



**Utah**  
**2013**

**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

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## E-Filing is Easier!

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

## Utah is Online

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

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

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

### → [tax.utah.gov](http://tax.utah.gov)

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



## 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](http://www.dhs.gov/E-Verify).

## 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](http://tax.utah.gov/contact) 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](mailto:taxpayeradvocate@utah.gov).

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

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### Need more information?

See Pub 68, *Pass-through Entity Withholding*, at [tax.utah.gov/forms](http://tax.utah.gov/forms).

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

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

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

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

# General Instructions and Information

## What's New

- **Apportionment Fraction for “Sales Factor Weighted Taxpayers.”** For tax years beginning in 2013, the calculation of the apportionment fraction on TC-20, Schedule J has changed to consider only the sales factor that is for a business that is a sales factor weighted taxpayer. See *Sales Factor Weighted Taxpayers* on page 12.

## Reminder

**TC-250:** List all nonrefundable and refundable credits received from an upper-tier pass-through entity on a Utah Schedule K-1, as well as any mineral production withholding tax credit received on a form TC-675R.

## 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

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

## Pass-through Entity Taxpayer

A pass-through entity taxpayer is any entity which has income, gains, losses, deductions and/or credits passed to it from a pass-through entity (e.g., an individual who is a partner in a partnership, or a partnership which is a partner in another partnership).

## Filing Requirements

A partnership or other entity treated as a partnership for federal tax purposes, all of whose partners or members are Utah resident individuals, is not required to file a Utah return, TC-65, if:

- it is not a pass-through entity taxpayer, and

- it maintains records that show each partner's or member's share of income, losses, credits, and other distributive items, and those records are made available to the Tax Commission upon request.

A partnership or other entity treated as a partnership for federal tax purposes with any partners or members who are not Utah resident individuals or that is itself a pass-through entity taxpayer is required to file a TC-65.

## Pass-through Entity Withholding Requirements

Partnerships and business entities treated as partnerships are considered pass-through entities (see UC §59-10-1402(10)) and, for tax years beginning on or after Jan. 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(11)). A partnership is not required to withhold on a partner that is exempt from tax under UC §59-7-102(1)(a) or §59-10-104.1, or if the pass-through entity is a plan under IRC Sections 401, 408 or 457 and is not required to file a return under UC Chapter 7, or is a publicly traded partnership as defined under UC §59-1403.2(1)(b)(iii).

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 tax allocated 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 22 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 allocated to this partnership. The other partnership must provide a Utah Schedule K-1 showing the amount of Utah withholding tax paid on behalf of this partnership. This withholding tax must be reported on TC-250 and then allocated to the partners of this partnership 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 Identification Number

Utah uses the Federal Employer Identification Number (EIN) as the partnership's identification number with the state. Enter the EIN in the proper field. This number is used for identification of the partnership tax return.

## 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 Records  
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 Records 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

You may also pay any tax due electronically at [taxexpress.utah.gov](http://taxexpress.utah.gov).

## 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 tax from 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/penalties-interest](http://tax.utah.gov/billing/penalties-interest) 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 2014 calendar year is **2 percent**.

For more information, get Pub 58, *Utah Interest and Penalties*, 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, H, J, K, N, and/or TC-250. Also attach 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 (Loss)

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.

## Utah 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 TC-20, Schedule J, and then Schedule A.

## Business Income

Business income means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. See UC §59-7-302(1)(d).

Business income apportioned to Utah is subject to the pass-through entity withholding requirements.

## Nonbusiness Income

Nonbusiness income means all income other than business income. See UC §59-7-302(1)(h).

## Portfolio Income

Portfolio income may be either business or nonbusiness income.

For purposes of pass-through entities, generally, portfolio income includes all gross income, other than income derived in the ordinary course of a trade or business and Utah nonbusiness income taxable on the Utah return of a pass-through entity taxpayer.

Portfolio income may include:

- interest;
- dividends;
- royalties;
- income from the disposition of property that produces income of a type defined as portfolio income;
- income from the disposition of property held for investment; and
- 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.

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

**Example:** Interest and dividends may be considered portfolio income if the pass-through entity had funds that were not used to further the trade or business and were invested and generated interest or dividends. Interest and dividends are not considered portfolio income if the entity's primary business activity is investing funds, such as with a brokerage firm.

Portfolio income is attributable to the partner's resident state.

## 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* below.

## 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.

If the partnership is the recipient of proceeds in connection with mineral properties located within Utah, the partnership should complete TC-250, Part 3, using code 46. Do not attach 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.

If the partnership is itself a pass-through entity taxpayer and receives a distribution of mineral production withholding tax from an upper-tier pass-through entity, enter the mineral production withholding tax allocated to this partnership on TC-250, Part 2, using code 46. Do not attach the Utah Schedule K-1 the partnership receives to this partnership return.

## **Mineral Producers or Payers**

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

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

## Filing Period

File using the 2013 return for calendar year 2013 and fiscal years beginning in 2013 and ending in 2014. If the return is for a fiscal year or a short tax year (less than 12 months), fill in the tax year beginning and end dates at the top of the form using the format mm/dd/yyyy.

