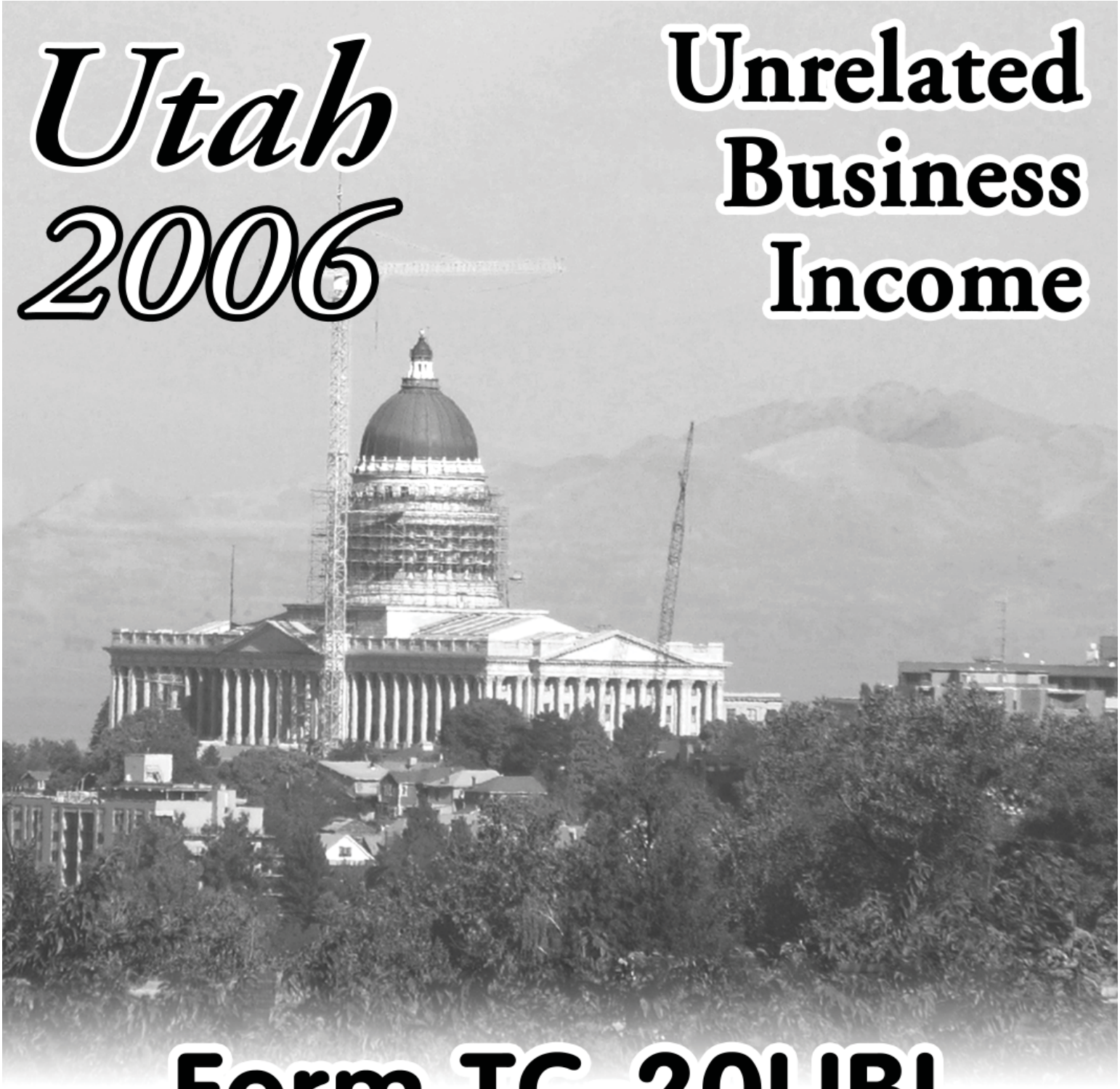
Utah 2006

Unrelated Business Income



Form TC-20UBI

Tax Return and Instructions

for Unincorporated Exempt Organizations or Corporations

Utah State Tax Commission • 210 North 1950 West • Salt Lake City, UT 84134

www.tax.utah.gov

What's new?

