credits received on a form TC-675R.

TC-250 must be attached to your fiduciary return if the estate or trust received an allocation of nonrefundable and/or refundable credits from an upper-tier pass-through entity on a Utah Schedule K-1.

Upper-tier Pass-through Entity. An *upper-tier pass-through entity* is a pass-through entity in which this estate or trust has an ownership interest and from whom this estate or trust receives an allocation of income, gain, loss, deduction, or credit on a Utah Schedule K-1.

If additional lines are needed to report any category, you may use additional forms TC-250.

▶ Part 1 – Utah Nonrefundable Credits Received from Upper-tier Pass-through Entities

Utah nonrefundable tax credits allocated to this estate or trust by an upper-tier pass-through entity and shown on the Utah Schedule K-1 received from the upper-tier pass-through entity must be reported in Part 1. These credits are found on the Utah Schedule K-1 under nonrefundable credits with a credit code. Do not include the Utah Schedule K-1 the estate or trust received showing these credits when filing this estate or trust's return.

First Column

Enter in the first column the federal EIN shown in box "A" of the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Second Column

Enter in the second column the name shown in box "B" of the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Third Column

Enter in the third column the nonrefundable credit code shown on the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Fourth Column

Enter in the fourth column the amount of the distributed Utah nonrefundable credit shown on the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Carry the nonrefundable credits over to the Utah Schedule A, Part 3 or Part 4, as applicable. If you have multiple credits for the same credit code, combine the credit amounts before entering on the Schedule A. Allocate the credit to the beneficiaries on their individual Schedule K-1 based on their ownership percentage.

▶ Part 2 – Utah Refundable Credits Received from Upper-tier Pass-through Entities

Utah refundable tax credits allocated to this estate or trust by an upper-tier pass-through entity and shown on the Utah Schedule K-1 received from the upper-tier pass-through entity must be reported in Part 2. These credits are found on the Utah Schedule K-1 under refundable credits with a credit code. Do not include the Utah Schedule K-1 the estate or trust received showing these credits when filing this estate or trust's return.

First Column

Enter in the first column the federal EIN shown in box "A" of the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Second Column

Enter in the second column the name shown in box "B" of the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Third Column

Enter in the third column the refundable credit code shown on the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Fourth Column

Enter in the fourth column the amount of the allocated Utah refundable credit shown on the Utah Schedule K-1 received by this estate or trust from the upper-tier pass-through entity.

Carry the refundable credits over to the Utah Schedule A, Part 5. If you have multiple credits for the same credit code, combine the credit amounts before entering on the Schedule A. Allocate the credit to the beneficiaries on their individual Schedule K-1 based on their ownership percentage.

▶ Part 3 – Utah Mineral Production Withholding Tax Credit Received on TC-675R

Utah mineral production tax withheld on production income received by this estate or trust from the producer shown on form TC-675R must be reported in Part 3. Do not include the TC-675R with your estate or trust return.

First Column

Enter in the first column the federal EIN shown in box "2" of the form TC-675R received by this estate or trust.

Second Column

Enter in the second column the producer's name shown in box "1" of the form TC-675R received by this estate or trust.

Third Column

Enter in the third column the amount of the mineral production withholding tax shown in box "6" of the form TC-675R received by this estate or trust.

Total the mineral production withholding amounts shown in the third column. Carry this total to the Utah Schedule A, Part 5 using code "46." Allocate the credit to the beneficiaries on their individual Schedule K-1 based on their ownership percentage.

Qualified Funeral Trust Information

Who Must File

The trustee of a trust that has elected to be taxed as a qualified funeral trust (QFT) files federal form 1041-QFT to report the income, deductions, gains, losses, etc., and income tax liability of the QFT. The trustee can use Utah form TC-41 to file for a single QFT, or for multiple QFTs having the same trustee following the instructions under *Composite Return* below.

Pre-need funeral trusts that do not qualify as QFTs should use the regular instructions for Utah form TC-41, *Utah Fiduciary Income Tax Return*.

