



**Utah**  
**2010**

**Partnership/  
Limited Liability  
Partnership/  
Limited Liability  
Company**

**Form TC-65**  
**Tax Return & Instructions**

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

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## 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 Partnerships, 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**



## Get Utah forms.

Online at **tax.utah.gov/forms**

Fill-in forms are available.

Order paper forms by phone

801-297-6700 or

1-800-662-4335, ext. 6700

(outside the Salt Lake area)

## Need more information?

Telephone 801-297-2200 or

1-800-662-4335

(outside the Salt Lake area)

Webpage **tax.utah.gov**

Law

Find Utah Code (UC) and Internal Revenue Code (IRC)

at **tax.utah.gov/research**

## 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 recurring. 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**.

# General Instructions for TC-65

## What's New

- **Partnership Return Form Changes:** The Utah partnership return now includes a Schedule K and a Schedule K-1, similar to the federal partnership return. The Schedule K-1 is to be filed for each partner/member of the partnership/LLP/LLC. The Schedules G and P have been eliminated as their information is now reported on the Schedules K and K-1.
- **Publication 68, *Pass-through Entity Withholding*:** This new publication has been developed to assist in handling pass-through entity questions. The publication is available at [tax.utah.gov/forms](http://tax.utah.gov/forms).
- **Partnership Return Extension Date Changed:** A partnership is granted an automatic extension of time to file their return of **five** months (formerly six months). This five month extension now conforms to the five month extension allowed by the IRS for federal partnership returns. See Due Date below.
- **Double-weighted Sales Factor Election:** The former requirement that the election was irrevocable and must be used for five years has been repealed. The election may now be made on a year-by-year basis.
- **Recycling Market Development Zone Tax Credit:** This credit has been repealed for purchases or expenditures made after June 30, 2010. See page 11.
- **Research Activities Credit:** This credit is increased to 9.2% on certain qualified research expenses. See page 12.

## Electronic Filing for Partnership Returns

Utah partnership 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 need to be mailed to the agencies when filing electronically.

Check with your software provider to see if they offer electronic partnership filing.

Learn more about filing your partnership return electronically online at [tax.utah.gov/mef](http://tax.utah.gov/mef).

## Partnership Defined

A "partnership" is any unincorporated entity that is treated as a partnership under federal income tax law, including general partnerships, limited partnerships, limited liability partnerships, and limited liability companies. A "partner" includes a partner or member of one of these entities.

## Partnerships Not Subject to Tax

A partnership is not subject to Utah income tax. However, partners conducting business are liable for Utah income tax in their separate or individual capacities. A partnership must withhold Utah tax on all nonresident individual pass-through entity taxpayers and all resident or nonresident business pass-through entity taxpayers. See Pass-through Entity Withholding Requirements below.

## Pass-through Entity Withholding Requirements

Partnerships are considered pass-through entities (see UC §59-10-1402(9)) and, for tax years beginning on or after January 1, 2009, are required to withhold Utah income tax on all nonresident individual partners, and on all resident business and nonresident business partners. These partners are collectively referred to as pass-through entity taxpayers (see UC §59-10-1402(10)). A partnership is not required to withhold on a partner that is exempt from tax under UC §59-7-102(1)(a).

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 partnership may reduce this withholding by any mineral production withholding tax and previous pass-through entity withholding distributed to the partner. 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. See the instructions for Schedule N on page 15 for more details.

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

If this partnership has an interest in another partnership, that other partnership is required to withhold Utah income tax on Utah income distributed to this partnership. The other partnership must provide a Utah Schedule K-1 showing the amount of Utah withholding paid on behalf of this partnership. This withholding tax must then be allocated to the partners of this partnership and passed-through to be claimed on their personal returns. Enter this previous pass-through entity withholding tax for each partner on Schedules K and K-1.

The partnership may request a waiver of withholding tax and any associated penalty and interest for all or selected partners who filed and paid tax on the Utah income from this partnership. The tax must be paid on or before the partnership's return due date, including extensions (see UC §59-10-1403.2(5)).

## Partnership Changes

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

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

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

## Where to File

Send the completed return and any payment to:

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

## 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.

## Filing Extension

Partnerships are automatically allowed an extension of up to five 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 five-month extension period.

**Note:** All pass-through withholding from TC-65, Schedule N, column I must be paid by the original due date of the return, without regard to extensions.

## 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 making sufficient prepayment on extension returns, and not filing information returns or supporting schedules. Details of these penalties, along with additional penalties, are at [tax.utah.gov/billing/penaltyinterest.html](http://tax.utah.gov/billing/penaltyinterest.html) and in Pub 58, *Utah Interest and Penalty*, at [tax.utah.gov/forms](http://tax.utah.gov/forms).

## 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 2011 calendar year is **3 percent**.

Get Pub 58, *Utah Interest and Penalties*, which contains applicable interest rates, at [tax.utah.gov/forms](http://tax.utah.gov/forms) or by calling or writing the Tax Commission.

## 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.**

## What to Attach and What to Keep

Include the following with your Utah TC-65. Also, keep copies of these with your tax records.

- **Utah Partnership Return Schedules:** Attach applicable Utah schedules A, B, K, and/or N, along with the Utah Schedule K-1 for each partner.

