

Utah 2014

Miscellaneous Corporations



Form TC-20MC Return & Instructions

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

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File the Right Corporate Forms

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

E-Filing is Easier!

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

Utah is Online

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

➔ taxexpress.utah.gov

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

➔ tax.utah.gov

- Download forms and instructions for all Utah tax types.
- 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 uscis.gov/e-verify.

Utah Taxpayer Advocate Service

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

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

Need more information?

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

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

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

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

General Instructions and Information

Reminders

- **Utah Net Loss Carryback:** Form TC-20L, *Utah Application for Refund from a Corporation Loss Carryback*, is to be used to carry a Utah net loss from a regular C corporation or a real estate investment trust back three years. See page 8.
- **Market Sourcing of Revenues from Performance of Services by Multi-state Taxpayers:** For tax years beginning after 2008, corporations performing a service both in and outside Utah must calculate the sales factor numerator on TC-20, Schedule J by considering the service income to be in Utah if the buyer receives a greater benefit of the service in Utah than in any other state. See "*TC-20, Schedule J – Apportionment Schedule Instructions*" on page 1.
- **Apportionment Fraction for Sales Factor Weighted Taxpayers:** The calculation of the apportionment fraction on Schedule J considers only the sales factor for a business that is a Sales Factor Weighted Taxpayer. See *Sales Factor Weighted Taxpayers* in these instructions.

Electronic Filing for Corporation Returns

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

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

C corporations and S corporations may file electronically.

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

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

Corporation Identification Numbers

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

Corporation Changes

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

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

and

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

Dissolution or Withdrawal

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

Corporations incorporated in Utah must file *Articles of Dissolution* with the Department of Commerce.

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

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

Dissolving and withdrawing corporations must also close their other Utah tax accounts (sales, withholding, etc.). To close related tax accounts, send a completed TC-69C, *Notice of Change for a Business and/or Tax Account*, to the attention of Master Records at the Tax Commission address above.

Rounding Off to Whole-Dollar Amounts

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

Who Must File

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

Note: See *What to Attach and What to Keep* later in these General Instructions to identify what federal information is required with the Utah return.

Homeowners Association

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

Regulated Investment Company (RIC)

Every regulated investment company (RIC) or fund of such company, as defined in IRC §§851(a) or 851(g) and organized under the laws of Utah, must file a Utah form TC-20MC. Attach

a copy of your federal form 1120-RIC to your Utah TC-20MC. Other detail schedules should NOT be included. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

Real Estate Investment Trust (REIT)

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

Exempt Corporation with Unrelated Business Income

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

One-day Utah Corporation (IRC Section 338)

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

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

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

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

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

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

Where to File

Send the completed return with any payment to:
Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134-0300

Taxable Year

The taxable year for Utah tax purposes must match the taxable year used for federal tax purposes. When the taxable year changes for federal purposes, the taxable year must be changed for Utah tax purposes.

Due Date

The due date for an exempt organization with unrelated business income (TC-20MC, Schedule A, Part 4) is the same as the due date of its federal return.

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

All other returns 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

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

Minimum Tax

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

Prepayment of Minimum Tax

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

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

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

Prepayment Requirements

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

Extension Prepayments

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

Corporations must make estimated prepayments using form TC-559, *Corporation/Partnership Payment Coupon*.

Quarterly Payments

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

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

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

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

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

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

Penalties

Utah law (UC §59-1-401) provides penalties for 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 and in Pub 58, *Utah Interest and Penalties*, at tax.utah.gov/forms.

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

Exceptions to Penalty on Estimated Tax

Annualized Exception

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

Recurring Seasonal Exception

A corporation with recurring seasonal income may annualize its income before determining the amount of each estimated tax installment. Follow federal guidelines to determine seasonal income. If the corporation meets the seasonal exception

at the federal level for any installment, check the appropriate box(es) on Utah form TC-20MC, line 15.