## 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, without a hyphen.

## 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. Leave the State and ZIP Code fields blank. 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

**Note: Do not submit a copy of your original return with your amended return.**

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 7. A net refund should be entered as a negative amount (preceded by a minus sign).

## 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 the format mm/dd/yyyy.

### Line 2 – Date Dissolved

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

**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. Pay online at **taxexpress.utah.gov** or use form TC-559, *Corporation/Partnership Payment Coupon*. Prepayments are not required for pass-through withholding tax.

Do not include on this line any pass-through withholding tax credit received from another pass-through entity as reported on a Utah Schedule K-1 you received. Pass-through withholding tax credits received from other pass-through entities are entered on TC-250 and allocated to the partners/members on the Utah Schedule K-1.

**Line 4 – Utah Use Tax**

Use tax is a tax on goods and taxable services purchased for use, storage or other consumption in Utah. Use tax applies only if sales tax was not paid at the time of purchase. If you purchased an item from an out-of-state seller, including Internet, catalog, radio and TV purchases, and the seller did not collect sales tax on that purchase, you must pay the use tax directly to the Tax Commission.

If you have a Utah sales tax license/account, report the use tax on your sales tax return. If you do not have a Utah sales tax license/account, report the use tax on line 4 of TC-65.

You may take a credit for sales or use tax paid to another state (but not a foreign country). If the other state's tax rate is lower than Utah's, you must pay the difference. If the other state's tax rate is more than Utah's, no credit or refund is given. If sales tax was paid to more than one state, complete the worksheet on this page for each state. Add lines 8 on all worksheets and enter the total on line 4 of TC-65.

Sales and use tax rates vary throughout Utah. Use the chart on this page 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 Pub 25 online at **tax.utah.gov/forms** for more information.

**Line 5 – Total Tax**

Enter the total of lines 3 and 4.

**Line 6 – 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.

Do not include any pass-through withholding tax on this line. Pass-through withholding tax credit from a previous pass-through entity is entered on TC-250 and allocated to the partners/members on the Utah Schedule K-1.

|   |   |
|---|---|
| <b>.0595 Beaver County</b>  | <b>.0595 Piute County</b>   |
| .0695 Beaver City   | <b>.0595 Rich County</b>  |
| <b>.0595 Box Elder County</b>   | .0755 Garden City   |
| .0650 Brigham City, Perry, Willard  | <b>.0685 Salt Lake County</b>   |
| .0695 Snowville   | .0705 South Salt Lake   |
| <b>.0630 Cache County</b>   | .0835 Alta  |
| .0655 Cache Valley Transit, Hyde Park, Lewiston, Millville                            | <b>.0595 San Juan County</b>  |
| .0660 Hyrum, Logan, Nibley, N. Logan, Providence, Richmond, River Heights, Smithfield | .0635 Blanding, Monticello  |
| <b>.0595 Carbon County</b>  | <b>.0595 Sanpete County</b>   |
| .0625 Wellington  | .0605 Centerfield, Mayfield   |
| .0635 Price   | .0625 Ephraim, Fairview, Mt. Pleasant                                       |
| <b>.0695 Daggett County</b>   | .0635 Gunnison  |
| <b>.0650 Davis County</b>   | <b>.0595 Sevier County</b>  |
| .0660 Bountiful, Centerville, N. Salt Lake, W. Bountiful, Woods Cross                 | .0605 Aurora, Redmond   |
| <b>.0595 Duchesne County</b>  | .0635 Richfield, Salina   |
| .0605 Duchesne City   | <b>.0605 Summit County</b>  |
| .0635 Roosevelt   | .0635 Snyderville Basin Transit Park City                                   |
| <b>.0595 Emery County</b>   | <b>.0595 Tooele County</b>  |
| .0775 Green River   | .0625 Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park                 |
| <b>.0695 Garfield County</b>  | .0635 Tooele City   |
| .0795 Boulder, Panguitch, Tropic  | <b>.0605 Uintah County</b>  |
| .0805 Bryce Canyon  | .0635 Naples, Vernal  |
| <b>.0595 Grand County</b>   | <b>.0675 Utah County</b>  |
| .0785 Moab  | .0685 Cedar Hills, Orem   |
| <b>.0595 Iron County</b>  | <b>.0595 Wasatch County</b>   |
| .0605 Cedar City  | .0625 Heber   |
| .0795 Brian Head  | .0705 Independence  |
| <b>.0595 Juab County</b>  | .0735 Midway  |
| .0620 Santaquin South   | .0785 Park City East  |
| .0625 Nephi   | <b>.0595 Washington County</b>  |
| <b>.0695 Kane County</b>  | .0625 Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City |
| .0795 Kanab, Orderville   | .0755 Springdale  |
| <b>.0595 Millard County</b>   | <b>.0595 Wayne County</b>   |
| <b>.0595 Morgan County</b>  | <b>.0685 Weber County</b>   |
|   | .0705 Falcon Hill Riverdale, Riverdale                                      |

|   |              |
|---|--------------|
| 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" ..... | \$ _____     |



### Line 7 – 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 8 – Total Payments

Enter the total of lines 6 and 7.

