



*More than half a million Utahns now e-file their state income tax returns.*

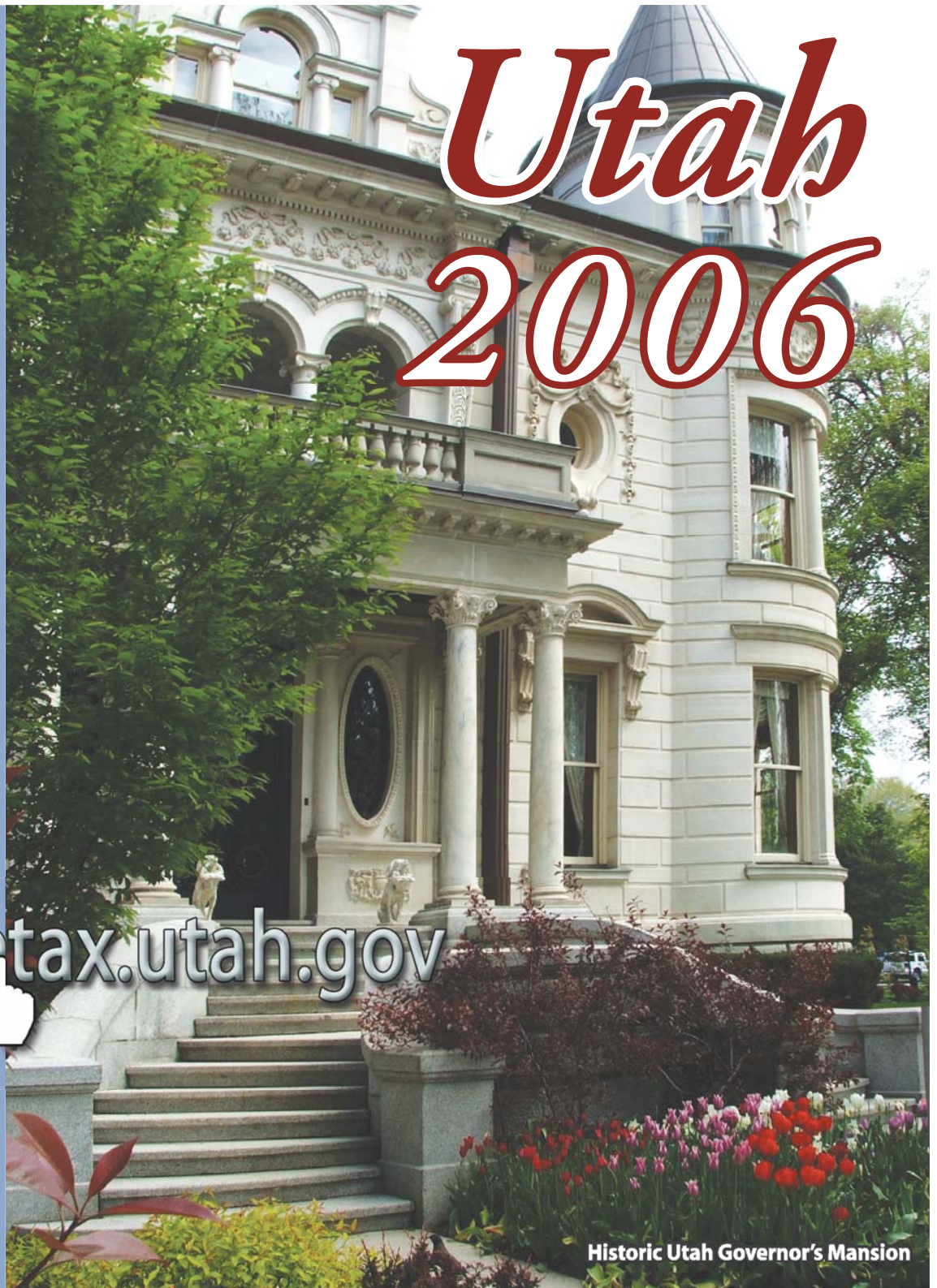
*They have good reasons...*



*See the back cover of this book, or visit our website:*

[incometax.utah.gov](http://incometax.utah.gov)

*Why not give it a try?  
Once you use e-file, you will never want to file a paper return again.*



Historic Utah Governor's Mansion

# Individual Income Tax TC-40 Forms and Instructions

*All state income tax dollars fund education.*

## Your Utah Return is Scanned

Scanning results in faster processing and fewer errors. For the most efficient processing, please follow these guidelines.