**Do not send a copy of your federal return, federal Schedules K-1, credit schedules, worksheets, or other documentation with your Utah return, unless otherwise stated in these instructions.** Keep these in your files, along with all supporting documents. You may be asked to provide this information later to verify entries on your Utah return.

## Federal Taxable Income

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

## Character of Partnership Items

1. Each item of partnership income, gain, loss or deduction has the same character for a partner as it has for federal income tax purposes. When an item is not characterized for federal income tax purposes, it has the same character for a partner as if realized directly from the source realized by the partnership, or incurred in the same manner as incurred by the partnership.
2. In determining Utah taxable income of a partner, any modification (such as U.S. government bond interest) that relates to an item of the partnership income, gain, loss or deduction shall be made in accordance with the partner’s distributive share for federal income tax purposes of the items to which the modification relates. Where a partner’s share of any such item is not required to be taken into account separately for federal income tax purposes, the partner’s distributive share of such item shall be determined in accordance with his distributive share for federal income tax purposes of partnership income or loss generally.

3. Where a partner's distributive share of an item of partnership income, gain, loss or deduction is determined for federal income tax purposes by a special provision in the partnership agreement with respect to such item, and where the principal purpose of such provision is the avoidance or evasion of tax, the partner's distributive share of such item and any modification with respect thereto shall be determined as if the partnership agreement made no special provision with respect to that item.

## **Nonresident or Part-year Resident Share of Partnership Items**

1. In determining the adjusted gross income of a nonresident partner of any partnership, there shall be included only that part derived from or connected with sources in Utah of the partner's distributive share of items of partnership income, gain, loss or deduction entering into the partner's federal adjusted gross income. (The Utah portion is shown alongside the total for each item amount on the Utah Schedule K.)
2. In determining the sources of a nonresident partner's income, the following conditions apply.
  - a. No consideration will be given to a provision in the partnership agreement that characterizes payments to the partner as being for services or for the use of capital, or allocates to the partner, as income or gain from sources outside Utah, a greater portion of his distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside Utah to partnership income or gain from all sources, except as provided in 5 below.
  - b. No consideration will be given to a provision in the partnership agreement that allocates to the partner a greater portion of a partnership item, loss or deduction connected with sources in Utah than his proportionate share, for federal income tax purposes, of partnership loss or deduction generally, except as provided in 5 below.
3. Any modification (such as for U.S. government bond interest) that relates to an item of partnership income, gain, loss or deduction, shall be made in accordance with the partner's distributive share for federal income tax purposes of the item to which the modification relates, but limited to the portion of such item derived from or connected with sources in Utah.
4. A nonresident partner's distributive share of items of income, gain, loss or deduction shall be determined as provided in *Character of Partnership Items*, paragraphs 1 and 2. The effect of a special provision in a partnership agreement, other than a provision referred to in 3 above, having as a principal purpose the avoidance or evasion of tax, shall be determined as provided in *Character of Partnership Items*, paragraph 3.

5. The Utah State Tax Commission may, on application, authorize the use of other methods of determining a nonresident partner's portion of a partnership item derived from or connected with sources in Utah, and the modification related thereto, as may be appropriate and equitable, on such terms and conditions as it may require.

## **Mineral Producers or Payers**

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

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

## **Utah Taxable Income**

Complete Schedule A to determine the Utah income or loss. If the partnership does business both within and outside of Utah, the portion of the partnership income attributable to Utah is determined by first completing Schedule B, and then Schedule A.

## **Modifications**

Modifications may be needed to determine the Utah taxable income of a partner. See *Character of Partnership Items* and *Nonresident or Part-year Resident Share of Partnership Items*.

## **Additional Information**

Additional information concerning Utah income tax requirements as they affect partnerships and partnership returns are contained in the Utah Code, the rules of the Utah State Tax Commission, and Publication 68, *Pass-through Entity Withholding*.

# Instructions for TC-65 – Utah Partnership / Limited Liability Partnership / Limited Liability Company Return

## Filing Period

File using the 2010 return for calendar year 2010 and fiscal years beginning in 2010 and ending in 2011. If the return is for a fiscal year or a short tax year (less than 12 months), fill in the tax year space at the top of the form.

## Partnership Name and Address Area

Enter on the TC-65 the partnership 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 *Partnership Changes* on page 2.

## ZIP Code

Enter your ZIP Code, including the “plus four” at the end.

## Foreign Country

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. Enter only the foreign country name in the “Foreign country” field. This is a Postal Service requirement.

## Employer Identification Number

Utah uses the Federal Employer Identification Number (EIN) as the partnership’s taxpayer identification number with the state. Enter the EIN in the field indicated.

## 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](http://tax.utah.gov/forms).

Amend your return if:

- you discover an error on your Utah or federal return after it has been filed, or
- your federal return is audited or adjusted by the IRS and the audit or adjustment affects your Utah return. You must amend your Utah return within 90 days of the IRS’s final determination.

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

## Reason-for-Amending Codes

- 1 You filed an amended federal return with the IRS. Attach a copy of your amended federal return.
- 2 You made an error on your Utah return. Attach an explanation of the error.
- 3 Your federal return was changed by an IRS audit or adjustment and it affects your Utah return. Attach a copy of the IRS adjustment.
- 4 Other. Attach an explanation to your return.