- **Clean Fuel Vehicle Credit:** For tax years beginning after 2005, electric-hybrid vehicles no longer qualify for the clean fuel vehicle credit.
- **Reportable Transaction Disclosure Statement:** If you filed federal form 8886, you are now required to disclose this information on your Utah return. See page 2.
- **Apportionment Sales Factor May Be Double-Weighted:** Effective for tax years beginning after 2005, an election may be made to double weight the sales factor on Schedule J for apportionment of business income. The election, if made, is irrevocable and remains in effect for five years. See specific instructions for Schedule J. (Applies to TC-20, TC-20REIT, TC-20S and TC-20UBI only.)

Electronic Filing for Corporation Returns

Utah corporation returns for taxable years beginning in 2006 may be filed electronically under a new joint program between the Internal Revenue Service and the Utah State Tax Commission, and called the Fed/State 1120 Program.

The program is similar to the federal/state individual electronic filing program in which both federal and state information is submitted at the same time. 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.

Initially, both C corporations and S corporations may file electronically. Other corporation returns will be added in the future.

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

To learn more about filing your corporation return electronically, go to **tax.utah.gov/taxes/eleccorp.html**.

Important Information Regarding Extension of Time to File

An extension of time to file your tax return is NOT an extension of time to pay your taxes. Tax must be paid by the due date. You are automatically allowed an extension of up to six months to file your return. However, if the prepayment requirements have not been met on or before the original due date, penalties will be assessed.

Need more information?
Telephone (801) 297-2200 or 1-800-662-4335
Forms **www.tax.utah.gov/forms**
(801) 297-6700 or 1-800-662-4335 ext. 6700
You can find additional tax information and forms on the Tax Commission's web page, **tax.utah.gov**

Online Services

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

tax.utah.gov

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

PAYMENT EXPRESS

paymentexpress.utah.gov

References

UC: Utah Code
IRC: Internal Revenue Code

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

General Instructions and Information

Corporation Identification Numbers

The Utah State Tax Commission uses the Federal Employer Identification Number (EIN) as the corporation's taxpayer 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 fields provided. These numbers are used for proper identification of the corporate tax return and any correspondence.

Corporation Changes

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

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

and

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

Dissolution or Withdrawal

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

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

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

To request a Certificate of Tax Clearance, complete form TC-2001 and submit it to the attention of the Customer Services Call Unit at the Tax Commission address above. The form can be found on our website at **tax.utah.gov/forms**.

To close related tax accounts (sales, withholding, etc.), send a letter, with the account number(s) and the last date of business, to the attention of Master File Maintenance at the Tax Commission address above.

Rounding Off to Whole-Dollar Amounts

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

Who Must File

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

Homeowners Association

A homeowners association incorporated in Utah (domestic), qualified in Utah (foreign), or doing business in Utah whether qualified or not, must file a homeowners association tax return, form TC-20HA, when it has taxable income for federal purposes and has filed federal form 1120-H. Attach a copy of your federal form 1120-H as filed with the IRS to your Utah return. Other detail schedules should NOT be included with the initial filing. 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 Sections 851(a) or 851(g), organized under the laws of Utah must file form TC-20R. Attach a copy of your federal form 1120-RIC as filed with the IRS to your Utah return. Other detail schedules should NOT be included with the initial filing. 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 Section 856, registered or doing business in Utah must file form TC-20REIT. Doing business in Utah includes owning an interest in Utah real property. Attach a copy of your federal form 1120-REIT as filed with the IRS to your Utah return. Other detail schedules should NOT be included with the initial filing. 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 an unrelated business income tax return, form TC-20UBI, when it has unrelated business income. Attach a copy of your federal form 990-T as filed with the IRS to your Utah return. Other detail schedules should NOT be included with the initial filing. 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 Section 338 are treated as provided in UC §59-7-114.

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

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

Apportionment Fraction

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

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

Attach a copy of your federal return including the IRC Section 338 gain or loss and federal form 8023.

Where to File

Send the completed return and any payment to:

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

Taxable Year

The taxable year for Utah tax purposes must match the taxable year used for federal tax purposes. When the taxable year changes for federal purposes, the taxable year must be adjusted accordingly for Utah tax purposes. If the taxable year is not a calendar year, enter the beginning and ending dates of the taxable year at the top of the form where indicated.

Due Date

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

The due date of the one-day return (TC-20(338)) is the same as the due date of the return that includes the taxable period of the target corporation immediately preceding the one-day return.

