

Utah
2009

Miscellaneous Corporations



Form TC-20MC **Tax Return and Instructions**

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

Contents

TC-20MC General Instructions and Information.....	1
Instructions for Completing Return.....	4
Instructions for Schedule A – Tax Calculation	7
Instructions for Schedule B – Refundable Credits.....	9
Instructions for Schedule E – Prepayments of Any Type.....	10
Instructions for Schedule J – Apportionment Schedule.....	11

Online Services



Visit our website for detailed tax information and all Utah State tax forms and instructions.

tax.utah.gov

Utah accepts electronic filing for C Corporations, S Corporations and Homeowners Associations.

tax.utah.gov/mef

Pay tax due and make payments online with a credit card or e-check.

taxexpress.utah.gov



References

UC: Utah Code

IRC: Internal Revenue Code

Need forms?

Print online at **tax.utah.gov/forms**, or call 801-297-6700 or 1-800-662-4335, ext. 6700

Need more information?

Telephone 801-297-2200 or 1-800-662-4335

Webpage **tax.utah.gov**

Utah Taxpayer Advocate Service

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

The Taxpayer Advocate service should not be used to bypass normal methods for resolving disputes or issues.

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 **www.dhs.gov/E-Verify**.

File TC-20 if Corporation filed federal form 1120

File TC-20S if S Corporation filed federal form 1120S

File TC-20MC if Corporation filed federal forms 1120-H, 1120-RIC, 1120-REIT, 990-T or 8023

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

TC-20MC General Instructions and Information

What's New

- **New Pass-through Entity Taxpayer Withholding Credit:** This credit is for Utah withholding tax on income received from a partnership or S corporation in which this corporation has an interest. See page 9 for more details.
- **Penalty Changes:** Utah law provides for tiered penalties for late filing of returns and late payment of tax. See Publication 58.
- **Utah Net Loss Carryback:** Form TC-20L, *Utah Application for Refund from a Corporation Loss Carryback*, has been designed to carry a Utah net loss from a regular C corporation or a real estate investment trust back three years. See page 7.
- **Market Sourcing of Revenues from Performance of Services by Multi-state Taxpayers:** For tax years beginning after 2008, corporations performing a service both in and outside Utah must calculate the sales factor numerator on Schedule J by considering the service income to be in Utah if the buyer receives a greater benefit of the service in Utah than in any other state. See page 11.

Electronic Filing for Corporation Returns

Utah corporation returns may be filed electronically under a joint program between the Internal Revenue Service and the Utah State Tax Commission.

The federal and state information is submitted at the same time and the IRS extracts its federal data and forwards the state data to the Tax Commission. No papers are required to be mailed to the agencies when filing electronically.

C corporations, S corporations and homeowners associations may file electronically.

Many software vendors are offering electronic corporation return filing. Check with your software provider to see if they support this program.

To learn more about filing your corporation return electronically, go to tax.utah.gov/mef.

Corporation Identification Numbers

The Utah State Tax Commission uses the Federal Employer Identification Number (EIN) as the corporation's identification number with the state. The Utah Department of Commerce also issues a registration number upon incorporation or qualification in Utah. Enter both the EIN and Utah Incorporation/Qualification Number in the proper fields. These numbers are used for proper identification of the corporate tax return and any correspondence.

Corporation Changes

Corporation changes (e.g., name change, physical and/or mailing address changes, merger, or ceasing to do business in Utah) must be reported in writing to both:

Division of Corporations
Department of Commerce
160 E 300 S
PO Box 146705
Salt Lake City, UT 84114-6705

and

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

Dissolution or Withdrawal

Corporations that cease to do business in Utah must either dissolve or withdraw the corporation.

Corporations incorporated in Utah must file Articles of Dissolution with the Department of Commerce. In addition, Utah corporations should obtain a Certificate of Tax Clearance from the Tax Commission prior to dissolution.

Corporations incorporated outside of Utah (foreign corporations) **must** obtain a Certificate of Tax Clearance from the Tax Commission before withdrawing from Utah. Foreign corporations must file an Application for Withdrawal with the Department of Commerce.

To request a *Certificate of Tax Clearance*, contact the Tax Commission. We will prepare form TC-2001 and send it to you to complete.

To close related tax accounts (sales, withholding, etc.), send a completed TC-69C, to the attention of Master File Maintenance at the Tax Commission address above.

Rounding Off to Whole-Dollar Amounts

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

Who Must File

The Tax Commission does not mail returns for filing corporate taxes. If the corporation does not use software that provides the forms, you may obtain Utah forms by downloading copies from the Tax Commission website at tax.utah.gov/forms, or by calling the Forms Hotline at 801-297-6700 or 1-800-662-4335, ext. 6700.