Enter the corrected figures on the return and/or schedules. Enter all other amounts as shown on your original return. If you received a refund on your original Utah return, subtract the previous refund (exclude refund interest) from the amount of any tax paid with the original return and/or subsequent payment of the tax prior to filing the amended return. Enter the net amount on line 5. 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 your amended return.

## Federal Form 8886

If you filed federal Form 8886, *Reportable Transaction Disclosure Statement*, with the Internal Revenue Service, enter an “X” at the top of your TC-65, where indicated.

## Entity Type

Mark “X” by the type of entity for which the return is being filed:

- General partnership
- Limited partnership
- Limited liability partnership
- Limited liability company
- Other (enter brief description)

## Line-by-Line Instructions

### Line 1 – Date Registered in Utah

Enter the date the partnership was registered in Utah (in mm/dd/yyyy format).

### Line 2 – Date Dissolved

If the partnership was dissolved during the tax year, enter the date of dissolution of the partnership (in mm/dd/yyyy format).

### Line 3 – Total Pass-through Withholding Tax

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

This pass-through withholding tax **must** be paid to the Tax Commission by the original due date of the return, without regard to extensions. Use form TC-559, *Tax Payment Coupon for Utah Corporation/Partnership*.

#### **Line 4 – Prepayments Made for the Year**

Credit is allowed for advance payments made as quarterly estimated tax payments, prepayments and extension payments (form TC-559). Include any overpayments from a prior year that were applied to this year.

#### **Line 5 – Amended Returns Only**

This line is only used 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 6 – Total Payments**

Enter the total of lines 4 and 5.

#### **Line 7 – Tax Due**

If line 3 is larger than line 6, subtract line 6 from line 3.

#### **Line 8 – Penalties and Interest**

Enter any penalties and interest that apply to this return.

#### **Line 9 – Pay This Amount**

Add lines 7 and 8. 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. See *Payment Options* below for information on making payments.

#### **Line 10 – Overpayment**

If line 6 is larger than line 3, subtract line 3 from line 6.

#### **Line 11 – Amount of Overpayment to be Applied to Next Taxable Year**

All or part of any overpayment shown on line 10 may be applied as an advance payment for the next tax year. Enter the amount to be applied (may not exceed the overpayment on line 10).

#### **Line 12 – Refund**

Subtract line 11 from line 10. This is the amount to be refunded to you.

## **Signature and Date Line**

Sign and date the return. A refund will not be allowed without a signature.

In the case of a partnership, LP or LLP, a general partner must sign the return. In the case of an LLC, a member must sign the return, or if the LLC has vested management in a manager or managers, a manager must sign the return. If receivers, trustees in bankruptcy or assignees are operating the property or business of the partnership/LP/LLP/LLC, then the receiver, trustee or assignee must sign the return.

## **Paid Preparer Authorization**

If the partnership wants to allow the Tax Commission to discuss their 2010 return with the paid preparer who signed it, enter an "X" in the box to the right 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 partnership 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 partnership 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 at [tax.utah.gov/forms](http://tax.utah.gov/forms).

The authorization will automatically end no later than the due date (without regard to extensions) for filing the entity's 2011 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 PTIN in the section below the authorized representative's signature on the return.

## **Preparer Penalties (UC §59-1-401(11))**

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).

## **Payment Options**

You may pay your tax online with a credit card or an electronic check (ACH debit). You may pay in full or make partial payments throughout the year. Online payments may include a service fee. Follow the instructions at [taxexpress.utah.gov](http://taxexpress.utah.gov).

You may also mail your check or money order payable to the Utah State Tax Commission with your return. Write the partnership employer identification number, daytime telephone number and "2010 TC-65" on your check. **DO NOT STAPLE check to 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-544 coupon on page 17 with your payment.**

Mail your return, payment and coupon (if applicable) to the Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0270. If mailing your payment separate from your return, include form TC-544, *Partnership Tax Payment Coupon*, but do **NOT** send another copy of your tax return with your payment. Doing so may delay posting of your payment.

## Pay Plan Request

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

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

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

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

# Instructions for Schedule A — Utah Taxable Income

## Line 1 – Net Income (Loss)

Enter the net income (loss) from the federal form 1065, Schedule K, Analysis of Net Income (Loss), line 1.

**Note:** This is not line 1 of Schedule K for ordinary business income (loss).

## Line 2 – Contributions

Enter the charitable contributions shown on the federal form 1065, Schedule K, line 13a.

## Line 3 – Foreign Taxes

Enter the amount of foreign taxes deducted on federal form 1065, Schedule K, line 16l.

## Line 4 – Recapture of Section 179 Deduction

Enter the gain or loss on the sale, exchange or other disposition of property for which a section 179 expense deduction has been passed through to partners and reported on federal Schedule K, line 20c, code "M."

## Line 5 – Total Income

Add the amounts on lines 1 through 4.

## Line 6 – Total Guaranteed Payments to Partners

Enter the total guaranteed payments made to partners as reported on the federal partnership return, Form 1065, Schedule K, line 4.

## Line 7 – Health Insurance Included in Guaranteed Payments

Enter the total of any health insurance included in the guaranteed payments reported on line 6. This amount should equal the total of the amounts paid during the taxable year for insurance that constitutes medical care for the partner (including the partner's spouse and dependents) and reported on federal Schedule K line 13d and federal Schedule K-1, line 13, using code M.