Qualified Funeral Trust (QFT)

A QFT is a domestic trust that meets all of the following requirements:

- It arose from a contract with a person who provides funeral or burial services or property necessary to provide such services.
- The sole purpose of the trust is to hold, invest and reinvest funds in the trust and to use those funds solely to pay for funeral or burial services or property to provide such services for the benefit of the beneficiaries of the trust.
- The only beneficiaries are individuals for whom such services or property is to be provided at their death under the contracts described above.
- The trustee elects or previously elected to treat the trust as a QFT, and not as a grantor trust.
- If the QFT election had not been made, the trust would have been treated as owned by the contracts' purchasers under the IRC grantor trust provisions. However, a trust that is not owned by the purchaser solely because of the death of an individual shall be treated as meeting this requirement during the 60-day period beginning the day of that individual's death.

If a QFT has multiple beneficiaries, each beneficiary's separate interest under a contract is treated as a separate QFT for the purpose of figuring the tax and filing this return. Each beneficiary's share of the trust's income is determined in accordance with the beneficiary's interest in the trust.

Whenever these instructions refer to a trust or QFT, it includes such separate interests that are treated as separate QFTs.

Making the Election

The trustee elects to treat a trust as a QFT by filing federal form 1041-QFT by the due date (including extensions)

Composite Return

A trustee may file a single, composite Utah form TC-41 for all QFTs for which he or she is the trustee, including QFTs that had a short tax year. Prepare a schedule that includes the following information for each QFT (or separate interest treated as a QFT):

- The number of QFTs in the composite return.
- The owner or beneficiary's name. If the trust has more than one beneficiary, separate the trust into shares held by the separate beneficiaries. The same information used on the federal form 1041-QFT can be used to compute Utah tax.
- The type and gross amount of income earned by the QFT. For capital gains, identify the net short-term capital gain, net long-term capital gain, 28 percent rate gain, and unrecaptured section 1250 gain.
- The type and amount of each deduction and credit allocable to the QFT.
- The Utah tax calculation for each QFT. You must complete form TC-41, lines 15 through 22 separately for each QFT.
- The Utah tax payments made for each QFT.
- If the QFT terminated during the year, the termination date.

You can use the same information and schedules from the federal form 1041-QFT to compute Utah tax. Figure the taxable income separately for each QFT using each QFT's share of the amounts.

Attach the composite return schedules to your TC-41.

Tax Computation

Follow the line-by-line instructions except for computing the tax. Use a separate schedule to calculate the Utah tax for each QFT using the 5 percent tax rate for each QFT. Enter the sum of the tax for all QFTs (after subtracting any estate or trust tax credit) on TC-41, line 15. Leave lines 16-22 blank. Enter the amount from line 15 on line 23.

Utah State Tax Commission

Fiduciary Income Tax Return Payment Coupon

TC-549
Rev. 12/11

USE OF PAYMENT COUPON
If you have a tax due balance on your Utah fiduciary income tax return and you have previously filed your return without a payment, include the payment coupon below with your check or money order to insure proper credit to your account. Do not mail another copy of your fiduciary income tax return with this payment. Sending a duplicate of your return may delay posting of the payment.

If you are sending a payment with your paper Utah fiduciary income tax return, include the payment coupon below with your check or money order, to insure proper credit to your account.

Do not use this return payment coupon to prepay future fiduciary taxes. Use form TC-548.

ELECTRONIC PAYMENT
You may pay your tax online at **taxexpress.utah.gov**.

HOW TO PREPARE THE PAYMENT
Make your check or money order payable to the Utah State Tax Commission. Do not send cash. The Tax Commission does not assume liability for loss of cash placed in the mail.

Print the name of the estate or trust, address, daytime telephone number and the year the payment is for on your check or money order.

SENDING PAYMENT COUPON
If sending this payment coupon separate from your fiduciary income tax return, do **NOT** mail another copy of your return with this payment.

Complete and detach the payment coupon below.

Do not attach (staple, paper clip, etc.) the check or money order to the payment coupon.

Send the payment coupon and payment to:

Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134-0250

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

Fiduciary Income Tax Return Payment Coupon

Mail to: Utah State Tax Commission, 210 N 1950 W, SLC UT 84134-0250

TC-549
Rev. 12/11

Tax year ending

USTC Use Only

Name of estate or trust	EIN or SSN of estate or trust

Address		
City	State	Zip code

Payment amount enclosed $ 00

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

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