### Line 9 – Tax Due

If line 5 is larger than line 8, subtract line 8 from line 5.

### Line 10 – Penalties and Interest

Enter any penalties and interest that apply to this return. See Pub 58, *Utah Interest and Penalties*.

### Line 11 – Total Due - Pay This Amount

Add lines 9 and 10. Pay online at [taxexpress.utah.gov](http://taxexpress.utah.gov). Or you may send a check or money order with your return (make 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. Complete the TC-544 coupon at the back of this book and send with your payment.

See *Payment Options* below for information about making payments.

### Line 12 – Overpayment

If line 8 is larger than the sum of line 5 and line 10, subtract the sum of line 5 and line 10 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 the 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.

## 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 2013 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. The authorization will automatically end no later than the due date (without regard to extensions) for filing the entity's 2014 tax return.

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). 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 "2013 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 25 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 the entire amount owed, you may request a pay plan online at [taxexpress.utah.gov](http://taxexpress.utah.gov). You may also call 801-297-7703 (or 1-800-662-4335 ext. 7703 outside the Salt Lake area), or complete form TC-804B, *Business Tax Payment Agreement Request*. Get forms online at [tax.utah.gov/forms](http://tax.utah.gov/forms). If approved, you will receive a letter or email 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.

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

## **Schedule A — Utah Taxable Income for Pass-through Entity Taxpayers Instructions**

### **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 13.

### **Line 3 – Foreign Taxes**

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

### **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 20, 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 included in line 1. Deductions attributable to portfolio income are reported as "other deductions" on federal Schedule K box 13d and federal Schedule K-1 box 13, using codes I, K or L, and should not be subtracted from portfolio income on this line.

Portfolio income is attributable to the partner's resident state.

Interest, dividends, royalties, etc., earned in the ordinary course of the trade or business of the partnership, are not portfolio income and should not be included on this line.

Example: Interest and dividends may be considered portfolio income if the pass-through entity had funds that were not used to further the trade or business and were invested and generated interest or dividends. Interest and dividends are not considered portfolio income if the entity's primary business activity is investing funds, such as with a brokerage firm.

Sales of Utah property and rents received on Utah property, if not part of the trade or business of the partnership, are considered Utah non-business income and included on line 10.

See the definition of *Portfolio Income* on page 3.

The following are examples of income which would be considered business income and not portfolio income and should not be included on line 9:

- Interest income on loans and investments made in the ordinary course of a trade or business of lending money.
- Interest income on accounts receivable arising from the performance of services or sales of property.
- Income from investments made in the ordinary course of a trade or business of furnishing insurance or annuity contracts or reinsuring risks underwritten by insurance companies.
- Income or gain derived in the ordinary course of an activity of trading or dealing in any property if such activity constitutes a trade or business (unless the dealer held the property for investment at any time before such income or gain is recognized).
- Royalties derived by the taxpayer in the ordinary course of a trade or business of licensing intangible property.
- Amounts included in gross income of a patron of a cooperative by reason of any payment or allocation to the patron based on patronage occurring with respect to a trade or business of the patron.

- Other income identified by the IRS as income derived by the taxpayer in the ordinary course of a trade or business.

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

Enter the Utah nonbusiness income net of expenses.

Sales of Utah property and rents received on Utah property, if not part of the trade or business income of the partnership, are considered Utah nonbusiness income.

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 14 of TC-20, Schedule H. Attach a copy of TC-20, 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 Net 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 28 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 TC-20, Schedule J, line 9, 13 or 14, 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.

# TC-20, Schedule H – Nonbusiness Income Net of Expenses Instructions

Complete TC-20, Schedule H to determine nonbusiness income allocated to Utah and outside Utah. All income that arises from the conduct of the trade or business operations of a taxpayer is business income.

**Nonbusiness income** means all income other than business income and will be narrowly construed. Intangible income must be properly classified and based upon factual evidence. The burden of proof is on the taxpayer to justify the manner in which the income is claimed on the return.

**Interest income** is business income where the intangible with respect to which the interest was received arises out of or was created in the regular course of the taxpayer's trade or business operations, or where the purpose for acquiring and holding the intangible is an integral, functional, or operative component of the taxpayer's trade or business operations, or otherwise materially contributes to the production of business income of the trade or business operations. See Tax Commission Rule R865-6F-8(2)(e)(iii).

**Dividends** are business income where the stock with respect to which the dividends were received arose out of or was acquired in the regular course of the taxpayer's trade or business operations or where the acquiring and holding of the stock is an integral, functional, or operative component of the taxpayer's trade or business operations, or otherwise materially contributes to the production of business income of the trade or business operations. See Rule R865-6F-8(2)(e)(iv).

**Gain or loss** from the sale, exchange, or other disposition of real property or of tangible or intangible personal property constitutes business income if the property while owned by the taxpayer was used in, or was otherwise included in the property factor of the taxpayer's trade or business. See Rule R865-6F-8(2)(e)(ii).