Filing Extension

Corporations are automatically allowed an extension of up to six months to file a return without filing an extension form. **This is an extension of time to file the return – NOT an extension of time to pay taxes.** To avoid penalty and interest, 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 (RIC), and real estate investment trust (REIT) 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 scenario, the corporation must pay $100, not 90 percent.

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

Prepayment Requirements

(does not apply to Section 338 corporations)

Extension Prepayments

The required extension prepayments must equal 90 percent of the tax due for the current year's tax liability (or the $100 minimum tax, whichever is greater) or 100 percent of the previous year's tax liability. Typically, corporations that make estimated prepayments using form TC-559, Utah Corporation Franchise/Income Tax Payment Coupon, will have complied with the 90-percent requirement and may not need to make additional prepayments to avoid extension penalties.

Quarterly Payments

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

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

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

installments, and for estimated tax payments based on the current year tax liability, is the following:

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

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

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

Penalties

Utah law provides for uniform tax penalties for failure to file tax returns, failure to pay tax due, and failure to file information returns or supporting schedules.

The penalty for **failure to file a tax due return** by the due date is the greater of $20 or 10 percent of the unpaid tax.

The penalty for **failure to pay tax due** as reported on a timely filed return, or within 30 days of a notice of deficiency, is $20 or 10 percent of the tax due, whichever is greater. If a tax balance is still unpaid 90 days after the due date on a late filed return, a second penalty of $20 or 10 percent of the tax balance, whichever is greater, will be added for failure to pay timely.

The penalty for **underpayment of the extension prepayment** is 2 percent per month of the unpaid tax during the extension period. If the return is not filed by the extension due date, failure to file and failure to pay penalties will apply as if the extension has not been granted.

The penalty for **failure to file an information return** or a complete supporting schedule is $50 for each return or schedule up to a maximum of $1,000.

The penalty for each **underpayment of required estimated tax or required quarterly installment** is determined by applying the state interest rate(s) in effect for the period of the underpayment, plus four percentage points, to the amount of the underpayment for the period of the underpayment.

For a list of additional penalties that may be imposed, refer to UC §59-1-401 and Pub 58.

The Tax Commission will calculate the penalty for underpayment of required prepayments. Taxpayers who would like to calculate their own penalty may contact the Tax Commission at (801) 297-7790 or 1-800-662-4335, ext. 7790 for assistance.

Exceptions to Penalty on Estimated Tax

Annualized Exception

A corporation may annualize its income before determining the amount of each installment. It is recommended federal guidelines be followed in determining 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-20HA, line 10
TC-20R, line 15
TC-20REIT, line 15
TC-20UBI, line 13

Recurring Seasonal Exception

A corporation with recurring seasonal income may annualize its income before determining the amount of each installment. It is recommended federal guidelines be followed in determining 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-20HA, line 10
TC-20R, line 15
TC-20REIT, line 15
TC-20UBI, line 13

Prepayment of Minimum Tax Requirement

See Prepayment of Minimum Tax instructions on page 2.

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

Interest (in addition to penalties due)

Interest will be assessed at the rate prescribed by law from the original due date until any outstanding liability is paid in full. The interest rate for most taxes and fees administered by the Tax Commission for the 2007 calendar year is **6 percent.**

Pub 58, which contains applicable interest rates, is available on the Internet 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 the corporation's right to do business in Utah if it fails to pay tax due before 5:00 p.m. on the last day of the 11th month after the due date.

If a corporation owes tax and is unable to pay all or a portion of the amount owed, the corporation may complete form TC-804B, Payment Agreement Request. The form can be obtained online at **tax.utah.gov/forms**.

Federal Form 8886

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

Instructions For Completing Return

Corporation Name and Address Area

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.

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

Corporation Identification Numbers

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

Filing Period

If the return is being filed for a period other than the calendar year ending Dec. 31, 2006, enter the beginning and ending tax period dates.

Amended Returns

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

An amended state return should be filed promptly if:

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

Do not submit an amended return for the purpose of claiming a loss carryback refund. The Tax Commission automatically calculates any carryback. Any refund will be mailed to the corporation.

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

To amend a previously filed return, enter on page 1 of the Utah return in the box titled "For Amended Return" a code number that best corresponds to your "REASON FOR AMENDING." See codes below:

Reasons-for-Amending Codes

1 You filed an amended return with the IRS (attach a copy of your amended federal return).

2 You made an error on your Utah return (attach an explanation of the adjustments made).

3 Federal audit adjustments, that resulted in changes in federal taxable income, were issued and became final (attach a copy of the IRS adjustment).