- Write within the lines of each box.
- Use black or dark blue ink only. Do not use felt tip pen.
- Print only one number or letter in each box.
- Enter only whole dollar amounts - no pennies.
- If a line or box does not apply to you, leave it blank.
- Do not use dollar signs, slashes or parenthesis in boxes.
- Send in the original return - keep a copy for your records.

Numbers and letters are machine-read, enter as follows:



If entering a loss on line 4, use a minus sign.



## Forms Available

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

Automated forms ordering:

(801) 297-6700, in the Salt Lake area

(800) 662-4335 ext. 6700, outside Salt Lake

Visit participating libraries and post offices.

## Customer Service

[taxmaster@utah.gov](mailto:taxmaster@utah.gov)

(801) 297-2200, in the Salt Lake area

(800) 662-4335, outside the Salt Lake area

## Walk-in Service

Ogden, 2540 Washington Blvd, 7th Floor

Provo, 150 E Center St #1300

Salt Lake City, 210 N 1950 W

St. George, 359 E Riverside Dr

**Hours:** Monday - Friday, 8:00 a.m. to 5:00 p.m.

Saturday and extended hours will be announced.

## Tax Commission Mailing Addresses

Use the preaddressed envelope in this booklet to mail your return. To speed up a refund, blacken the box on the front of the envelope. If you do not have a preprinted envelope, use the following addresses:

### REFUND RETURN

Utah State Tax Commission

210 North 1950 West

Salt Lake City, Utah 84134-0260

### ALL OTHER RETURNS (including PAYMENTS)

Utah State Tax Commission

210 North 1950 West

Salt Lake City, Utah 84134-0266

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 (801) 297-2020. Please allow three working days for a response.