**Rental income** from real and tangible property is business income if the property with respect to which the rental income was received is or was used in the taxpayer's trade or business and therefore is includable in the property factor. See Rule R865-6F-8(2)(e)(i).

Complete TC-20, Schedule H as follows:

- Complete lines 1a through 14 if you are claiming only Utah nonbusiness income.
- Complete lines 15a through 28 if you are claiming only non-Utah nonbusiness income.
- Complete lines 1a through 28 if you are claiming both Utah and non-Utah nonbusiness income.

Use additional pages or supporting schedules in the same format, if necessary, to provide complete information, including a description of the business purpose for making the investment, the transactions creating the non-business income, and the use of revenues generated by the non-business investment.

## Utah Nonbusiness Income

### Lines 1a-1e – Utah Nonbusiness Income

Complete the information in each column and enter the gross Utah nonbusiness income from each class of income being specifically allocated. Use additional pages or supporting schedules in the same format, if necessary, to provide complete information about additional sources of Utah nonbusiness income.

### Line 2 – Total of Columns C and D

Enter the total of the amounts on lines 1a through 1e in column C and column D.

### Line 3 – Total Utah Nonbusiness Income

Enter the total of the amounts on lines 1a through 1e in column E.

### Lines 4a-4e – Direct Related Expenses

Describe and enter amounts of direct expenses on the same letter line as the corresponding Utah nonbusiness income is listed on lines 1a through 1e. Direct related expenses include wages, interest, depreciation, etc. (UC §59-7-101).

### Line 5 – Total Direct Related Expenses

Enter the sum of direct related expenses by adding lines 4a through 4e.

### Line 6 – Utah Nonbusiness Income Net of Direct Related Expenses

Subtract line 5 from line 3.

### Line 7 – Beginning-of-Year Assets

Enter in column A the total beginning-of-year value of assets used to produce Utah nonbusiness income from line 2, column C. Enter in column B the beginning-of-year value of your total assets. Include all assets in column B, including Utah assets.

### Line 8 – End-of-Year Assets

Enter in column A the total end-of-year value of assets used to produce Utah nonbusiness income from line 2, column D. Enter in column B the end-of-year value of your total assets. Include all assets in column B, including Utah assets.

### Line 9 – Sum of Beginning and Ending Asset Values

Add lines 7 and 8 for each respective column.

### Line 10 – Average Asset Value

Divide line 9 by 2 for each column.

### Line 11 – Utah Nonbusiness Asset Ratio

Divide line 10 column A by line 10 column B. Round the result to four decimal places. Do not enter a decimal greater than 1.0000 and do not enter a negative number.

**Line 12 – Interest Expense**

Enter the total amount of interest deducted on form 1065, line 15 and elsewhere on the federal return.

**Line 13 – Indirect Related Expenses for Utah Nonbusiness Income**

Multiply line 12 by the ratio on line 11.

**Line 14 – Total Utah Nonbusiness Income Net of Expenses**

Subtract line 13 from line 6. Enter amount here and on Schedule A, line 10.

**Non-Utah Nonbusiness Income****Lines 15a-15e – Non-Utah Nonbusiness Income**

Complete the information in each column and enter the gross non-Utah nonbusiness income from each class of income being specifically allocated. Use additional pages or supporting schedules in the same format, if necessary, to provide complete information about additional sources of non-Utah nonbusiness income.

**Line 16 – Total of Columns C and D**

Enter the total of the amounts on lines 15a through 15e in column C and column D.

**Line 17 – Total Non-Utah Nonbusiness Income**

Enter the total of the amounts on lines 15a through 15e in column E.

**Lines 18a-18e – Direct Related Expenses**

Describe and enter amounts of direct expenses on the same letter line as the corresponding non-Utah nonbusiness income listed on lines 15a through 15e. Direct related expenses include wages, interest, depreciation, etc. (UC §59-7-101).

**Line 19 – Total Direct Related Expenses**

Enter the sum of direct related expenses by adding lines 18a through 18e.

**Line 20 – Non-Utah Nonbusiness Income Net of Direct Related Expenses**

Subtract line 19 from line 17.

**Line 21 – Beginning-of-Year Assets**

Enter in column A the total beginning-of-year value of assets used to produce non-Utah nonbusiness income from line 16, column C. Enter in column B the beginning-of-year value of your total assets. Include all assets in column B, including Utah assets.

**Line 22 – End-of-Year Assets**

Enter in column A the total end-of-year value of assets used to produce non-Utah nonbusiness income from line 16, column D. Enter in column B the end-of-year value of your total assets. Include all assets in column B, including Utah assets.

**Line 23 – Sum of Beginning and Ending Asset Values**

Add lines 21 and 22 for each respective column.

**Line 24 – Average Asset Value**

Divide line 23 by 2 for each column.

**Line 25 – Non-Utah Nonbusiness Asset Ratio**

Divide line 24 column A by line 24 column B. Round the result to four decimal places. Do not enter a decimal greater than 1.0000 and do not enter a negative number.