Homeowners Association

A homeowners association incorporated in Utah (domestic), qualified in Utah (foreign), or doing business in Utah whether qualified or not, must file a Utah form TC-20MC when it has taxable income for federal purposes and has filed federal form 1120-H. Attach a copy of your federal form 1120-H to your Utah TC-20MC. Other detail schedules should NOT be included. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

A homeowners association Utah return may be filed electronically. See tax.utah.gov/mef.

Regulated Investment Company (RIC)

Every regulated investment company (RIC) or fund of such company, as defined in IRC §§851(a) or 851(g), organized under the laws of Utah must file a Utah form TC-20MC. Attach a copy of your federal form 1120-RIC to your Utah TC-20MC. Other detail schedules should NOT be included. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

Real Estate Investment Trust (REIT)

Every real estate investment trust (REIT) or fund of such company, as defined in IRC §856, registered or doing business in Utah must file a Utah form TC-20MC. Doing business in Utah includes owning an interest in Utah real property. Attach a copy of your federal form 1120-REIT to your Utah TC-20MC. Other detail schedules should NOT be included. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

Exempt Corporation with Unrelated Business Income

An exempt corporation incorporated in Utah (domestic), qualified in Utah (foreign), or doing business in Utah whether qualified or not, must file a Utah form TC-20MC when it has unrelated business income. Attach a copy of your federal form 990-T to your Utah TC-20MC. Other detail schedules should NOT be included. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

One-day Utah Corporation (IRC Section 338)

Transactions for which an election has been made or considered to be made for federal purposes under IRC §338 are treated as provided in UC §59-7-114.

An election is not available for state purposes unless an election is made or considered to be made for federal purposes.

If an election is made or considered to be made for federal purposes under IRC §338, other than under Subsection 338(h)(10), the target corporation must file a separate entity one-day Utah form TC-20MC, as is required for federal purposes. The target corporation must include in that return the gain or loss on the deemed sale of assets in its adjusted income (UC §59-7-114).

Apportionment Fraction

The gain or loss on the deemed sale of assets must be apportioned to Utah using the apportionment fraction, calculated to **six decimals**, of the target corporation, calculated on a separate entity basis for the most recent preceding taxable year consisting of 180 days or more.

If an election is made for federal purposes under IRC §338(h)(10) or IRC §336(e), do not use form TC-20MC, use form TC-20.

Attach a copy of your federal return including the IRC Section 338 gain or loss and federal form 8023 to your Utah TC-20MC.

Where to File

Send the completed return and any payment to:

Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134-0300

Taxable Year

The taxable year for Utah tax purposes must match the taxable year used for federal tax purposes. When the taxable year changes for federal purposes, the taxable year must be changed for Utah tax purposes. If the taxable year is not a calendar year, enter the beginning and ending dates of the taxable year at the top of the form, where indicated in the “mm/dd/yyyy” format.

Due Date

A return must be filed on or before the 15th day of the fourth month following the close of the taxable year. If the due date falls on a Saturday, Sunday or legal holiday, the due date becomes the next business day.

The due date of the one-day return (TC-20MC, Schedule A, Part 5) is the same as the due date of the return that includes the taxable period of the target corporation immediately preceding the one-day return.

Filing Extension

Corporations are automatically allowed an extension of up to six months to file a return without filing an extension form. **This is an extension of time to file the return – NOT an extension of time to pay taxes.** To avoid penalty, the prepayment requirements must be met on or before the original return due date and the return must be filed within the six-month extension period.

Minimum Tax

There is a minimum tax (privilege tax) of \$100 on every regular C corporation, regulated investment company and real estate investment trust regardless of whether the corporation exercises its right to do business. The minimum tax does not apply to S corporations, homeowners associations, or exempt corporations with unrelated business income.

Prepayment of Minimum Tax

Corporations subject to the minimum tax that meet the prepayment requirement in the **current** year and that had a tax liability of \$100 (the minimum tax) for the previous year may choose to prepay the minimum tax amount of \$100 on the 15th day of the 12th month instead of four increments of \$25.

Corporations subject to the minimum tax that met the prepayment requirement in the **previous** year and have a tax liability of \$100 (the minimum tax) in the current year may choose to prepay the minimum tax amount of \$100 on the 15th day of 12th month instead of four increments of \$25. In this case, the corporation must pay \$100, not 90 percent.

Corporations subject to the minimum tax not making the required tax prepayments are subject to a penalty as stated in Penalties on page 3.

Prepayment Requirements

(Does not apply to One-day Target Corporations electing under Section 338)

Extension Prepayments

The required extension prepayments must equal 90 percent of the current year's tax liability (or the \$100 minimum tax, whichever is greater) or 100 percent of the previous year's tax liability.