4 Other (attach explanation to return).

Complete the return, entering the figures as corrected. Enter other amounts shown on the original return. When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing the amended return less any previous refunds (exclude refund interest).

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

Utah Use Tax

(not applicable for forms TC-20HA, TC-20UBI, or TC-20(338))

Use tax is required on all taxable items purchased for storage, use or consumption in Utah, if Utah sales and use tax was not paid at the time of purchase. Purchases include amounts paid or charged for taxable purchases made on the Internet or through catalogs.

Complete the worksheet below to determine the amount of use tax due. Credit for sales tax paid to another state cannot exceed the Utah sales tax otherwise due on those items. If sales taxes were paid to more than one state, complete a worksheet for each state. Enter the sum of the use tax from each worksheet on the appropriate line of the return.

Credit is allowed for sales and use tax paid to another state, but not to a foreign country. If the sales tax rate in the other state is lower than Utah's sales tax rate, the consumer is required to pay the difference. If the sales tax rate in the other state is greater than Utah's sales tax rate, no sales or use tax credit or refund is allowed.

Worksheet for Computing Utah Use Tax

(Retain this worksheet for your records.)

1. Total amount of purchases subject to use tax.....$_____
2. Use tax rate (decimal) from chart .....$_____
3. Use tax (multiply line 1 by line 2) .....$_____
4. Credit for sales tax paid to another state .....$_____
5. Amount of use tax due (line 3 less line 4)
   Enter ZERO if less than zero .....$_____

Use Tax Rate Chart (Effective Dec. 31, 2006)

.0600	**Beaver County**
.0700	Beaver City
.0600	**Box Elder County**
.0625	Brigham City, Perry, Willard
.0700	Snowville
.0610	**Cache County**
.0635	Cache Valley Transit, Hyde Park, Hyrum, Logan, Millville, Nibley, N.Logan, Providence, Richmond, River Heights, Smithfield
.0600	**Carbon County**
.0625	Price, Wellington
.0600	**Daggett County**
.0650	**Davis County**
.0600	**Duchesne County**
.0625	Roosevelt
.0575	**Emery County**
.0750	Green River
.0700	**Garfield County**
.0800	Boulder, Panguitch, Tropic
.0600	**Grand County**
.0775	Moab
.0600	**Iron County**
.0775	Brian Head
.0600	**Juab County**
.0625	Nephi
.0675	**Kane County**
.0775	Kanab, Orderville
.0575	**Millard County**
.0600	**Morgan County**
.0600	**Piute County**
.0600	**Rich County**
.0700	Garden City
.0660	**Salt Lake County**
.0810	Alta
.0600	**San Juan County**
.0650	Monticello
.0600	**Sanpete County**
.0625	Ephraim, Gunnison
.0600	**Sevier County**
.0625	Richfield, Salina
.0610	**Summit County**
.0735	Park City
.0635	Snyderville Basin Transit
.0600	**Tooele County**
.0625	Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0635	Tooele City
.0650	**Uintah County**
.0675	Vernal
.0600	**Utah County**
.0625	Alpine, American Fork, Cedar Hills, Highland, Lehi, Lindon, Mapleton, Orem, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Spanish Fork, Springville,
.0600	**Wasatch County**
.0625	Heber
.0725	Park City East
.0600	**Washington County**
.0625	Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0750	Springdale
.0600	**Wayne County**
.0660	**Weber County**

Enter use tax of $400 or less. If the amount exceeds $400, the purchaser is required to obtain a sales and use tax license and to pay the use tax on a Utah Sales and Use Tax Return.

Sales and use tax rates vary throughout Utah. Use the chart above to find the tax rate for the Utah location where the merchandise was delivered, stored, used or consumed. If the city is not listed, use the county tax rate.

Signature and Date

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

Paid Preparer Authorization

If the corporation wants to allow the Tax Commission to discuss their 2006 return with the paid preparer who signed it, enter an "X" in the box on the right side of the signature area of the return where indicated. This authorization applies only to the individual whose signature appears in the Paid Preparer Section of the return. It does not apply to the firm, if any, shown in that section. If you enter an "X" in the box, the corporation is authorizing the Tax Commission to call the paid preparer to answer any questions that may arise during the processing of the return. The paid preparer is also authorized to:

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

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

The authorization will automatically end no later than the due date (without regard to extensions) for filing the entity's 2007 tax return. If you wish to revoke the authorization before it ends, submit your request in writing to the Utah State Tax Commission, attention Taxpayer Services, 210 N 1950 W, SLC, UT 84134.