Prepayment of Minimum Tax Requirement

See *Prepayment of Minimum Tax* instructions above.

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

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 the 2014 calendar year is 2 percent.

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

Suspension for Failure to Pay Tax Due

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

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

What to Attach and What to Keep

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

- **Utah miscellaneous corporation return schedules:** Attach to TC-20MC the page 2 and applicable schedules A (page 1 or page 2), B/E, and/or J.
- **Federal return:**
 - **Regulated Investment Company** – Attach a copy of your federal form 1120-RIC.
 - **Real Estate Investment Trust** – Attach a copy of your federal form 1120-REIT.
 - **Homeowners Association** – Attach a copy of your federal form 1120-H.
 - **Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income** – Attach a copy of your federal form 990-T.
 - **One-day Target Corporation with an IRC Section 338 Election** – Attach a copy of your federal form 8023.

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

TC-20MC – Utah Tax Return for Miscellaneous Corporations Instructions

Filing Period

File using the 2014 return for calendar year 2014 and fiscal years beginning in 2014 and ending in 2015. 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.

Corporation Name and Address

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

Zip Code

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

EIN and Utah Incorporation/Qualification Number

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

Amended Returns

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.

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

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

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 TC-20MC, where indicated.

Line-by-Line Instructions

Line 1 – Corporation Return Type

Enter an “X” on the line that matches the type of corporation return being filed. There are five choices:

- Regulated Investment Company (these corporations must complete Part 1 of Schedule A and attach a copy of federal form 1120-RIC).
- Real Estate Investment Trust (these corporations must complete Part 2 of Schedule A and attach a copy of federal form 1120-REIT). Note: A captive real estate investment trust must file a TC-20 instead of a TC-20MC. For more information, see the TC-20 instructions.
- Homeowners Association with IRC Section 528 Income (these corporations must complete Part 3 of Schedule A and attach a copy of federal form 1120-H).
- Unincorporated Exempt Organization or Exempt Corporation having Unrelated Business Income (these corporations must complete Part 4 of Schedule A and attach a copy of federal form 990-T).
- One-day Target Corporation with an IRC Section 338 Election (these corporations must complete Part 5 of Schedule A and attach a copy of federal form 8023).

Line 2 – Tax

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

Form TC-20MC, Schedule A **must** be completed and attached. See instructions for Schedule A on page 7 of these instructions. Attach only page 1 or page 2 of the Schedule A that applies to your corporation.

Line 3 – 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 3 of TC-20MC.

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 below for each state. Add lines 8 on all worksheets and enter the total on line 3 of TC-20MC.

Sales and use tax rates vary throughout Utah. Use the *Use Tax Rate Chart* below 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 percent. The grocery food must be sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value. The reduced rate does not apply to alcoholic beverages or tobacco. See Pub 25 at tax.utah.gov/forms for more information.

Worksheet for Computing Utah Use Tax on Line 3

1. Amount of purchases (except grocery food) subject to use tax	1	_____
2. Use tax rate (decimal from <i>Use Tax Rate Chart</i>)	2	_____
3. Multiply line 1 by line 2	3	_____
4. Amount of grocery food purchases subject to use tax	4	_____
5. Multiply line 4 by 3% (.03)	5	_____
6. Add line 3 and line 5	6	_____
7. Credit for sales tax paid to another state on use tax purchases	7	_____
8. Use tax due (subtract line 7 from line 6)	8	_____

Use Tax Rate Chart (Effective Dec. 31, 2014)

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

Line 4 – Total Tax

Add line 2 and line 3.

Line 5 – Refundable Credits

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

Line 6 – Prepayments from Schedule E

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

Line 7 – Amended Returns Only

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

Line 8 – Total Refundable Credits and Prepayments

Add lines 5 through 7.

Line 9 – Tax Due

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

Line 10 –Penalties and Interest

Enter any penalties and interest that apply to this return.

Line 11 –Total Due - Pay This Amount

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

Line 12 –Overpayment

If line 8 is larger than the sum of line 4 and line 10, subtract the sum of line 4 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.