Corporations should make estimated prepayments using form TC-559, *Utah Corporation Franchise/Income Tax Payment Coupon*.

Quarterly Payments

Every corporation having a Utah tax liability of \$3,000 or more in the current taxable year, or a tax liability of \$3,000 or more in the previous taxable year, must make quarterly estimated tax payments.

A corporation is not subject to the estimated tax payment requirements the first year it is required to file a return in Utah if the corporation makes a payment on or before the due date, without the automatic extension, equal to or greater than the minimum tax.

Quarterly estimated tax payments are due in four equal payments on the 15th day of the 4th, 6th, 9th and 12th months of the corporation's taxable year. Corporations may elect to make the quarterly estimated tax payments equal to 90 percent of the current year's tax or 100 percent of the prior year's tax. As defined in UC §59-7-504(2), the applicable percentage of the required payment for annualized income installments, for adjusted seasonal installments, and for estimated tax payments based on the current year tax liability, is the following:

Installment	Percentage
1st	22.5
2nd	45.0
3rd	67.5
4th	90.0

If a taxpayer elects a different annualization period than the period used for federal purposes, the taxpayer must make an election with the Tax Commission at the same time as provided in IRC §6655. Estimated tax payments should be made with form TC-559, *Utah Corporation Franchise/Income Tax Payment Coupon*.

Corporations not making the required tax prepayments are subject to a penalty as stated in Penalties, below.

Penalties

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

The Tax Commission will calculate the penalty for underpayment of required prepayments.

Exceptions to Penalty on Estimated Tax

Annualized Exception

A corporation may annualize its income before determining the amount of each installment. Follow federal guidelines to determine annualized income. If the corporation meets the annualized exception at the federal level for any installment, check the appropriate box(es) on Utah form TC-20MC, line 15.

Recurring Seasonal Exception

A corporation with recurring seasonal income may annualize its income before determining the amount of each installment. Follow federal guidelines to determine seasonal income. If the corporation meets the seasonal exception at the federal level for any installment, check the appropriate box(es) on Utah form TC-20MC, line 15.

Prepayment of Minimum Tax Requirement

See *Prepayment of Minimum Tax* instructions on page 3.

NOTE: The prepayment penalty does not apply to a one-day target corporation under IRC Section 338.

Interest (in addition to penalties due)

Interest will be assessed on any underpayment from the original due date until any outstanding liability is paid in full. The interest rate for most taxes and fees administered by the Tax Commission for the 2010 calendar year is **3 percent**.

Get Pub 58, which contains applicable interest rates, online at tax.utah.gov/forms or by calling or writing the Tax Commission.

What to Attach and What to Keep

Include the following with your Utah TC-20MC. Also, keep copies of these with your tax records.

- **Utah miscellaneous corporation return schedules:** Attach to TC-20MC the page 2 and applicable schedules A, B/E, and/or J.
- **Federal return:**
 - **Regulated Investment Company** – Attach a copy of your federal form 1120-RIC.
 - **Real Estate Investment Trust** – Attach a copy of your federal form 1120-REIT.
 - **Homeowners Association** – Attach a copy of your federal form 1120-H.
 - **Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income** – Attach a copy of your federal form 990-T.

- **One-day Target Corporation with an IRC Section 338 Election** – Attach a copy of your federal form 8023.

Do not send the credit schedules, worksheets, or other documentation unless specifically requested in these instructions. Keep these in your files. You may be asked to furnish this information later to verify entries on your Utah return.

Suspension for Failure to Pay Tax Due

Utah law provides for suspension of the corporation's right to do business in Utah if it fails to pay tax due before 5:00 p.m. on the last day of the 11th month after the due date.

If a corporation owes tax and is unable to pay the entire amount owed, the corporation may complete form TC-804B, *Business Tax Payment Agreement Request*, available online at tax.utah.gov/forms.

Instructions for Completing Return

Corporation Name and Address

Enter the corporation name, address and telephone number, including area code. If the address has changed, check the physical address and/or mailing address box. To make additional changes, see Corporation Changes in the General Instructions.

Zip Code

Enter your ZIP Code, including the "plus four."

Foreign Country

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

EIN and Utah Incorporation/Qualification Number

Enter the federal Employer Identification Number (EIN) and Utah Incorporation/Qualification Number issued by the Department of Commerce in the appropriate fields.

Filing Period

If the return is being filed for a period other than the calendar year ending Dec. 31, 2009, enter the beginning and ending tax period dates at the top, where indicated. Enter both the beginning and ending tax period dates in the format: "mm/dd/yyyy."

Amended Returns

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

You can get prior year forms and instructions at tax.utah.gov/forms.