## Index to Instructions

Additions to Income .....	5	Injured Spouse .....	3	Resident Defined .....	2
Adoption (Special Needs) Credit .....	14	Innocent Spouse .....	3	Retirement Income Exemption/Deduction .....	6
Adoption Expenses .....	5, 8	Interest .....	2, 15	Rounding Off to Whole Dollars .....	1
Agricultural Off-highway Gas Credit .....	14	Interest From U. S. Government Obligations .....	7	Sheltered Workshop Credit .....	10
Amended Returns .....	3, 13, 14	Itemized Deductions .....	6	Signatures .....	16
At-home Parent Credit .....	10	Long-Term Care Insurance Premiums .....	8	Social Security Number .....	4
Child's Income Excluded from Return .....	5	Low-Income Housing Tax Credit .....	11	Special Instructions for Couples .....	2
Clean Fuel Vehicle Credit .....	10	Lump Sum Distribution .....	5	Special Needs Adoption Credit .....	14
Contributions, Voluntary .....	12	Medical Savings Account (MSA) .....	5, 7	Standard Deduction .....	6
Credits, Nonrefundable .....	10	Military Personnel .....	2, 9	State Tax Allocated from Estate/Trust .....	5
Credits, Recapture .....	13	Mineral Production Withholding Credit .....	14	State Tax Itemized on Federal Schedule A .....	5
Credits, Refundable .....	14	Municipal Bond Interest .....	5	State Tax Refund Included in Federal Income .....	6
Deceased Taxpayer .....	2, 4, 16	Native Americans .....	2, 8	Students .....	3
Deductions from Income .....	7	Nonrefundable Credits .....	10	Targeted Business Income Tax Credit .....	14
Direct Deposit of Refund .....	15	Nonresident .....	2, 9	Tax Paid to Another State Credit .....	12
Disabled Dependents .....	4, 11	Nonresident Shareholder Withholding Credit .....	14	Tax Rate Schedule (calculation) .....	17
Disabled Employee Hired Credit .....	11	Off-highway Agricultural Gas Credit .....	14	Taxable Income .....	9
Domicile Defined .....	2	Organ Donation Expenses Credit .....	12	TC-40A Instructions .....	12
Election Campaign Fund .....	4	Other Deductions .....	7	TC-40B Instructions .....	6
Energy Systems Credit .....	10	Part-Year Resident .....	2, 9	TC-40C Instructions .....	9
Enterprise Zone Credit .....	11	Payment Agreement Request .....	15	TC-40S Instructions .....	5, 7, 10, 14
Equitable Adjustments .....	6, 8	Payment Coupon .....	15, 17	Third Party Designee .....	16
Exempt Taxpayers .....	9	Payment Options .....	15	Trust Income .....	6
Exemptions .....	4, 6	Penalties .....	2, 15	Tutoring Disabled Dependents Credit .....	11
Extension of Time to File .....	1	Personal Exemptions .....	4, 6	Use Tax .....	13
Farm Operation Hand Tools Credit .....	15	Prepaid Utah Income Tax .....	1, 14	Utah Education Savings Plan (UESP) .....	5, 7
Federal Adjusted Gross Income .....	5	Preparer Provisions .....	16	Vehicle (Clean Fuel) Credit .....	10
Federal Tax Deduction .....	6	Railroad Retirement .....	8	Volunteer Income Tax Assistance .....	1
Filing Status .....	4	Recapture of Low-Income Housing Credit .....	13	What's New .....	Back Cover
Foreign Address .....	4	Recycling Market Development Zone Credit .....	11	What to Attach and What to Keep .....	1
Gains on Capital Transactions .....	9	Refund Applied to Next Year Tax .....	15	When to File and Pay .....	1
Health Care Insurance Premiums .....	7	Refundable Credits .....	14	Where to File .....	1
Hiring Disabled Employees Credit .....	11	Renewable Energy Systems Credits .....	10	Who Must File .....	1
Historic Preservation Credit .....	10	Research Activities Credit .....	12	Withholding Tax .....	14
Income Tax Calculation .....	9, 17	Research Credit (Machinery & Equipment) .....	12		

## What's New

See the 2006 Utah income tax law changes on the back cover of these instructions.

## Volunteer Income Tax Assistance (VITA)

VITA volunteers provide tax preparation service to low-income, elderly and disabled taxpayers. Some VITA sites have the capability of filing electronically. Contact the IRS by calling 1-800-829-1040 to find the site nearest you.

## Federal Earned Income Tax Credit

The federal earned income tax credit (EITC) is a refundable federal (not Utah) tax credit for certain people who work and have earned income. The credit can mean a larger refund or a reduction in the tax you may owe on your federal return.

To see if you qualify for this federal credit, check the IRS website at [www.irs.gov/individuals/article/0,,id=130102,00.html](http://www.irs.gov/individuals/article/0,,id=130102,00.html), or call the IRS at 1-800-829-1040.

## Who Must File

1. Every Utah resident who is required to file a federal income tax return;
2. Every non or part-year resident having income from Utah sources who is required to file a federal return;
3. Taxpayers requesting a refund of any overpayment of income tax regardless of the amount of gross income; or
4. Every individual with Utah income that meets the following requirements:

Marital Status at end of 2006:	Filing Status:	At end of 2006 you were:	And gross income is at least:
Single	Single	Under 65 65 or older	\$8,450 \$9,700
	Head of Household	Under 65 65 or older	\$10,850 \$12,100
	Qualifying Widow(er)	Under 65 65 or older	\$13,600 \$14,600
Married with dependent child, living apart from spouse during last 6 months of 2006	Head of Household	Under 65	\$10,850
		65 or older	\$12,100
Married, living with spouse at end of 2006 or up to date spouse died	Married joint return	Under 65 (both)	\$16,900
		65 or older (one spouse) 65 or older (both spouses)	\$17,900 \$18,900
	Married separate return	Any age	\$3,300
Married, not living with spouse at end of 2006 or up to the date spouse died	Married joint or separate return	Any age	\$3,300

If you must file a Utah return, first complete a federal return, even if you're not required to file with the IRS. Information from the federal return is needed to complete the Utah return.