Line 15 –Quarterly Estimated Prepayments Meeting Exception

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

Signature and Date Line

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

Paid Preparer Authorization

If the corporation wants to allow the Tax Commission to discuss this return with the paid preparer who signed it, enter an "X" in the box on the right-hand side of the signature area of the return where indicated. This authorization applies only to the individual whose signature appears in the Paid Preparer Section of the return. It does not apply to the firm, if any, shown in that section. If you enter an "X" in the box, the corporation is authorizing the Tax Commission to call the paid preparer to answer any questions that may arise during the processing of the return. The paid preparer is also authorized to:

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

The corporation is not authorizing the preparer to receive any refund, bind the entity to anything (including any additional tax liability), or otherwise represent the entity before the Tax Commission. The authorization will automatically end no later than the due date (without regard to extensions) for filing next year's 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*. Get form TC-737 at 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 corporate officer's signature on the return.

Preparer Penalties

(UC §59-1-401(11)-(12))

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

Supplemental Information to be Supplied by All Corporations

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

Schedule A – Tax Calculation

► Part 1 – Regulated Investment Company

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

Line 1 – Investment Company Taxable Income (Loss)

Enter the investment company's taxable income (loss) from federal form 1120-RIC, line 26.

Line 2 – Municipal Interest

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

Line 3 – Exclusion of Net Capital Gain

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

Line 4 – Net Taxable Income

Add lines 1 through 3.

Line 5 – Deduction for Capital Gain Dividends

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

Line 6 – Exempt Interest Dividends

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

Line 7 – Utah Taxable Income (Loss)

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

Line 8 – Initial Tax

Multiply line 7 by 5 percent (.05). This is the initial Utah corporate tax. Do not enter an amount less than zero.

Line 9 – Minimum Tax

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

Line 10 – Tax

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

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

► Part 2 – Real Estate Investment Trust

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

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

Line 1 – REIT Taxable Income (Loss)

Enter the real estate investment trust's taxable income (loss) from federal form 1120-REIT, line 22.

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

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

Line 3 – Federal Net Operating Loss Deduction

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

Line 4 – Apportionable Income (Loss)

Add lines 1 through 3.

Line 5 – Apportionment Fraction

Enter 1.000000, or the fraction (decimal) from TC-20, Schedule J line 9, 13 or 14, if applicable.

Line 6 – Taxable Income (Loss)

Multiply the apportionable income (loss) on line 4 by the apportionment fraction on line 5.

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

Yes, to forego the Utah net loss carryback, or

No, to treat the Utah net loss as a carryback.

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

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

Line 7 – Utah Losses Carried Forward from Prior Years

Losses that remain after all carrybacks have been applied, may be carried forward for fifteen taxable years following the taxable year of the loss.

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

Line 8 – Utah Taxable income (Loss)

Subtract line 7 from line 6.

Line 9 – Initial Tax

Multiply line 8 by 5 percent (.05). This is the initial Utah corporate tax. Do not enter an amount less than zero.

Line 10 – Minimum Tax

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

Line 11 – Tax

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

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

► Part 3 – Homeowners Association with IRC Section 528 Income

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

Line 1 – Taxable Income (Loss)

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

Line 2 – Tax

Multiply line 1 by 5 percent (.05). This is the Utah corporate tax. Do not enter an amount less than “0.” Carry this tax to line 2 of TC-20MC.

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

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

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

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

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

Line 1 – Unrelated Business Taxable Income (Loss)

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

Line 2 – Apportionment Fraction

Enter 1.000000, or the fraction (decimal) from TC-20, Schedule J, line 9, 13 or 14, if applicable.

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

Line 3 – Utah Taxable Income (Loss)

Multiply the unrelated business taxable income (loss) on line 1 by the apportionment fraction on line 2.