An amended state return must be filed promptly if:

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

Do not submit an amended return for the purpose of claiming a loss carryback. Submit form TC-20L, *Utah Application for Refund from a Corporation Loss Carryback*, to claim any refund resulting from a Utah net loss carryback.

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

To amend a previously filed return, enter on page 1 of the Utah return on the line titled "IF AMENDED RETURN" a code number that best corresponds to your "REASON FOR AMENDING." See codes below.

Reasons-for-Amending Codes

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

Complete the return, entering the figures as corrected. Enter other amounts as shown on the original return. If you received a refund on your original return, subtract the previous refund (exclude refund interest) from the amount of any tax paid with the original return and/or subsequent payments of the tax prior to filing the amended return. Enter the net amount on line 7. A net refund should be entered as a negative amount (preceded by a minus sign).

Do not submit a copy of your original return with the amended return.

Federal Form 8886

If you filed federal Form 8886, *Reportable Transaction Disclosure Statement*, with the Internal Revenue Service, enter an "X" in the box at the top of your corporation return, where indicated.

Line-by-Line Instructions

Line 1 – Corporation Return Type

Enter an "X" on the line that matches the type of corporation return being filed. The five choices are:

- Regulated Investment Company (these corporations must complete Part 1 of Schedule A).
- Real Estate Investment Trust (these corporations must complete Part 2 of Schedule A). Note: A captive real estate investment trust must file a TC-20 instead of a TC-20MC. For more information, see the TC-20 instructions.
- Homeowners Association with IRC Section 528 Income (these corporations must complete Part 3 of Schedule A).
- Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income (these corporations must complete Part 4 of Schedule A).
- One-day Target Corporation with an IRC Section 338 Election (these corporations must complete Part 5 of Schedule A).

Line 2 – Tax

Enter the amount of tax calculated in the applicable part on Schedule A.

Form TC-20MC, Schedule A **must** be completed and attached. See instructions for Schedule A on page 7 of these instructions.

Line 3 – Utah Use Tax

You must pay use tax on all taxable items bought for storage, use or consumption in Utah during the filing year, if sales and use tax was not paid to the seller at the time of purchase. This includes Internet or catalog purchases.

You may take a credit for sales or use tax paid to another state (but not a foreign country). If the other states' tax rate is lower than Utah's, you must pay the difference. If the other states' tax rate is more than Utah's, no credit or refund is given. If sales tax was paid to more than one state, complete a worksheet (on page 6) for each state. Add lines 8 on all worksheets and enter the total on line 3.

.0595	Beaver County	.0835	Alta
.0695	Beaver City	.0595	San Juan County
.0595	Box Elder County	.0630	Blanding
.0650	Brigham City, Perry, Willard	.0635	Monticello
.0695	Snowville	.0595	Sanpete County
.0630	Cache County	.0625	Ephraim, Gunnison, Mt. Pleasant
.0655	Cache Valley Transit, Hyde Park, Lewiston, Millville	.0595	Sevier County
.0660	Hyrum, Logan, N.Logan, Providence, Richmond, River Heights, Smithfield, Nibley	.0605	Aurora, Redmond
.0595	Carbon County	.0625	Richfield
.0635	Price	.0635	Salina
.0625	Wellington	.0605	Summit County
.0695	Daggett County	.0745	Park City
.0650	Davis County	.0635	Snyderville Basin Transit
.0660	Bountiful, Centerville, Woods Cross, West Bountiful	.0595	Tooele County
.0595	Duchesne County	.0625	Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0605	Duchesne City	.0635	Tooele City
.0635	Roosevelt	.0645	Uintah County
.0595	Emery County	.0670	Naples
.0775	Green River	.0675	Vernal
.0695	Garfield County	.0650	Utah County
.0795	Boulder, Panguitch, Tropic	.0675	Alpine, American Fork, Eagle Mountain, Highland, Lehi, Linton, Mapleton, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Saratoga Springs, Spanish Fork, Springville
.0805	Bryce Canyon	.0685	Cedar Hills, Orem
.0595	Grand County	.0595	Wasatch County
.0785	Moab	.0625	Heber
.0595	Iron County	.0705	Independence
.0605	Cedar City	.0735	Midway, Park City East
.0785	Brian Head	.0595	Washington County
.0595	Juab County	.0625	Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0625	Nephi	.0755	Springdale
.0695	Kane County	.0595	Wayne County
.0795	Kanab, Orderville	.0685	Weber County
.0595	Millard County	.0705	Riverdale
.0595	Morgan County		
.0595	Piute County		
.0595	Rich County		
.0695	Garden City		
.0685	Salt Lake County		

Worksheet for Computing Utah Use Tax

(Retain this worksheet for your records)

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

Sales and use tax rates vary throughout Utah. Use the chart on page 5 to get the rate for the location where the merchandise was delivered, stored, used or consumed. Use the county tax rate if the city is not listed.