## Line 8 – Net Guaranteed Payments to Partners

Subtract the health insurance on line 7 from the guaranteed payments on line 6. This amount should agree with the amount reported on the federal partnership return, Form 1065, Schedule M-1, line 3.

## Line 9 – Total Portfolio Income

Enter the total of all portfolio income. Deductions attributable to portfolio income are reported as "other deductions" on federal Schedule K line 13d and federal Schedule K-1 line 13, using codes I, K or L, and should not be subtracted from portfolio income on this line.

Portfolio income is attributable to the resident state.

Generally, portfolio income includes all gross income, other than income derived in the ordinary course of a trade or business, that is attributable to interest; dividends; royalties; income from a real estate investment trust, a regulated investment company, a real estate mortgage investment conduit, a common trust fund, a controlled foreign corporation, a qualified electing fund, or a cooperative; income from the disposition of property that produces income of a type defined as portfolio income; and income from the disposition of property held for investment. See IRS Form 1065 for further explanation and examples, and see *Nonresident or Part-year Resident Share of Partnership Items* in the General Instructions on page 3.

#### **Line 10 – Utah Nonbusiness Income**

Enter the Utah nonbusiness income net of expenses. To calculate this amount, use form TC-20, Schedule H, available at [tax.utah.gov/forms](http://tax.utah.gov/forms). Enter the amount from line 13 of Schedule H. Attach a copy of the Schedule H to your partnership return.

**Note:** Do not include as nonbusiness income any income reported on line 9 as portfolio income.

#### **Line 11 – Non-Utah Nonbusiness Income**

Enter the non-Utah nonbusiness income net of expenses. To calculate this amount, use form TC-20, Schedule H, available at [tax.utah.gov/forms](http://tax.utah.gov/forms). Enter the amount from line 26 of Schedule H. Attach a copy of the Schedule H to your partnership return.

**Note:** Do not include as nonbusiness income any income reported on line 9 as portfolio income.

#### **Line 12 – Add Lines 8 through 11**

Add the amounts on lines 8 through 11.

#### **Line 13 – Apportionable Income (Loss)**

Subtract line 12 from line 5.

#### **Line 14 – Apportionment Fraction (Decimal)**

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

#### **Line 15 – Utah Apportioned Business Income (Loss)**

Multiply the amount on line 13 by the apportionment fraction on line 14.

#### **Line 16 – Total Utah Income Allocated to Pass-through Entity Taxpayers**

Add line 10 and line 15.

## **Instructions for Schedule B — Apportionment Schedule**

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

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 (decimal) is to be applied to the apportionable income (or loss) on Schedule A 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 is made by entering an “X” in the box on line 9 and completing lines 10 through 12 on Schedule B.

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 this partnership’s property, payroll and sales factors must be computed on the basis of the partnership’s ownership interest in the other 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 partnership is valued at its original cost. Property rented by the partnership is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the partnership less the annual rental rate received by the partnership from sub-rentals.

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 partnership’s property.

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

Enter totals of lines 1a through 1e in the respective columns of 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 of line 3a.

### **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.

Partnerships 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.

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 partnership is not taxable in the state of the purchaser.

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

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 Election**

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 the apportionment fraction (decimal) here and on Schedule A, line 14, if not electing the double-weighted sales factor below.

### **Double-Weighted Sales Factor Formula Election**

You may elect to give double-weight to the sales factor in the apportionment calculation. 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 the double-weighted sales factor.

### **Line 10 – Doubled 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 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, line 14.

**Specialized Apportionment Law and Rules**

Specialized apportionment procedures apply for:

- Trucking Companies (R865-6F-19)
- Railroads (R865-6F-29)

- Publishing Companies (R865-6F-31)
- Financial Institutions (R865-6F-32)
- Telecommunication (R865-6F-33)
- Registered Securities or Commodities or Broker or Dealer (R865-6F-36)
- Airlines (UC §§59-7-312 thru 319)
- Sale of Management, Distribution or Administration Services to or on behalf of a Regulated Investment Company (UC §59-7-319(5))

## Instructions for Schedule K – Partners’ Distributive Share Items

Attach the Utah TC-65, Schedule K to show the partnership’s income, gains, losses, deductions, and Utah credits that are distributed to the partners.

**Number of Schedules K-1 attached to this return**

Enter the number of Utah Schedules K-1 that are attached to this return and issued to partners or members.

**Line 1 – Ordinary Business Income (Loss)**

Enter in the first column the federal ordinary business income (loss) from line 1 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 2 – Net Rental Real Estate Income (Loss)**

Enter in the first column the federal net rental real estate income (loss) from line 2 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 3 – Other Net Rental Income (Loss)**

Enter in the first column the federal other net rental income (loss) from line 3 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 4 – Guaranteed Payments**

Enter in the first column the total federal guaranteed payments from line 4 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 5 – U.S. Government Interest Income**

Enter in the first column the federal U.S. government interest income included in line 5 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 6 – Other Interest Income**

Enter in the first column the federal interest income from line 5 of the federal Schedule K, minus the amount of U.S. government interest reported on line 5 above. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 7 – Ordinary Dividends**

Enter in the first column the federal ordinary dividends from line 6a of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 8 – Royalties**

Enter in the first column the federal royalties from line 7 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 9 – Net Short-term Capital Gain (Loss)**

Enter in the first column the federal net short-term capital gain (loss) from line 8 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 10 – Net Long-term Capital Gain (Loss)**

Enter in the first column the federal net long-term capital gain (loss) from line 9a of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 11 – Net Section 1231 Gain (Loss)**

Enter in the first column the federal net section 1231 gain (loss) from line 10 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 12 – Recapture of Section 179 Deduction**

Enter in the first column the federal recapture of a benefit from a deduction under Section 179 from line 20c, codes “L” and “M” of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 13 – Other Income (Loss)**

Enter in the first column the federal other income (loss) from line 11 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1. Describe the type of income in the space provided.