Paid Preparer

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

Preparer Penalties

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

Instructions For Schedule E – Prepayments of Any Type

Line 1
Enter the total amount of all refunds applied from the prior year to the current year's liability.

Line 2
List the date, check number and amount of extension prepayment.

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

Line 4
Add lines 1, 2 and 3. Enter the total on this line and on the appropriate line of the return, as follows:

TC-20HA, line 5
TC-20R, line 12
TC-20REIT, line 12
TC-20UBI, line 8
TC-20(338), line 9

TC-20UBI Line-by-Line Instructions

Line 1 – Unrelated Business Income
Enter the unrelated business taxable income as taken from federal form 990-T, line 34.

Line 2 – Apportionment Fraction
Enter 1.000000, or the fraction (decimal) from Schedule J, line 8 or 12, if applicable.

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

Line 3 – Utah Taxable Income
Line 1 multiplied by line 2. A loss cannot be carried forward or back for Utah purposes. The loss has already been applied against income on the federal return.

Line 4 – Tax Calculation
Multiply line 3 by .05.

Line 5 – Total Penalties and Interest
Enter any applicable penalty and interest amounts on the appropriate lines. Enter the total amount in the box. See General Instructions regarding penalties and interest.

Line 6 – Total Tax, Penalties and Interest Due
Add lines 4 and 5.

Line 7 – Refundable Credits
If you claim any of the following refundable credits, write the **code and amount** of each refundable credit you qualify for on line 7 with the amount of the credit. Enter the sum of all refundable credits in the right-hand column on line 7. An explanation of each of the following refundable credits can be found in the corporation instructions for the TC-20 return. Use the codes below if claiming a credit.

Codes for line 7

40 Targeted Business Tax Credit

46 Mineral Production Withholding Tax Credit

47 Agricultural Off-highway Gas/Undyed Diesel Fuel Tax Credit

48 Farm Operation Hand Tools

Line 8 – Total Prepayments
Enter the total from Schedule E, line 4.

Line 9 – Total Tax Due
If line 6 is larger than the sum of lines 7 and 8, subtract the sum of lines 7 and 8 from line 6. 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 mail.**

Line 10 – Total Overpayment
If the sum of lines 7 and 8 is larger than line 6, subtract line 6 from the sum of lines 7 and 8. This is the amount of the overpaid taxes.

Line 11 – Overpayment to be Applied to Next Taxable Year
All or part of a refund may be applied as an advance payment for the next tax year. Enter the amount to be applied (must be less than or equal to the refund amount).

Line 12 – Total Refund
Subtract line 11 from line 10.

Line 13 – Quarterly Estimated Payments Meeting Exception
Check boxes corresponding to the four quarterly prepayments for those quarters to which a penalty exception applies. See Exceptions to Penalty on Estimated Tax in the General Instructions for guidelines. Attach supporting documentation.

Instructions for Schedule J – Apportionment Schedule

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

For taxable years beginning after 2005, an election may be made to double weight the sales factor in the apportionment calculation. The election, once made, is irrevocable and must be used for five taxable years. The

election is made by entering an "X" in the box on line 9 and completing lines 10 through 12 on Schedule J.

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

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

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

Lines 1a - 1f – Property Factor
Show the average cost value during the taxable year of real and tangible personal property used in the business within Utah (including leased property) in column A and overall (including Utah) in column B.

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

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

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

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

Line 2 – Property Factor Calculation
Determine the property factor (decimal) by dividing line 1f column A by line 1f column B.

Line 3 – Payroll Factor
Wages, salaries, commissions and other includable compensation paid to employees for personal services must be included in the Utah factor to the extent the services, for which the compensation was paid, were rendered in Utah.

Compensation is paid in Utah if:

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

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

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

Line 4 – Payroll Factor Calculation
Determine the payroll factor (decimal) by dividing line 3a column A by line 3a column B.

Lines 5a - 5h – Sales Factor
The sales factor is the fraction the sales or charges for services within Utah for the taxable year bear to the overall sales for the taxable year. Gross receipts from the performance of services are in Utah to the extent the services are performed in Utah.