Grocery food bought through the Internet or catalog is taxed at 3%. 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 Publication 25 at tax.utah.gov/forms for more information.

Enter use tax of \$400 or less. If the amount is over \$400, you must get a sales and use tax license and pay the use tax on a sales and use tax return.

Line 4 – Total Tax

Add line 2 and line 3.

Line 5 – Refundable Credits

Enter the total of the refundable credits listed on Schedule B.

Line 6 – Prepayments from Schedule E

A refundable credit is allowed for advance payments made as quarterly estimated tax payments, prepayments and extension payments (form TC-559). Include any overpayment from a prior year that was applied to this year. Enter the prepayments on Schedule E and carry the total from line 4 of Schedule E to line 6 of the TC-20MC.

Line 7 – Amended Returns Only

This line is only for amended returns. Enter the amount of tax paid with the original return and/or subsequent payments made prior to filing this amended return less any previous refunds (exclude refund interest). A net refund should be entered as a negative amount (preceded by a minus sign).

Line 8 – Total Refundable Credits and Prepayments

Add lines 5 through 7.

Line 9 – Tax Due

If line 4 is larger than line 8, subtract line 8 from line 4.

Line 10 – Penalties and Interest

Enter the total penalties and interest.

Line 11 – Pay This Amount

Add line 9 and line 10. Make check or money order payable to the Utah State Tax Commission. Do not mail cash. The Tax Commission assumes no liability for loss of cash placed in the mail.

Line 12 – Overpayment

If line 8 is larger than line 4, subtract line 4 from line 8.

Line 13 – Amount of Overpayment to be Applied to Next Taxable Year

All or part of any overpayment shown on line 12 may be applied as an advance payment for the next tax year. Enter amount to be applied (may not exceed the overpayment on line 12).

Line 14 – Refund

Subtract line 13 from line 12. This is the amount to be refunded to you.

Line 15 – Quarterly Estimated Prepayments Meeting Exception

Check any boxes corresponding to the four quarters to which a federal penalty exception applies. Refer to Prepayment Requirements in the General Instructions for exceptions to the federal penalty on underpayments. Attach supporting documentation.

Signature and Date Line

Sign and date the return. A refund will not be granted unless the return is signed and dated.

Paid Preparer Authorization

If the corporation wants to allow the Tax Commission to discuss their 2009 return with the paid preparer who signed it, enter an "X" in the box on the right side of the signature area of the return where indicated. This authorization applies only to the individual whose signature appears in the Paid Preparer 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, the corporation is authorizing the Tax Commission to call the paid preparer to answer any questions that may arise during the processing of the return. The paid preparer is also authorized to:

- Give the Tax Commission any information that is missing 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.

The corporation is not authorizing the preparer to receive any refund, bind the entity to anything (including any additional tax liability), or otherwise represent the entity before the Tax Commission. If the entity wants to expand the preparer's authorization, complete and submit to the Tax Commission form TC-737, *Power of Attorney and Declaration of Representative*. Form TC-737 is available online at tax.utah.gov/forms.

The authorization will automatically end no later than the due date (without regard to extensions) for filing the entity's 2010 tax return. If you wish to revoke the authorization before it ends, submit your request in writing to the Utah State Tax Commission, attention Taxpayer Services, 210 N 1950 W, SLC, UT 84134.

Paid Preparer

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

Preparer Penalties

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

Supplemental Information to be Supplied by All Corporations

All corporations filing a TC-20MC must complete this information located on page 2 of the return.

Instructions for Schedule A – Tax Calculation

Part 1 – Regulated Investment Company

Remember to mark line 1 on TC-20MC showing this return is for a Regulated Investment Company.

Line 1 – Investment Company Taxable Income

Enter the taxable income from federal form 1120-RIC, line 26.

Line 2 – Municipal Interest

Enter the municipal interest as determined by IRC §852(b)(2).

Line 3 – Exclusion of Net Capital Gain

Enter net capital gain exclusion as determined by IRC §852(b)(2).

Line 4 – Net Taxable Income

Add lines 1 through 3.

Line 5 – Deduction for Capital Gain Dividends

Enter the deduction for capital gain dividends as defined in IRC §852(b)(3)(c).

Line 6 – Exempt Interest Dividends

Enter the exempt interest dividends as defined in IRC §852(b)(5)(c).

Line 7 – Utah Taxable Income (Loss)

Subtract the total of lines 5 and 6 from line 4.

Line 8 – Initial Tax

Multiply line 7 by 5% (.05). This is the initial Utah corporate tax.

Line 9 – Minimum Tax

The minimum tax for a regulated investment company is \$100.