**Income Tax Exemption:** You may be exempt from Utah individual income tax if your federal adjusted gross income is less than the sum of your federal standard deduction and personal exemptions for the taxable year. See instructions for line 16 on page 9.

## When to File and Pay

**TIP** Quarterly estimated tax payments are NOT required.

You must file your return and pay any income tax due:

1. By April 16, 2007, if you file on a 2006 calendar year basis (tax year ends December 31, 2006); or
2. By the 15th day of the fourth month following the close of the fiscal year, if you file on a fiscal year basis.

All Utah income taxes for the year 2006 must be paid by the due date. If your return is not filed on time or all income tax due is not paid by the due date you may be subject to penalties and interest. (See Penalties and Interest instructions on page 2.)

## Where to File

Mail your return and/or payment using the **envelope in this booklet**. If you don't have a preprinted envelope, refer to the correct mailing addresses on the inside front cover.

## What to Attach and What to Keep

Include the following with your TC-40. Keep copies of these with your tax records.

- **Withholding Forms:** Attach all forms (W-2, 1099-R, 1099-MISC, etc.) showing Utah withholding tax for which you are claiming credit and TC-675R showing mineral withholding tax.
- **Utah Schedules:** Attach Utah schedules TC-40A, TC-40B, TC-40C, and/or TC-40S, if applicable.
- **Other Adjustments:** If any other adjustments are entered on TC-40S (Schedule S) Part 1, code 69 or Part 2, code 79, attach a separate explanation.

Do not send a copy of your federal return, credit schedules, worksheets, or other documentation with your Utah return. Keep these, along with any receipts, to support any entry reported on your return. **You may be asked to furnish this information later to verify entries on your Utah return.**

## Rounding Off to Whole Dollars

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.**

## Extension of Time to File

**TIP** There is NO extension of time to pay your taxes – only an extension of time to file your tax return.

You are automatically allowed an extension of up to six months to file your return without filing an extension form. *However, if the prepayment requirements (see next paragraph) are not met on or before the original due date (April 16th), penalties will be assessed.* See Penalties and Interest instructions on page 2. All extension returns must be filed by October 15, 2007.

## Prepayment Requirements for Filing Extension

**TIP** All prepayments are due on or before April 16, 2007.

The required prepayment must equal:

- Ninety percent (90%) of the tax due for 2006 (line 19); or
- One hundred percent (100%) of your 2005 Utah tax liability (line 18 of your 2005 Utah return).

A prepayment may be in the form of withholding (W-2, TC-675R, TC-675M, 1099-R, etc.), tax credit, and/or payment

made on or before the tax due date using form TC-546, Individual Income Tax Prepayment Coupon. Interest will be assessed on unpaid tax from the filing due date until the tax is paid in full. Penalties may also be assessed.

## Penalties and Interest

### PENALTIES

Utah law (UC §59-1-401) provides penalties for failure to file tax returns by the due date, failure to pay tax due on time, failure to make sufficient prepayment on extension returns, and failure to file information returns or supporting schedules. Details of these penalties, along with a list of additional penalties that may be imposed, can be found in Pub 58, available at the [tax.utah.gov/forms](http://tax.utah.gov/forms). You can calculate late filing, late payment, and extension penalties by using the online Penalty and Interest Calculator at [tax.utah.gov/picalc](http://tax.utah.gov/picalc) (available April 2007).

### INTEREST (In addition to penalties due)

Interest will be assessed on any underpayment from the original due date until any outstanding liability is paid in full. The interest rate for most taxes and fees administered by the Tax Commission for the 2007 calendar year is **7 percent**. Use the online Penalty and Interest Calculator at [tax.utah.gov/picalc](http://tax.utah.gov/picalc) (available April 2007) or follow the instructions in Pub 58, available at [tax.utah.gov/forms](http://tax.utah.gov/forms) to assist you.