**Line 14 – Section 179 Deduction**

Enter in the first column the federal section 179 deduction from line 12 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 15 – Contributions**

Enter in the first column the federal contributions from line 13a of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 16 – Foreign Taxes Paid or Accrued**

Enter in the first column the federal foreign taxes paid or accrued from line 16l of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

**Line 17 – Other Deductions**

Enter in the first column the federal other deductions from line 13 of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1. Describe the type of income in the space provided.

**Line 18 – Utah Nonrefundable Credits**

In the Utah column, enter the Utah nonrefundable credits being distributed to the partners. Describe the nonrefundable credit in the space provided, and enter the Utah code for the credit (see *Nonrefundable Credits*, below).

**Line 19 – Utah Refundable Credits**

In the Utah column, enter the Utah refundable credits being distributed to the partners. Describe the refundable credit in the space provided, and enter the Utah code for the credit (see *Refundable Credits* on page 13).

**Line 20 – Total Utah Tax Withheld on Behalf of All Partners**

In the Utah column, enter the total amount of Utah withholding tax withheld on behalf of all the partners who are pass-through entity taxpayers by the partnership, and for whom the waiver from withholding was not requested. This amount must match the total pass-through withholding tax on Schedule N, column I for all pass-through entity taxpayers who have Utah withholding tax withheld.

**Nonrefundable Credits – Codes and Instructions**

- 02 Qualified Sheltered Workshop Cash Contribution Credit
- 04 Capital Gain Transactions Credit
- 05 Clean Fuel Vehicle Credit (TC-40V)
- 06 Historic Preservation Tax Credit
- 07 Enterprise Zone Tax Credit
- 08 Low-Income Housing Tax Credit
- 10 Recycling Market Development Zone Credit (TC-40R)
- 12 Credit for Research Activities in Utah
- 13 Credit for Machinery and Equipment Used to Conduct Research
- 21 Renewable Residential Energy Systems Credit (TC-40E)
- 24 Qualifying Solar Project Credit

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

Cash contributions made in 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 partner must list the qualified workshop name on their return to claim the credit. Enter this name on Schedules K and K-1.

Contact the Contract Administrator, Division of Services for People with Disabilities, 195 N 1950 W, SLC, UT 84116, 801-538-4200; or go to [www.dspd.utah.gov](http://www.dspd.utah.gov) for more information.

**(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.html](http://incometax.utah.gov/credits/capital-gains.html) or refer to UC §59-10-1022 for more information.

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

#### Calculation of Capital Gain Transactions Tax Credit

1. Eligible short-term or long-term capital gain \$ \_\_\_\_\_
2. Multiply line 1 by 5% (.05). This is the credit. \$ \_\_\_\_\_

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

This credit is available for the following four conditions:

1. you purchase a new vehicle that meets air quality and fuel economy standards;
2. you purchase a qualified vehicle fueled by compressed natural gas;
3. you purchase equipment to convert a vehicle to run on propane, natural gas, electricity, or other approved fuel; and
4. you purchase equipment to convert a special mobile equipment engine to operate on propane, natural gas, electricity, or other approved fuel.

The credit may only be claimed once per vehicle. See instructions on form TC-40V for more information.

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

To obtain form TC-40V, approval, and for more information, contact:

Division of Air Quality  
195 N 1950 W  
PO Box 144820  
SLC, UT 84114-4820  
801-536-4000  
[www.cleanfuels.utah.gov/taxcredits/taxcreditsintro.htm](http://www.cleanfuels.utah.gov/taxcredits/taxcreditsintro.htm)

#### (06) Historic Preservation Tax 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.

Contact:

State Historic Preservation Office  
300 S Rio Grande St  
SLC, UT 84101  
801-533-3500  
[history.utah.gov/historic\\_buildings/financial\\_assistance/index.html](http://history.utah.gov/historic_buildings/financial_assistance/index.html)

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

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

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

If enterprise zone credits are being taken based on your ownership in a partnership or S corporation, you must allocate the credits as determined under IRC §704.

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

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](http://goed.utah.gov/incentives/enterprise_zones)

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

Individuals sharing in the credit must obtain form TC-40TCAC, *Utah Low-Income Housing Tax Credit Allocation Certification*, and complete form TC-40LI, *Summary of Utah Low-Income Housing Tax Credit*. Do not send these forms with your return. Keep the forms and all related documents with your records.

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

This credit is an amount determined by the Utah Housing Corporation for owners of a low-income housing project who have received an allocation of the federal low-income housing tax credit.

When this credit applies, the project owner will provide form TC-40TCAC (issued by the Utah Housing Corporation) to the taxpayer.