Line 10 – Tax

Enter the larger of the tax on line 8 or the minimum tax on line 9. Carry this tax to line 2 of TC-20MC .

Note: Attach a copy of your federal form 1120-RIC to your Utah return.

Part 2 – Real Estate Investment Trust

Remember to mark line 1 on TC-20MC showing this return is for a Real Estate Investment Trust.

Note: A captive Real Estate Investment Trust must be included as a member of a unitary group filing Utah form TC-20 (not TC-20MC). A real estate investment trust (REIT) is a "captive real estate investment trust" if the shares or beneficial interests of the REIT are not regularly traded on an established securities market, and more than 50% of the voting power or value of the shares or beneficial interests of the REIT are directly, indirectly or constructively owned or controlled by a controlling entity of the REIT.

Line 1 – REIT Taxable Income

Enter the taxable income (loss) from federal form 1120-REIT, line 22.

Line 2 – Income Taxed for Federal Purposes under the IRC but Not Included in Line 1

Enter the total of all income items taxed for federal purposes under the Internal Revenue Code but not included in the amount entered on line 1.

Line 3 – Federal Net Operating Loss Deduction

Enter the federal net operating loss deduction from federal form 1120-REIT, line 21a.

Line 4 – Apportionable Income (Loss)

Add lines 1 through 3.

Line 5 – Apportionment Fraction

Enter 1.000000, or the fraction (decimal) from Schedule J line 8 or line 12, if applicable.

Line 6 – Taxable Income (Loss)

Multiply line 4 by line 5.

If there is a Utah net loss on line 6, the REIT must carry the loss back (subject to the \$1,000,000 limitation), unless an election was made to forego the federal loss carryback and carry the federal loss forward. If an election is made to forego the federal net operating loss carryback, the federal election is considered made also for Utah tax purposes unless the taxpayer makes a specific election to carry back the loss for Utah purposes. Enter an "X" in the appropriate box:

Yes, to forego the Utah net loss carryback

No, to treat the Utah net loss as a carryback

If neither box is X'd, the Utah net loss must be carried back to the earliest of the three preceding tax years. If not entirely used to offset income of that year, it must be carried to the second year preceding the loss year. Any remaining loss must be carried to the taxable year immediately preceding the loss year. Any remaining loss should be carried forward.

Submit form TC-20L, *Utah Application for Refund from a Corporation Loss Carryback*, to claim any refund resulting from a Utah net loss carryback. Do not submit an amended return for the purpose of claiming a loss carryback.

Line 7 – Utah Losses Carried Forward from Prior Years

Losses incurred in years beginning on or after Jan. 1, 1994, which remain after all carrybacks have been applied, may be carried forward for fifteen taxable years following the taxable year of the loss.

Attach documentation to the return to support the loss amounts carried forward on line 7.

Line 8 – Utah Taxable income (Loss)

Subtract line 7 from line 6.

Line 9 – Initial Tax

Multiply line 8 by 5% (.05). This is the initial Utah corporate tax.

Line 10 – Minimum Tax

The minimum tax for a real estate investment company is \$100.

Line 11 – Tax

Enter the larger of the tax on line 9 or the minimum tax on line 10. Carry this tax to line 2 of TC-20MC.

Note: Attach a copy of your federal form 1120-REIT to your Utah return.

Part 3 – Homeowners Association with IRC Section 528 Income

Remember to mark line 1 on TC-20MC showing this return is for a Homeowners Association.

A homeowners association Utah return may be filed electronically. See tax.utah.gov/mef.

Line 1 – Taxable Income (Loss)

Enter the taxable income (loss) from federal form 1120-H, line 19.

Line 2 – Tax

Multiply line 2 by 5% (.05). This is the initial Utah corporate tax. Carry this tax to line 2 of TC-20MC.

A homeowners association is not subject to the \$100 minimum tax.

Homeowners associations filing federal form 1120-H and Utah TC-20MC are not allowed net operating loss deductions.

Note: Attach a copy of your federal form 1120-H to your Utah return.

Part 4 – Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income

Remember to mark line 1 on TC-20MC showing this return is for an Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income.

Line 1 – Unrelated Business Income

Enter the unrelated business taxable income from federal form 990-T, line 34.

Line 2 – Apportionment Fraction

Enter 1.000000, or the fraction (decimal) from Schedule J, line 8 or line 12, if applicable.

Note: Only the property, payroll and sales included in the computation of unrelated business income or directly related to the unrelated business income of an exempt organization may be included when apportioning income.

Line 3 – Utah Taxable Income (Loss)

Line 1 multiplied by line 2.

A loss cannot be carried forward or back for Utah purposes. The loss has already been applied against income on the federal return.

Line 4 – Tax

Multiply line 3 by 5% (.05). This is the initial Utah corporate tax. Carry this tax to line 2 of TC-20MC.