## Domicile Defined

Domicile is the place where an individual has a permanent home and to which he intends to return after being absent. It is the place at which an individual has voluntarily fixed his habitation, not for a special or temporary purpose, but with the intent of making a permanent home. A domicile, once established, is not lost until all of the following three elements are met: 1) a specific intent to abandon the former domicile; 2) the actual physical presence in a new domicile; and 3) the intent to remain in the new domicile permanently.

For more information on determining residency, see Tax Commission rules R865-9I-2 and R884-24P-52. Visit our website at [tax.utah.gov/research/ruleseffective.html](http://tax.utah.gov/research/ruleseffective.html).

## Resident Defined

A Utah resident is an individual who:

1. Is domiciled in Utah for the entire year, even if temporarily outside of Utah for an extended period of time – even years in certain situations;
2. Is domiciled in Utah for any period of time during the taxable year, but only for the duration of that period;
3. Even though domiciled outside Utah, maintains a permanent place of abode within the state and spends a total of 183 or more days of the taxable year within Utah. This does not apply to military personnel or their spouses who are in Utah on military assignment, unless they are Utah residents.

All income received during the period of Utah residency is taxable in Utah, regardless of the source of that income.

## Part-Year Resident Defined

A part-year resident is an individual who is domiciled in Utah for part of the year and is domiciled outside Utah for part of the year. All income received during the period of Utah residency by a part-year resident is taxable in Utah, regardless of the source of that income. Income from Utah sources is taxable in Utah during the period of nonresidency.

## Nonresident Defined

A nonresident individual is one who was not in Utah or was in Utah for temporary purposes for less than 183 days during the taxable year. Income received by a nonresident from Utah sources is taxable in Utah.

## Deceased Taxpayer Return

A return must be filed for a deceased individual who would have been required to file an income tax return. The personal representative, executor, administrator, legal representative or survivor must sign and file the final return and any other returns still due. Persons, other than a surviving spouse, claiming a refund on behalf of the deceased, must attach form TC-131, Statement of Person Claiming Refund Due a Deceased Taxpayer, to the front of the return. Also, see pages 4 and 16 for additional instructions for deceased taxpayers.

## Military Personnel

1. **Residents:** Utah residents who enter military service do not lose their Utah residency or domicile solely by being absent due to military orders. They still must file a resident Utah income tax return on all income, regardless of the source. If income tax is required to be paid to another state on nonmilitary income, a credit may be allowed for the tax paid to the other state. If taxes are owed to another state, complete and attach form TC-40A, included in this booklet.
2. **Nonresidents:** Nonresidents stationed in Utah solely due to military orders are not subject to Utah tax on their military pay. However, nonresident personnel or members of their family residing in Utah with earned income from Utah sources, other than active military service pay, are required to file a Utah income tax return and pay any tax due. See instructions on page 9 and Pub 57.
3. **Married couples:** The spouse of a person in active military service is generally considered to have the military person's domicile and is subject to the same income tax laws and rules that apply to the military person. If one spouse is a full-year Utah resident and the other spouse is a nonresident, the couple may file separate Utah income tax returns, even though they filed a joint federal income tax return. See Special Instructions below and Pub 49.

## Special Instructions for Couples



**Pub 49** - Special instructions if one spouse is a full-year resident and the other is a non-resident - [incometax.utah.gov/forms.php](http://incometax.utah.gov/forms.php)

Couples who qualify to use Special Instructions may file a federal return as married filing joint and file Utah returns as married filing separate. Couples who do not qualify to use Special Instructions must file the Utah return using the same filing status as the federal return.

To file using Special Instructions, one spouse must be a full-year Utah resident and the other spouse must be a nonresident. If either spouse is a part-year resident they cannot file using Special Instructions.

## Native Americans

1. **Residents:** Native Americans who are domiciled and earn income in Utah should file a Utah income tax return.