For more information, contact:

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

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

An individual or business may not claim the recycling market development zone credit or carry it forward into a year the individual or business has claimed either the enterprise zone credit (nonrefundable credit, code 07) or the targeted business tax credit (refundable credit, code 40).

**The Recycling Market Development Zone Tax Credit has been repealed for qualified machinery or equipment purchased or for other qualified expenditures made after June 30, 2010.**

The credit is available to 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.

To obtain form TC-40R, 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/relocate/incentives](http://goed.utah.gov/relocate/incentives)

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

The credit is:

1. 5% of your qualified expenses for increasing research activities in Utah above a base amount,
2. 5% of certain payments made to a qualified organization increasing basic research in Utah above a base amount, and
3. 9.2% of your qualified research expenses for a taxable year beginning in 2010.

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

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

The credit is:

1. 6% of the cost of machinery or equipment used primarily to conduct qualified research in Utah for 12 or more consecutive months, and
2. 6% of the cost of machinery or equipment donated to a qualified organization and used primarily to conduct basic research in Utah for 12 or more consecutive months.

If machinery or equipment for which this credit was claimed is used for less than 12 consecutive months for qualified research, an amended return must be filed for the year the credit was claimed, the credit deleted from the return, and any increase in tax paid. See amended return instructions on page 4.

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

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

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

Form TC-40E, *Renewable Residential and Commercial Energy Systems Tax Credits*, must be obtained from the Utah Geological Survey with their certification stamp, verifying the credit 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.

For more information, contact:

Utah Geological Survey (UGS)  
1594 W North Temple  
Box 146100  
SLC, UT 84114-6100  
801-537-3300  
[geology.utah.gov/sep/incentives/index.htm](http://geology.utah.gov/sep/incentives/index.htm)

**(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 (as defined in UC §59-10-1024), up to a maximum credit of \$2,000. This credit is in addition to any other energy credit you claim.

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 and for the benefit of one or more residential units, and is sold to the taxpayer in exchange for a credit on the taxpayer's electrical bill.

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

**Calculation of Qualifying Solar Project Credit**

- |                                      |         |
|--------------------------------------|---------|
| 1. Amount paid for solar unit(s)     | \$_____ |
| 2. Multiply line 1 by 25% (.25)      | \$_____ |
| 3. Maximum allowable credit          | \$2,000 |
| 4. Enter lesser of line 2 or line 3. | \$_____ |

This is your credit.

Contact your city or electrical utility provider or see UC §59-10-1024 for more information.

## Refundable Credits – Codes and Instructions

- 36 Previous Pass-through Entity Withholding Tax
- 39 Renewable Commercial Energy Systems Credit (TC-40E)
- 40 Targeted Business Tax Credit (TC-40TB)
- 46 Mineral Production Withholding Tax Credit (TC-675R)
- 47 Agricultural Off-highway Gas/Undyed Diesel Fuel Credit
- 48 Farm Operation Hand Tools Credit

### (36) Previous Pass-through Entity Withholding tax (UC §59-10-1103)

If this partnership has an interest in a partnership, LLP or LLC (pass-through entity), the other partnership, LLP or LLC is required to withhold Utah income tax on any income attributable to this partnership. The pass-through entity must provide a Utah Schedule K-1 showing the amount of Utah withholding paid on behalf of this partnership.

This pass-through entity withholding tax is then distributed to the partners of this partnership. Enter and allocate the total previous pass-through entity withholding tax using code 36.

Attach copies of Utah Schedule K-1(s) to the return to receive proper credit.

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

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:

Utah Geological Survey (UGS)  
1594 W North Temple  
Box 146100  
Salt Lake City, UT 84114-6100  
801-537-3300  
[geology.utah.gov/sep/incentives/index.htm](http://geology.utah.gov/sep/incentives/index.htm)

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

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

A credit is available to businesses providing a community investment project as defined in UC §§63M-1-501 through 63M-1-503. Get a certified copy of form TC-40TB, *Targeted Business Tax Credit*. Keep this form and all related documents with your records.

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

Governor's Office of Economic Development  
324 S State St., Suite 500  
Salt Lake City, UT 84111  
801-538-8804  
[goed.utah.gov/incentives/enterprise\\_zones](http://goed.utah.gov/incentives/enterprise_zones)

### (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 Utah Schedule K-1(s) for the tax year. For a fiscal year corporation, the credit is reported on the partnership 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 Utah Schedule K-1(s) to the return to receive proper credit.

### (47) Agricultural Off-Highway Gas/Undyed Diesel Fuel 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.

Activities that do not qualify for this credit include (but are not limited to) the following: golf courses, horse racing, boat operations, highway seeding, vehicles registered for highway use, hobbies, and personal farming.

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 §59-10-1105)

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.

# Instructions for Schedule K-1 – Partner’s Share of Utah Income, Deductions and Credits

Complete a Utah TC-65, Schedule K-1 for each partner, showing the share of income, gains, losses, deductions, and Utah credits that are distributed to the partner.

## Partnership Information

- Line A – Enter the partnership’s federal identification number
- Line B – Enter the complete name and address of the partnership

## Partner Information

- Line C – Enter the partner’s social security or federal employer identification number
- Line D – Enter the partner’s complete name and address
- Line E – Enter the partner’s telephone number
- Line F – Enter the percent of ownership the partner has in the partnership
- Line G – Enter an “X” if the partner is a limited partner or limited member.
- Line H – Enter the code identifying the type of entity the partner is. The codes are printed on Schedule K-1.
- Line I – Enter the date the partner affiliated with this partnership, and the date of withdrawal if the partner is no longer a member of this partnership, if applicable.