An unincorporated exempt organization or an exempt corporation having unrelated business income is not subject to the \$100 minimum tax.

Note: Attach a copy of your federal form 990-T to your Utah return.

Part 5 – One-day Target Corporation with an IRC Section 338 Election

Remember to mark line 1 on TC-20MC showing this return is for a One-day Target Corporation with an IRC §338 Election.

Line 1 – Gain (Loss) on Deemed Sale of Assets

Enter the gain or (loss) on the deemed sale of assets included in federal taxable income before any net operating loss from the target corporation.

Line 2 – Apportionment Fraction

Enter the apportionment fraction of the target corporation.

The gain or (loss) on the deemed sale of assets must be apportioned to Utah using the apportionment fraction, calculated to six decimals, of the target corporation. This fraction must be calculated on a separate entity basis for the most recent preceding taxable year consisting of 180 days or more.

Line 3 – Utah Apportioned Gain (Loss)

Line 1 multiplied by line 2.

Line 4 – Utah Losses Carried Forward from Prior Years

Utah net losses incurred by the target corporation in years beginning on or after Jan. 1, 1994 may be carried forward up to 15 years and applied against income on the one-day corporation tax return. Any remaining target corporation losses are forfeited.

Line 5 – Utah Taxable Gain (Loss)

Subtract line 4 from line 3.

Line 6 – Initial Tax

Multiply line 5 by 5% (.05). This is the initial Utah corporate tax.

Line 7 – Minimum Tax

The minimum tax for a one-day target corporation is \$100.

Line 8 – Tax

Enter the larger of the tax on line 6 or the minimum tax on line 7. Carry this tax to line 2 of TC-20MC.

Note: Attach a copy of your federal form 8023 to your Utah return.

Instructions for Schedule B – Refundable Credits

If you claim any of the following refundable credits, write the **code and amount** of each credit you are claiming on Schedule B. Enter the sum of all refundable credits and carry the total to TC-20MC, line 5.

An explanation of each refundable credit is listed below.

Use these codes on Schedule B

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

(39) Renewable Commercial Energy Systems Tax Credit (UC §59-7-614)

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

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

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

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

A business may not claim the targeted business income tax credit in a year the business has claimed either the enterprise zone credit (nonrefundable credit, code 07) or recycling market development zone credit (nonrefundable credit, code 10).

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

To obtain form TC-40TB, certification, and for more information, contact:

Governor's Office of Economic Development
324 S State St., Suite 500
SLC, UT 84111
801-538-8804
goed.utah.gov/incentives/enterprise_zones
email: lprall@utah.gov

**(43) Pass-through Entity Withholding
(UC §59-7-614.4)**

If a pass-through entity is required to withhold Utah income tax on any income attributable to this corporation under §59-10-1403.2, the pass-through entity must provide a statement (Schedule K-1 or supplemental schedule) showing the amount of Utah withholding paid on behalf of this corporation. Enter this amount as a refundable credit using code 43.

Attach copies of federal Schedule K-1(s) (or supplemental schedule) to the return to receive proper credit.

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

Enter the total of the mineral production tax withheld as shown on forms TC-675R or federal Schedule K-1(s) (or supplemental schedule) for the tax year. For a fiscal year corporation, the credit is claimed on the corporate return required to be filed during the year following the December closing period of the form TC-675R.

Attach copies of form TC-675R or federal Schedule K-1(s) (or supplemental schedule) to the return to receive proper credit.

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

You may claim a credit of 24.5 cents per gallon for motor fuel and undyed diesel fuel bought in Utah to operate stationary farm engines and self-propelled farm machinery used solely for commercial nonhighway agricultural use if the fuel was taxed at the time it was bought.

This does not include (but is not limited to) the following: golf courses, horse racing, boat operations, highway seeding, vehicles registered for highway use, hobbies, and personal farming, etc.

Credit calculation:

Gallons _____ x .245 = Credit _____

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

**(48) Farm Operation Hand Tools Credit
(UC §59-7-614.1)**

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.

Instructions for Schedule E – Prepayments of Any Type

Line 1

Enter the amount of the refund applied from the prior year to the current year's tax liability.

Line 2

List the date, check number and amount of extension prepayment.

Line 3

List the date, check number and amount of all prepayments made for the filing period. Enter the total amount on line 3. Attach additional pages, if necessary.

Line 4

Add lines 1, 2 and 3. Enter the total on this line and on TC-20MC, line 6.

Instructions for Schedule J – Apportionment Schedule

Use Schedule J only if completing Schedule A, Part 2, Real Estate Investment Trust; Part 4, Unincorporated Exempt Organization or Exempt Corporation; or Part 5, One-day Target Corporation.