**Line 26 – Interest Expense**

Enter the total amount of interest deducted on form 1065, line 15 and elsewhere on the federal return.

**Line 27 – Indirect Related Expenses for Non-Utah Nonbusiness Income**

Multiply line 26 by the ratio on line 25.

**Line 28 – Total Non-Utah Nonbusiness Income Net of Expenses**

Subtract line 27 from line 20. Enter amount here and on Schedule A, line 11.

# TC-20, Schedule J – Apportionment

## Schedule Instructions

Use TC-20, Schedule J to calculate the portion of the taxpayer's income attributable to Utah, if the taxpayer does business both within and outside of Utah.

Complete TC-20, Schedule J to determine the apportionment fraction (decimal). The factors express a ratio for tangible property in Utah to total tangible property everywhere, for wages and salaries in Utah to total wages and salaries everywhere, and for sales in Utah to total sales everywhere. These factors or ratios are used to arrive at the Utah apportionment fraction calculated to **six decimals**. This fraction (decimal) is then 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, use the number of factors present to determine the Utah apportionment fraction.

A taxpayer who is a partner in a partnership must include their pro rata share of the partnership's property, payroll and sales in their calculation of the apportionment factor on TC-20, Schedule J, page 1.

If an entity holds direct and indirect ownership interests in tiered partnerships, it must include its pro rata share of the apportionment factors (property, payroll and sales) of the partnerships, applying the respective ownership percentages. For example, an entity that holds 50 percent interest in Partnership A that in turn holds 20 percent interest in Partnership B would include 50 percent of the factors of Partnership A, and 10 percent (50 percent of 20 percent) of the factors of Partnership B.

### Sales Factor Weighted Taxpayers

A multistate taxpayer is considered a sales factor weighted taxpayer unless more than 50 percent of total sales everywhere generated by the taxpayer's economic activities are classified in the 2002 or 2007 North American Industry Classification System (NAICS) within:

- Section 21, Mining;
- Section 31-33, Manufacturing;
- Section 48-49, Transportation and Warehousing;
- Section 51, Information (except for Subsector 519, Other Information Services); or
- Section 52, Finance and Insurance.

Unitary groups must decide whether they are a sales factor weighted taxpayer based on the NAICS code that represents more than 50 percent of the total sales everywhere of the entire unitary group, not just the parent company. Enter this NAICS code that represents more than 50 percent of total sales on page 2 of TC-20, Schedule J.

A taxpayer who is a partner in a partnership must include their pro rata share of the partnership's sales in determining whether it meets the "more than 50 percent of total sales everywhere" requirement above.

Sales factor weighted taxpayers must calculate the apportionment fraction on TC-20, Schedule J, page 2 under Part 3.

### Other Multistate Taxpayers

For multistate taxpayers that are not sales factor weighted taxpayers, an election may be made to double weight the sales factor in the apportionment calculation. The election is made by entering an "X" on line 10 and completing lines 11 through 13 on TC-20, 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 this taxpayer's property, payroll and sales factors must be computed on the basis of the taxpayer's ownership interest in the partnership or joint venture.

### Business Activity

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 taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less the annual rate received by the taxpayer 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 taxpayer's property.

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

Enter totals of lines 1a through 1e in their 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/receipts within Utah for the taxable year bear to the overall sales/receipts for the taxable year. Gross receipts from the performance of services in Utah are assigned to the Utah sales numerator if the purchaser of the service receives a greater benefit of the service in Utah than in any other state.

Taxpayers that perform a service both in and outside Utah must include service income on line 5g in column A (Inside Utah) if the purchaser of the service 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 taxpayer 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.

## NAICS Code for Taxpayer

### Line 7 – NAICS Code

Enter the six-digit NAICS code for this taxpayer from your federal return (form 1120, Schedule K, line 2a; 1120S, box B; 1065, box C, or corresponding line on other federal returns). This is a mandatory field. Your apportionment method may be determined by your NAICS code. See *Sales Factor Weighted Taxpayers* above.

Note: If this return is for a unitary group, do not enter the NAICS code from your federal return. Instead, enter the NAICS code that represents over 50 percent of the total sales everywhere generated from economic activities by all members of the unitary group.

## Equally-Weighted Three Factor Formula Election

If you are **not** a sales factor weighted taxpayer and are **not** electing the double-weighted sales factor (see lines 10 through 13 below), complete lines 8 and 9. If you are a sales factor weighted taxpayer or are electing the double-weighted sales factor, leave lines 8 and 9 blank.

### Line 8 – Total Factors

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

### Line 9 – Apportionment Fraction

Calculate the apportionment fraction to six decimals by dividing line 8 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

If you are **not** a sales factor weighted taxpayer, you may elect to give double-weight to the sales factor in the apportionment calculation. If you elect this calculation, enter an "X" on line 10 and complete lines 11 through 13.

### Line 10 – Making the Election

Enter an "X" on line 10 if you elect to double-weight the sales factor.

### Line 11 – Doubled Sales Factor

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

**Line 12 – Total Factors**

Enter the sum of the factors from lines 2, 4 and 11.