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

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

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

NOTE: Exception to the above method for securities brokerage businesses can be found in UC §59-7-319(3).

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

Line 6 – Sales Factor Calculation
Determine the sales factor (decimal) by dividing line 5h column A by line 5h column B.

Equally-Weighted Three Factor Formula

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

Line 7 – Total Factors
Enter the sum of the factors from lines 2, 4 and 6.

Line 8 – Apportionment Fraction
Calculate the apportionment fraction to six decimals by dividing line 7 by the number of factors used (typically 3 – property, payroll and sales). If one or more of the factors are not present (i.e., there is a zero in the denominator on lines 1f, 3a or 5h in column B), divide by the number of factors present. If the numerator is zero, but a denominator is present, include that factor in the number of factors present. Enter apportionment fraction (decimal) here and on the return, if not electing the double-weighted sales factor below.

Double-Weighted Sales Factor Election

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

Line 9 – Making the Election
Enter an "X" in the box on line 9 if you elect the double-weighted sales factor.

Line 10 – Doubled Sales Factor
Multiply the sales factor (decimal) from line 6 above by 2. This will result in the sales factor being considered twice in the calculation.

Line 11 – Total Factors
Enter the sum of the factors from lines 2, 4 and 10.

Line 12 – Elected Apportionment Fraction
Calculate the elected, double-weighted sales factor apportionment fraction to six decimals by dividing line 11 by the number of factors used (typically 4 – property, payroll and two times the sales factor). If one or more of the factors are not present (i.e., there is a zero in the denominator on lines 1f or 3a in column B), divide by the number of factors present (allowing two factors for sales). If the numerator is zero, but a denominator is present, include that factor in the number of factors present. Enter the apportionment fraction (decimal) here and as indicated on the form.

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Start Here --->

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

Utah Return of Unincorporated Exempt Organization or Exempt Corporation Having Unrelated Business Income

2006 TC-20 UBI
Rev. 12/06

This return is for the calendar year ending Dec. 31, 2006, or fiscal year beginning _____ and ending _____.

- ☐ **FOR AMENDED RETURN - ENTER CODE (1-4) from page 3**
- ☐ **Enter "X" if you filed federal form 8886**

Check box(es) if this is a new address:	Corporation name			Employer Identification Number
● ☐ Physical address	Address			Utah Incorporation/Qualification Number
● ☐ Mailing address				Telephone Number
	City	State	Zip code	Foreign country (if not U.S.)

1. Unrelated business income from federal form 990-T, line 34	1		00
2. Apportionment fraction (enter 1.000000, or Schedule J, line 8 or line 12, if applicable)	2		
3. UTAH TAXABLE INCOME (line 1 multiplied by line 2)	3		00
4. Tax (multiply line 3 by .05)	4		00
5. Total the penalties and interest listed below and enter on this line	5		00
Extension penalty $ _____ Late filing penalty $ _____			
Late payment penalty $ _____ Interest $ _____			
6. Total tax, penalties and interest due (add lines 4 and 5)	6		00
7. Refundable credits (see instructions) ● 7a Code ____ 00 ● 7b Code ____ 00	7		00
8. Total prepayments (Schedule E, line 4)	8		00
9. Total tax due (if line 6 is larger than sum of lines 7 and 8, subtract sum of lines 7 and 8 from line 6) **Make check payable to: UTAH STATE TAX COMMISSION**	9		00
10. Total overpayment (if sum of lines 7 and 8 are larger than line 6, subtract line 6 from sum of lines 7 and 8)	10		00
11. Amount of overpayment to be applied as advance payment to next tax year	11		00
12. Total refund (subtract line 11 from line 10)	12		00

13. Check box(es) corresponding with installments that qualify for exceptions (See instructions and attach supporting documentation.) 1 ☐ 2 ☐ 3 ☐ 4 ☐

NOTE: Attach a copy of federal form 990-T to this return.

OFFICE USE ONLY

Under penalties of perjury, I declare to the best of my knowledge and belief, this return and accompanying schedules are true, correct and complete.

Signature of officer | Title | Date

Don't forget to sign & date this return before filing with the Utah State Tax Commission.