Utah taxable income for an exempt organization having unrelated business income begins with federal taxable income after deduction of any federal net operating loss. Consequently,

Utah losses are not separately carried forward for these entities. If federal Form 990-T is amended for a tax year to claim a federal net operating loss carryback from a later year, a Utah amended form TC-20MC must also be filed for that year in order to claim the loss for Utah purposes.

Line 4 – Tax

Multiply line 3 by 5 percent (.05). This is the Utah corporate tax. Do not enter an amount less than “0.” Carry this tax to line 2 of TC-20MC.

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

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

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

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

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

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

Line 2 – Apportionment Fraction

Enter the apportionment fraction of the target corporation.

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

Line 3 – Utah Apportioned Gain (Loss)

Multiply the gain (loss) on deemed sale of assets on line 1 by the apportionment fraction on line 2.

Line 4 – Utah Losses Carried Forward from Prior Years

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

Line 5 – Utah Taxable Gain (Loss)

Subtract line 4 from line 3.

Line 6 – Initial Tax

Multiply line 5 by 5 percent (.05). This is the initial Utah corporate tax. Do not enter an amount less than zero.

Line 7 – Minimum Tax

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

Line 8 – Tax

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

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

Schedule B – Refundable Credits

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

An explanation of each refundable credit is listed below.

Use these codes on Schedule B

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

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

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

Get form TC-40E, *Renewable Residential and Commercial Energy Systems Tax Credits*, from the Utah 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 (OED)
60 E South Temple, Ste. 300
PO Box 144845
Salt Lake City, UT 84114-4845
801-538-8732
energy.utah.gov

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

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

A refundable credit is available to businesses providing a community investment project as defined in UC §§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
801-538-8680
business.utah.gov/programs/incentives/enterprise-zones

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

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

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

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

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

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

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

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

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

Credit calculation:

Gallons _____ x .245 = Credit _____

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

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

This credit is for sales and use tax paid on hand tools purchased and used or consumed primarily and directly in a farming operation in Utah. The credit only applies if the purchase price of a tool is more than \$250.

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

Schedule E – Prepayments of Any Type

Line 1 – Overpayment Applied from Prior Year

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

Line 2 – Extension Prepayment

List the date and amount of any extension prepayment. Enter the check number if payment was not made electronically.

Line 3 – Other Prepayments

List the date and amount of all prepayments made for the filing period. Enter the check number if payment was not made electronically. Enter the total amount on line 3. Attach additional pages, if necessary.

Line 4 – Total Prepayments

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

TC-20, Schedule J – Apportionment Schedule Instructions

Use TC-20, Schedule J ONLY if completing Schedule A, Part 2, Real Estate Investment Trust; Part 4, Unincorporated Exempt Organization or Exempt Corporation; or Part 5, One-day Target Corporation.

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 the return to arrive at the amount of income (or loss) apportioned to Utah. In cases where one or more of the factors is omitted due to peculiar aspects of the business operations, 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 a corporation 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, a corporation 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 2212, Natural Gas Distribution;
- 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 determine 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 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 they meet the "more than 50 percent of total sales everywhere" requirement above.

For water's edge and worldwide combined unitary groups, the group is a sales factor weighted taxpayer if greater than 50 percent of the total sales everywhere of the unitary group are classified in NAICS codes except those codes listed 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 the 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 the respective columns on line 1f.

Line 2 – Property Factor Calculation

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

Line 3 – Payroll Factor

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

Compensation is paid in Utah if:

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

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

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

Line 4 – Payroll Factor Calculation

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

Lines 5a - 5h –Sales Factor

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

Note: Securities brokerage businesses must follow the provisions in UC §59-7-319(6).

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

Line 6 – Sales Factor Calculation

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

NAICS Code for Taxpayer

Line 7 – NAICS Code

Enter the six-digit NAICS code for this taxpayer from your federal return. This is a mandatory field and must be completed. 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 you 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.

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 – Double Sales Factor

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

Line 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.

Sales Factor Weighted Taxpayers Only

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

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.