**Line 13 – Elected Apportionment Fraction**

Calculate the elected, double-weighted sales factor to six decimals by dividing line 12 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.

**Line 14 – Apportionment Fraction**

Enter the sales factor from line 6 of TC-20, Schedule J, page 1. This is the apportionment fraction for a sales factor weighted taxpayer. (Property and payroll factors are not used in the calculation of the apportionment fraction for a sales factor weighted taxpayer.)

Enter the apportionment fraction (decimal) here and on Schedule A, line 14.

## Specialized Apportionment Laws 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)
- Telecommunications (R865-6F-33)
- Registered Securities or Commodities Broker or Dealer (R865-6F-36)
- Airlines (UC §§59-7-312 through 319)
- Sale of Management, Distribution or Administration Services to or on Behalf of a Regulated Investment Company (UC §§59-7-319(5))

## Sales Factor Weighted Taxpayers Only

See instructions on page 12 for the definition and qualifications of a sales factor weighted taxpayer required to use Part 3.

# Schedule K – Partners’ Distributive Share Items Instructions

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 3c 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 5a – U.S. Government Interest Income**

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

**Line 5b – Municipal Bond Interest Income**

Enter in the federal column the total municipal bond interest income reported on all federal Schedules K-1. Enter in the Utah column the total Utah taxable portion reported on Utah Schedules K-1.



For additional information on the Utah treatment of municipal bond interest, go to [incometax.utah.gov/additions/municipal-bond-interest](http://incometax.utah.gov/additions/municipal-bond-interest).

#### **Line 5c – Other Interest Income**

Enter in the federal column the total other interest income (other than interest income shown on lines 5a and 5b above) reported on all federal Schedules K-1. Enter in the Utah column the total Utah portion reported on Utah Schedules K-1.

#### **Line 6 – 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 7 – 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 8 – 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 9 – Net Long-term Capital Gain (Loss)**

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

#### **Line 10 – 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 11 – 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 12 – 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 13 – 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 14 – 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 15 – 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 16 – Other Deductions**

Enter in the first column the federal other deductions from lines 13b, 13c and 13d of the federal Schedule K. Enter in the Utah column the total reported on all Utah Schedules K-1.

Describe the type of deduction in the space provided.

#### **Line 17 – 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). If a credit was received from an upper-tier pass-through entity, also complete and attach TC-250.

#### **Line 18 – 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 18). If a credit was received from an upper-tier pass-through entity, also complete and attach TC-250.

#### **Line 19 – 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 Passed-through on Schedule K**

Nonrefundable credits on a partnership return are entered on Schedule K and then allocated and passed-through to the partners on Schedule K-1. Nonrefundable credits may not be used against any tax owed by the partnership.

### **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 Increasing Research Activities in Utah
- 21** Renewable Residential Energy Systems Credit (TC-40E)
- 24** Qualifying Solar Project Credit
- 27** Veteran Employment Tax 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.

For more information, contact:

Div. of Services for People with Disabilities  
195 N 1950 W  
Salt Lake City, UT 84116  
801-538-4200  
[dspd.utah.gov](http://dspd.utah.gov)

**(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:

- The transaction occurs on or after Jan. 1, 2008;
- 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
- 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](http://incometax.utah.gov/credits/capital-gains) for more information.

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

**Calculation of Capital Gain Transactions Tax Credit**

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

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

This credit is available if:

- you buy a new vehicle that meets air quality and fuel economy standards;
- you buy a qualified vehicle fueled by compressed natural gas;
- you buy equipment to convert a vehicle to run on propane, natural gas, electricity, or other approved fuel; and/or
- you buy 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.

For more information, contact:

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

For more information, contact:

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

**(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  
60 E South Temple, 3rd Floor  
PO Box 146950  
Salt Lake City, UT 84114-6950  
801-538-8804  
[business.utah.gov/incentives/enterprise\\_zones](http://business.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  
[utahhousingcorp.org](http://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 credit is available for purchases of qualified machinery and equipment and for other qualified expenditures made by individuals and businesses operating in a designated recycling market development zone.

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

For more information, contact:

Governor's Office of Economic Development  
60 E South Temple, 3rd Floor  
PO Box 146950  
Salt Lake City, UT 84114-6950  
801-538-8804  
[business.utah.gov/incentives/recycling\\_zones](http://business.utah.gov/incentives/recycling_zones)

**(12) Credit for Increasing 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. 7.5% of your qualified research expenses in a taxable year beginning on or after Jan. 1, 2012.

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 Office of Energy Development with their certification stamp, verifying the credit is approved and showing the amount of the approved credit. Do not send form TC-40E with your return. Keep the form and all related documents with your records.

For more information, contact:

Utah Office of Energy Development  
PO Box 144845  
Salt Lake City, UT 84114-4845  
801-536-4235  
[energy.utah.gov](http://energy.utah.gov)

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

You may claim a credit of 25 percent of the amount paid to buy one or more solar units from a qualifying political subdivision, up to a maximum credit of \$2,000 per year. This 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.