☐ Check here if the Tax Commission may discuss this return with the preparer shown below (see page 5)

Paid Preparer's Section	Preparer's signature	Date signed	Preparer's SSN/PTIN
	Firm's name (or yours, if self-employed)	Telephone	Preparer's EIN
	Preparer's complete address (street, city, state, zip code)		

IMPORTANT: To protect your privacy, use the "Clear form" button when you are finished.

Clear form

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Schedule J - Apportionment Schedule

TC-20 J, Rev. 12/06
(for use with TC-20, TC-20S, TC-20REIT & TC-20UBI)

Corporation Name	Taxable Year Ending	Employer Identification Number

NOTE: Use this schedule only if income is taxable in another state and should be apportioned to Utah. Use this schedule with Utah corporate forms TC-20, TC-20S, TC-20REIT and TC-20UBI.

Describe briefly the nature and location(s) of your Utah business activities:

APPORTIONABLE INCOME FACTORS

		Inside Utah Column A		Inside and Outside Utah Column B	
1. **Property Factor**					
a. Land	1a		00		00
b. Depreciable assets	1b		00		00
c. Inventory and supplies	1c		00		00
d. Rented property	1d		00		00
e. Other tangible property	1e		00		00
f. Total tangible property (total lines 1a through 1e)	1f		00		00
2. Property factor (decimal) — line 1f, column A divided by line 1f, column B				2	__ . __ __ __ __ __ __
3. **Payroll Factor**					
a. Total wages, salaries, commissions and other compensation	3a		00		00
4. Payroll factor (decimal) — line 3a, column A divided by line 3a, column B				4	__ . __ __ __ __ __ __
5. **Sales Factor**					
a. Sales (gross receipts less returns and allowances)				5a	00
b. Sales delivered or shipped to Utah purchasers from outside Utah	5b		00		
c. Sales delivered or shipped to Utah purchasers from within Utah	5c		00		
d. Sales shipped from Utah to the United States government	5d		00		
e. Sales shipped from Utah to purchasers in a state(s) where the taxpayer has no nexus (the corporation is not taxable in the state of purchaser)	5e		00		
f. Rent and royalty income	5f		00		00
g. Service income (attach schedule)	5g		00		00
h. Total sales and services (total lines 5a through 5g)	5h		00		00
6. Sales factor (decimal) — line 5h, column A divided by line 5h, column B				6	__ . __ __ __ __ __ __

EQUALLY-WEIGHTED THREE FACTOR FORMULA

Corporations not making the election to double-weight the sales factor must complete lines 7 and 8.

7. Add lines 2, 4 and 6	7	__ . __ __ __ __ __ __
8. Calculate the **Apportionment Fraction** to **SIX DECIMALS** (line 7 divided by **3** or the number of factors present)	8	__ . __ __ __ __ __ __

DOUBLE-WEIGHTED SALES FACTOR ELECTION — If elected, this option is effective and irrevocable for five years.

Corporations electing to double-weight the sales factor must complete lines 9 through 12.

9. Enter "X" in the box if the election is made to double-weight the sales factor	9	☐
10. Doubled sales factor — amount from line 6 times 2	10	__ . __ __ __ __ __ __
11. Add lines 2, 4 and 10	11	__ . __ __ __ __ __ __
12. Calculate the **Elected Apportionment Fraction** to **SIX DECIMALS** (line 11 divided by **4** or the number of factors present, counting the sales factor twice)	12	__ . __ __ __ __ __ __

Enter the amount from line 8 (or line 12 if the Double-Weighted Sales Factor Election is selected) as follows:

TC-20 filers - enter on TC-20, Schedule A, line 9 **TC-20REIT filers -** enter on TC-20REIT, line 4

IMPORTANT: To protect your privacy, use the "Clear form" button when you are finished.

Schedule E - Prepayments of Any Type

TC-20 E, Rev. 12/06
(for use with TC-20HA, TC-20UBI & TC-20(338))

1. Overpayment applied from prior year	1		00
2. Extension prepayment Date _____ Check number _____	2		00
3. Other prepayments (attach additional pages if necessary)			
a. Date _____ Check number _____	3a		00
b. Date _____ Check number _____	3b		00
c. Date _____ Check number _____	3c		00
d. Date _____ Check number _____	3d		00
Total of other prepayments (add lines 3a through 3d)	3		00
4. Total prepayments (add lines 1, 2 and 3) Enter here and on: TC-20HA, line 5 TC-20UBI, line 8 TC-20(338), line 9	4		00