## Other Information

Enter any additional information or explanation of entries needed by the partner in order to complete the partner’s individual Utah return.

### Line 1 – Utah Ordinary Business Income (Loss)

Enter each partner’s distributive share of Utah ordinary business income (loss) as reported on the Utah Schedule A, line 16, less any amount reported on their Utah Schedule K-1, lines 2 through 13, less the sum of lines 14 and 17.

### Line 2 – Utah Net Rental Real Estate Income (Loss)

Enter each partner’s distributive share of Utah net rental real estate income (loss) included in the amount reported on the Utah Schedule A, line 16.

### Line 3 – Utah Other Net Rental Income (Loss)

Enter each partner’s distributive share of Utah other net rental income (loss) included in the amount reported on the Utah Schedule A, line 16.

### Line 4 – Utah Guaranteed Payments

Enter the partner’s guaranteed payment, if any. If the partner is a nonresident, enter the guaranteed payment attributable to Utah source income, if any.

### Line 5 – Utah U.S. Government Interest Income

Enter each partner’s distributive share of Utah U.S. government interest income included in the amount reported on the Utah Schedule A, line 16.

### Line 6 – Utah Other Interest Income

Enter each partner’s distributive share of Utah other interest income included in the amount reported on the Utah Schedule A, line 16.

### Line 7 – Utah Ordinary Dividends

Enter each partner’s distributive share of Utah ordinary dividends included in the amount reported on the Utah Schedule A, line 16.

### Line 8 – Utah Royalties

Enter each partner’s distributive share of Utah royalties included in the amount reported on the Utah Schedule A, line 16.

### Line 9 – Utah Net Short-term Capital Gain (Loss)

Enter each partner’s distributive share of Utah net short-term capital gain (loss) included in the amount reported on the Utah Schedule A, line 16.

### Line 10 – Utah Net Long-term Capital Gain (Loss)

Enter each partner’s distributive share of Utah net long-term capital gain (loss) included in the amount reported on the Utah Schedule A, line 16.

### Line 11 – Utah Net Section 1231 Gain (Loss)

Enter each partner’s distributive share of Utah net section 1231 gain (loss) included in the amount reported on the Utah Schedule A, line 16.

### Line 12 – Recapture of Section 179 Deduction

Enter each partner’s distributive share of any recapture of a Section 179 deduction included in the amount reported on the Utah Schedule A, line 4.

### Line 13 – Utah Other Income (Loss)

Enter each partner’s distributive share of Utah other income (loss) included in the amount reported on the Utah Schedule A, line 16. Enter the description as shown on the Schedule K in the space provided.

### Line 14 – Utah Section 179 Deduction

Enter each partner’s distributive share of Utah section 179 deduction included in the amount reported on the Utah Schedule A, line 16.

### Line 15 – Utah Contributions

Enter each partner’s distributive share of any contributions included in the amount reported on the Utah Schedule A, line 2.

### Line 16 – Foreign Taxes Paid or Accrued

Enter each partner's distributive share of any foreign taxes paid or accrued included in the amount reported on the Utah Schedule A, line 3.

**Line 17 – Utah Other Deductions**

Enter each partner's distributive share of Utah other deductions included in the amount reported on the Utah Schedule A, line 16. Enter the description as shown on the Schedule K in the space provided.

**Line 18 – Utah Nonrefundable Credits**

Enter each partner's distributive share of Utah nonrefundable credits as reported on the Utah Schedule K, line 18. Also enter the description and the Utah nonrefundable credit code as shown on the Schedule K.

**Line 19 – Utah Refundable Credits**

Enter each partner's distributive share of Utah refundable credits as reported on the Utah Schedule K, line 19. Also enter the description and the Utah refundable credit code as shown on the Schedule K.

**Line 20 – Utah Tax Withheld on Behalf of Partner**

Enter the amount of Utah withholding tax withheld on behalf of this partner if treated as a pass-through entity taxpayer and calculated on Schedule N, and for whom the waiver from withholding was not requested (see instructions below). This amount will be claimed on the partner's individual Utah return.

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

**Provide each partner/member a copy of their Utah Schedule K-1.**

## Instructions for Schedule N — Pass-through Entity Withholding Tax

The partnership, as a pass-through entity, must pay or withhold tax on behalf of each nonresident individual partner and each resident or nonresident business partner (collectively referred to as pass-through entity taxpayers) unless a withholding waiver request is made (see below). A partnership is not required to withhold on a partner that is exempt from the tax under UC §59-7-102(1)(a). A publicly traded partnership meeting the requirements of UC §59-10-1403.2(1)(b) does not have to withhold Utah tax on its partners.

A partner's share of taxable income is based on the percent determined in the partnership agreement for the partner on the last day of the partnership filing period, unless there was a change in ownership during the filing period. If there was a change in partners during the year, each partner's percentage of income is prorated by the number of days the interest was owned during the filing period.