**Calculation of Qualifying Solar Project Credit**

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

This is your credit.

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

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

**(27) Veteran Employment Tax Credit (UC §59-7-614.9)**

A non-refundable credit is available to taxpayers who hire a qualified recently deployed veteran on or after Jan. 1, 2012.

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

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

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

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

**Calculation for Veteran Employment Tax Credit**

First Year Credit (count all months in the year the 45 week requirement is met):

1. Number of months or partial months veteran employed in first year \_\_\_\_\_
2. Monthly credit allowable in first year \$200
3. First year credit – line 1 times line 2 (maximum \$2,400) \$ \_\_\_\_\_

Second Year Credit:

4. Number of months or partial months veteran employed in second year \_\_\_\_\_
5. Monthly credit allowable in second year \$400
6. Second year credit – line 4 times line 5 (maximum \$4,800) \$ \_\_\_\_\_

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

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

1. Veteran's name, last known address, and taxpayer identification or social security number.

2. Start date of employment.
3. Documentation establishing that the veteran was employed 45 out of the 52 weeks after the date of employment.
4. Documentation provided by the recently deployed veteran's military service unit establishing that the veteran is a recently deployed veteran.
5. A signed statement from the Department of Workforce Services that the recently deployed veteran was collecting, was eligible to collect, or exhausted their unemployment benefits within the last two years.

**Refundable Credits Passed-through on Schedule K**

Refundable credits on a partnership return are entered on Schedule K and then allocated and passed-through to the partners on Schedule K-1. Refundable credits may not be claimed on a partnership return.

**Refundable Credit Codes**

- 36** Upper-tier 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) Upper-tier 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. Complete TC-250, Part 2, and then enter and allocate the total upper-tier (previous) pass-through entity withholding tax using code 36.

Do not include the Utah Schedule K-1 the partnership received showing this credit when filing this partnership's return.

**(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 Office of Energy Development 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 Office of Energy Development  
PO Box 144845  
Salt Lake City, UT 84114-4845  
801-536-4235  
[energy.utah.gov](http://energy.utah.gov)

**(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.

For more information, contact:

Governor's Office of Economic Development  
60 E South Temple, 3rd Floor  
PO Box 146950  
Salt Lake City, UT 84114-6950  
801-538-8804  
[business.utah.gov/incentives/enterprise\\_zones](http://business.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 partnership, 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.

Enter the mineral production withholding tax on TC-250. Enter the credit in Part 2 if received from an upper-tier pass-through entity, or in Part 3 if received on a TC-675R from the mineral producer.

Do not attach the TC-675R or Utah Schedule K-1 to the partnership return.

**(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.

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

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.

## Reminder:

For a Utah resident partner, report the same information on their Utah Schedule K-1 for income, losses and deductions that was reported on their federal Schedule K-1.

For a Utah nonresident partner, report the **apportioned** Utah income, losses and deductions multiplied by their ownership interest in the partnership. Use the apportionment fraction from Schedule A, line 14. Expenses directly attributable to Utah sources should be deducted against Utah income in total and not apportioned.

Portfolio income should **not** be allocated to nonresident partners. See Schedule A, line 9 instructions on page 8.

Utah nonrefundable and refundable credits passed through from the partnership to both Utah resident and nonresident partners are reported on the Utah Schedule K-1.

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

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 1.

For a nonresident partner, enter the distributive share of apportioned Utah ordinary business income (loss) and Utah nonbusiness income which is included in the amount reported on the Utah Schedule A, line 16.

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

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 2.

For a nonresident partner, enter the distributive share of apportioned 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)

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 3.

For a nonresident partner, enter the distributive share of apportioned 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, from their federal Schedule K-1, box 4. If the partner is a nonresident, enter the guaranteed payment attributable to Utah source income, if any.

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

For a Utah resident partner, enter the amount of U.S. government interest income included in box 5 of their federal Schedule K-1.

For a nonresident partner, enter the distributive share of apportioned Utah U.S. government interest income included in the amount reported on the Utah Schedule A, line 16.

## Line 5b – Utah Municipal Bond Interest Income

For a Utah resident partner, enter the amount of Utah taxable municipal bond interest income included on their federal Schedule K-1, line 18.

For a nonresident partner, enter the distributive share of apportioned Utah taxable municipal bond interest income.

## Line 5c – Utah Other Interest Income

For a Utah resident partner, enter the amount of other interest income (other than interest income shown on line 5a and 5b above) included in box 5 of their federal Schedule K-1.

For a nonresident partner, enter the distributive share of apportioned Utah other interest income included in the amount reported on the Utah Schedule A, line 16.

## Line 6 – Utah Ordinary Dividends

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 6a.

For a nonresident partner, enter the distributive share of apportioned Utah ordinary dividends included in the amount reported on the Utah Schedule A, line 16.

**Line 7 – Utah Royalties**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 7.

For a nonresident partner, enter the distributive share of apportioned Utah royalties included in the amount reported on the Utah Schedule A, line 16.