Determine the apportionment fraction (decimal) by completing this schedule. The factors express a ratio for tangible property in Utah, for wages and salaries in Utah, and for sales in Utah. These factors are added together and divided by the number of factors present (typically 3) to arrive at the Utah apportionment fraction calculated to **six decimals**. This fraction is to be applied to the apportionable income (or loss) on the return to arrive at the amount of income (or loss) apportioned to Utah. In cases where one or more of the factors is omitted due to peculiar aspects of the business operations, divide by the number of factors present.

An election may be made to double weight the sales factor in the apportionment calculation. The election, once made, is irrevocable and must be used for five taxable years. The election is made by entering an “X” in the box on line 9 and completing lines 10 through 12 on Schedule J.

Income or loss from partnership or joint venture interests must be included in income and apportioned to Utah through application of the three-factor formula consisting of property, payroll and sales.

For apportionment purposes, the portion of partnership or joint venture property, payroll and sales to be included in the corporation’s property, payroll and sales factors must be computed on the basis of the corporation’s ownership interest in the partnership or joint venture.

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

Lines 1a - 1f – Property Factor

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

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

The average value of property must be determined by averaging the cost values at the beginning and end of the tax period. However, monthly values may be used or required if monthly averaging more clearly reflects the average value of the corporation’s property.

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

Enter totals of lines 1a through 1e in the respective columns on line 1f.

Line 2 – Property Factor Calculation

Determine the property factor (decimal) by dividing line 1f column A by line 1f column B.

Line 3 – Payroll Factor

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

Compensation is paid in Utah if:

1. The individual’s service is performed entirely within Utah;
2. The individual’s service is performed both within and outside Utah, but the service performed outside Utah is incidental to the individual’s service within Utah; or
3. Some of the service is performed in Utah and:
 - a. The base of operations or, if there is no base of operations the place where the service is directed or controlled, is within Utah, or
 - b. The base of operations or the place where the service is directed or controlled is not in any state where some part of the service is performed, but the individual’s residence is in Utah.

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

Overall wages, including Utah, are listed in column B.

Line 4 – Payroll Factor Calculation

Determine the payroll factor (decimal) by dividing line 3a column A by line 3a column B.

Lines 5a - 5h – Sales Factor

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

Corporations that perform a service both in and outside Utah must include on line 5g in column A (Inside Utah) any amount of service income if the service buyer receives a greater benefit of the service in Utah than in any other state. The former “cost of performance” method no longer applies. (See UC §59-7-319(3)(a).)

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

Overall sales, including Utah, are listed in column B.

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

NOTE: Exception to the above method for securities brokerage businesses can be found in UC §59-7-319(6).

Enter totals of lines 5a through 5g in their respective columns on line 5h.

Line 6 – Sales Factor Calculation

Determine the sales factor (decimal) by dividing line 5h column A by line 5h column B.

Equally-Weighted Three Factor Formula

If you *are not* electing the double-weighted sales factor (see lines 9 through 12 below), complete lines 7 and 8. If you are electing the double-weighted sales factor, leave lines 7 and 8 blank.

Line 7 – Total Factors

Enter the sum of the factors from lines 2, 4 and 6.

Line 8 – Apportionment Fraction

Calculate the apportionment fraction to six decimals by dividing line 7 by the number of factors used (typically 3 – property, payroll and sales). If one or more of the factors are not present (i.e., there is a zero in the denominator on lines 1f, 3a or 5h in column B), divide by the number of factors present. If the numerator is zero, but a denominator is present, include that factor in the number of factors present. Enter apportionment fraction (decimal) here and on Schedule A, if not electing the double-weighted sales factor below.

Double-Weighted Sales Factor Election

You may elect to give double-weight to the sales factor in the apportionment calculation. The double-weighted sales factor election is irrevocable and must be used for five years. If you elect this calculation, enter an "X" in the box on line 9 and complete lines 10 through 12.

Line 9 – Making the Election

Enter an "X" in the box on line 9 if you elect to double-weight the sales factor.

Line 10 – Double Sales Factor

Multiply the sales factor (decimal) from line 6 above by 2. This will result in the sales factor being considered twice in the calculation.

Line 11 – Total Factors

Enter the sum of the factors from lines 2, 4 and 10.

Line 12 – Elected Apportionment Fraction

Calculate the elected, double-weighted sales factor apportionment fraction to six decimals by dividing line 11 by the number of factors used (typically 4 – property, payroll and two times the sales factor). If one or more of the factors are not present (i.e., there is a zero in the denominator on lines 1f or 3a in column B), divide by the number of factors present (allowing two factors for sales). If the numerator is zero but a denominator is present, include that factor in the number of factors present. Enter the apportionment fraction (decimal) here and on Schedule A.