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

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

Partnerships having partners for whom withholding is required must complete Schedule N showing the amount of Utah income attributable to the partner, the amount of Utah tax on such income (5%), any Utah mineral production withholding tax and previous Utah pass-through entity withholding tax credited to the partners, and the net amount of withholding tax this partnership must pay on behalf of such partners. Use additional forms TC-65, Schedule N, if needed,

### Withholding Waiver Request (UC §59-10-1403.2(5))

You may request a waiver from the requirement to withhold Utah income tax on pass-through entity taxpayers by entering a "1" in the box if the waiver is for **all** partners, or a "2" if the waiver is for only certain partners. Also enter an "X" on line B and a "0" in column F for each partner for whom the waiver is requested.

**Requesting the waiver for all or specific partners does not relieve the partnership from the responsibility for the payment of Utah tax on the distribution to partners if the partners do not pay. If the partner or partners for whom you requested 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.**

**Line A – Name of Partner  
(Pass-through Entity Taxpayer)**

Enter the name of each nonresident individual partner, or resident or nonresident business partner (referred to as a pass-through entity taxpayer).

**Line B – Withholding Waiver for this Partner**  
If you entered either a “1” or a “2” in the **Withholding Waiver Request** box at the top of the Schedule N, enter an “X” on line B if this partner is included in the waiver request.

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

**Line C – SSN/EIN of Partner**  
Enter the social security number (SSN) of each nonresident individual partner, or the federal employer identification number (EIN) of each resident or nonresident business partner.

**Line D – Percent of Income or Ownership for Partner**  
Enter the percent of income for each partner based on the partnership agreement, or the percent of ownership in the partnership by each partner, to four decimal places. You must enter either the percent of income or the percent of ownership in the partnership for all partners; do not mix the percentages. See Utah Rule R865-91-13.

**Line E – 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 multiplying the amount on Schedule A, line 16 by each pass-through entity taxpayer’s percentage shown on line D (or in accordance with the partnership agreement, if different). If the partner received a guaranteed payment attributable to Utah source income, include that guaranteed payment (other than any health insurance included in the guaranteed payment) in the amount reported on line E. Utah pass-through withholding tax must include that payment.

**Line F – 5% of Income**  
Multiply the amount of income attributable to Utah for each pass-through entity taxpayer (line E) by 5%. If the amount on line E is a loss, enter “0”. Also enter “0” if the waiver request has been requested for this partner (box B checked).

**Line G – Mineral Production Withholding Credit**  
Enter the amount of any mineral production withholding tax allocated by the partnership 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 partner on Schedule N. The credit should also be reported on line 19 of Schedule K-1 for this partner.

**Line H – Previous Pass-through Entity Withholding Tax**

Enter the amount of any pass-through entity withholding tax paid by a previous pass-through entity, attributable to this partnership, and allocated to the pass-through entity taxpayer of this partnership. The credit for previous pass-through entity withholding tax reduces the amount of Utah withholding tax calculated for this partner on Schedule N. The credit should also be reported on line 19 of Schedule K-1 for this partner.

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

The pass-through entity withholding tax shown in column I is the withholding tax this partnership must withhold or pay on behalf of the pass-through entity taxpayer. Report this withholding tax on line 20 of Utah Schedule K-1 given to the partner.

**Total Pass-through Entity Withholding**  
Add the pass-through withholding in column I for all partners. Enter this total at the bottom of the Schedule N and carry it over to TC-65, line 3 and to Schedule K, line 20.

## Pass-through Withholding Tax Calculation Summary

The Utah withholding tax for partners who are pass-through entity taxpayers and for whom the waiver is not requested is calculated as follows:

1. Line E – Enter the income attributable to Utah for the partner and any Utah-source guaranteed payment (other than health insurance).
2. Line F – Multiply the income on line E by the Utah tax rate of 5% (.05).
3. Line G – Enter any Utah mineral production withholding tax allocated to this partner and which is used to reduce the amount of Utah withholding tax calculated.
4. Line H – Enter any previous Utah withholding tax passed-through to this partnership by a previous pass-through entity and allocated to this partner, and which is used to reduce the amount of Utah withholding tax calculated.
5. Line I – Enter the tax on line F less the sum of the allocated Utah mineral production withholding tax on line G and the previous pass-through withholding tax in column H. This is the pass-through withholding tax that must be paid by the partnership on behalf of the partner. Do not enter an amount less than zero.

# Partnership Return Payment Coupon

TC-544

## Use of Payment Coupon

If you have a tax due balance on your Utah partnership return and you have previously filed your return (either electronically or by paper) 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 partnership 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 partnership 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 partnership taxes. Use form TC-559.

## Electronic Payment

You may pay your tax online at [taxexpress.utah.gov](http://taxexpress.utah.gov).

## When to Pay

If you are paying the withholding tax withheld or paid on behalf of pass-through entity taxpayers (partners/members), you must pay by the original due date of the return (without regard to extensions) to avoid penalties and interest.

## 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 partnership, address, daytime telephone number and the year the payment is for on your check or money order.

## Sending the Payment Coupon

If sending this payment coupon separate from your partnership 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 84134-0270

 Separate and return only the bottom portion.

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## Partnership Return Payment Coupon, TC-544

Federal EIN

Taxable Year Ending (mm/dd/yyyy)

Name of partnership		
Address		
City	State	ZIP Code

Amount Paid:

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

USTC use only

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

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