**Line 8 – Utah Net Short-term Capital Gain (Loss)**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 8.

For a nonresident partner, enter the distributive share of apportioned Utah net short-term capital gain (loss) included in the amount reported on the Utah Schedule A, line 16.

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

For a Utah resident partner, enter the amount from their federal Schedule K-1, boxes 9a through 9c.

For a nonresident partner, enter the distributive share of apportioned Utah net long-term capital gain (loss) included in the amount reported on the Utah Schedule A, line 16.

**Line 10 – Utah Net Section 1231 Gain (Loss)**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 10.

For a nonresident partner, enter the distributive share of apportioned Utah net section 1231 gain (loss) included in the amount reported on the Utah Schedule A, line 16.

**Line 11 – Recapture of Section 179 Deduction**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 20, code M.

For a nonresident partner, enter the distributive share of any apportioned Utah recapture of a Section 179 deduction included in the amount reported on the Utah Schedule A, line 16.

**Line 12 – Utah Other Income (Loss)**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 11.

For a nonresident partner, enter the distributive share of apportioned 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 13 – Utah Section 179 Deduction**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 12.

For a nonresident partner, enter the distributive share of apportioned Utah section 179 deduction included in the amount reported on the Utah Schedule A, line 16.

**Line 14 – Utah Contributions**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 13, codes A through G.

For a nonresident partner, enter the distributive share of any apportioned Utah contributions included in the amount reported on the Utah Schedule A, line 16.

**Line 15 – Foreign Taxes Paid or Accrued**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 16, codes L and M.

For a nonresident partner, enter the distributive share of any apportioned Utah foreign taxes paid or accrued included in the amount reported on the Utah Schedule A, line 16.

**Line 16 – Utah Other Deductions**

For a Utah resident partner, enter the amount from their federal Schedule K-1, box 13, except codes A through G.

For a nonresident partner, enter the distributive share of apportioned 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 17 – Utah Nonrefundable Credits**

Enter each partner's distributive share of Utah nonrefundable credits as reported on the Utah Schedule K, line 17. Also enter the description and the Utah nonrefundable credit code as shown on the Schedule K.

**Line 18 – Utah Refundable Credits**

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

**Line 19 – Utah Tax Withheld on Behalf of Partner**

Enter the amount of Utah withholding tax withheld by this partnership 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.**

# Schedule N — Pass-through Entity Withholding Tax Instructions

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 Utah tax on a partner if:

the partner is exempt from taxation under UC §59-7-102(1)(a) or §59-10-104.1,

the partnership is a plan under IRC Sections 401, 408 or 457 and is not required to file a return under UC Chapter 7, or

the partnership is a publicly traded partnership as defined under UC §59-10-1403.2(1)(b).

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 upper-tier 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,

Requesting the waiver for all or specific partners does not relieve the partnership from the responsibility for the payment of Utah tax on the income allocated 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. Guaranteed payments are sourced to the state or country where the income was generated, regardless of provisions which are contrary in the partnership agreement.

## 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).

## 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.



**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 – Upper-tier Pass-through Withholding Tax**

Enter the amount of any pass-through entity withholding tax paid by an upper-tier (previous) pass-through entity, attributable to this partnership, and allocated to the pass-through entity taxpayer of this partnership. The credit for upper-tier 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 – Withholding Tax to be Paid by This Partnership**

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 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 19 of Utah Schedule K-1 given to the partner.

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

**Total 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 19.

**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 an upper-tier 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 in column F less the sum of the allocated Utah mineral production withholding tax in column G and the upper-tier 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.

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

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

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

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

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

**Part 1 – Utah Nonrefundable Credits Received from Other Pass-through Entities**

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

**First Column**

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

**Second Column**

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

**Third Column**

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

**Fourth Column**

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

Carry the nonrefundable credits over to the Utah Schedule K, line 17 for this return. If you have multiple credits for the same credit code, combine the credit amounts before entering on the Schedule K. Allocate the credit to the partners on their individual Schedule K-1 based on their ownership percentage or the partnership agreement.

**Part 2 – Utah Refundable Credits Received from Other Pass-through Entities**

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

**First Column**

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

**Second Column**

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

**Third Column**

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

**Fourth Column**

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

Carry the refundable credits over to the Utah Schedule K, line 18 for this return. If you have multiple credits for the same credit code, combine the credit amounts before entering on the Schedule K. Allocate the credit to the partners on their individual Schedule K-1 based on their ownership percentage or the partnership agreement.

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

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

**First Column**

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

**Second Column**

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

**Third Column**

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

Total the mineral production withholding amounts shown in the third column. Carry this total to the Utah Schedule K for this return and enter it on line 18 using code "46." Allocate this amount to the partners on their individual Schedule K-1 based on their ownership percentage or the partnership agreement.

# Partnership Return Payment Coupon

## 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 COUPON WITH PAYMENT. KEEP TOP PORTION FOR YOUR RECORDS.**

## Partnership Return Payment Coupon

Tax year ending (mm/dd/yyyy)

USTC Use Only

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

TC-544  
Rev. 12/11

Name of partnership  EIN

Address

City  State  Zip code

Payment amount enclosed \$  00

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

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