- Enrolled members of a Native American tribe or nation in Utah, who live and work on the reservation on which they are enrolled, are exempt from Utah income tax on income earned on the reservation. See page 8 for an explanation on how to deduct this income.
  - Enrolled members of the Ute Tribe who work on the Uintah and Ouray Reservation and live on land removed from that reservation under Hagen vs. Utah (510 U.S. 399 (1994)) are exempt from Utah income tax on income earned on the reservation. See page 8 for an explanation on how to deduct this income.
2. **Nonresidents:** Nonresident Native Americans who are not domiciled on a reservation within Utah, but earn income from Utah sources, must file a Utah income tax return and pay any tax due.

## Students

1. **Residents:** A Utah resident who is a student at a non-Utah school (full or part-time) is required to file a Utah return and pay tax on all income, regardless of the source. If income tax is required to be paid to another state on income that is also taxed by Utah, a credit may be allowed for the tax paid to the other state. To claim credit for taxes paid to another state, complete and attach form TC-40A, included in this booklet. Do not send a copy of the other state's return. Keep the other state's return and all related documents with your records.
2. **Nonresidents:** A nonresident student who is attending a Utah school is required to file a Utah income tax return and pay Utah tax on income, such as wages, rental income, business income, etc. earned from Utah sources.

## Injured Spouse

If your spouse brought prior outstanding Utah tax liabilities into the marriage, any refund may be offset against that liability. You may be entitled to claim a part or all of any refund under the injured spouse provisions. See specific details on our website at [tax.utah.gov/billing/innocent.html](http://tax.utah.gov/billing/innocent.html).

## Innocent Spouse

If your spouse omitted income or claimed false deductions or credits for which you did not receive any benefit, you may be entitled to relief from the tax liability. See specific details on our website at [tax.utah.gov/billing/innocent.html](http://tax.utah.gov/billing/innocent.html).

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

Amend your return 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 amend your Utah return within 90 days of the IRS's final determination. If you are unsure whether or not your Utah taxes are affected by an audit or adjustment, contact the Tax Commission.

Generally, to qualify for a refund or credit, an amended return must be filed within three years following the date the original return was due. A return filed before the due date is considered filed on the due date. If an amended return must be filed based on changes made by the IRS, a claim for refund or credit must be made within two years after a Utah amended return was required to be filed.

### How to Amend a 2006 Utah Income Tax Return

- A. Enter on page 1 of the Utah return, in the box titled "For Amended Return - Enter Code" a code number that best corresponds to your **Reason For Amending**. See codes below.

#### Reason-for-Amending Codes (enter on return)

- 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 error).
  - 3 Your tax calculation was changed by an IRS audit and/or adjustment (attach a copy of the IRS adjustment).
  - 4 You had a net operating loss. Utah treats net operating losses in the same manner as the federal return. If your amended return is the result of a carryback net operating loss, complete an income tax return for each year you are amending (attach a copy of your amended federal return).
  - 5 Other (attach explanation to return).
- B. Complete the return by entering the corrected figures.
- C. Enter other amounts shown on your original return. If you received a refund on your original return, enter the amount of the previous refund on line 23 of the 2006 amended return. If you paid with the original return or made subsequent payments of the tax prior to filing the amended return, enter the total previous payments on line 29 of the 2006 amended return. Contributions on line 22 cannot be changed after the original return is filed.
- D. Do not submit a copy of your original return with the amended return.

### Federal Form 8886

If you filed federal form 8886, Reportable Transaction Disclosure Statement, with the Internal Revenue Service, enter a "X" in the box at the top of your TC-40, where indicated.

# Line-by-Line Instructions

## Name, Address, Social Security Number

**TIP** Your social security number(s) and name(s) must match your social security card(s).

Type or print your social security number(s), name(s), address and telephone number, including area code, in the spaces provided. If filing married jointly or separately, also enter the spouse's name and social security number. You must enter the social security numbers in the same order your names appear on the form.

### FOREIGN ADDRESS

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. Enter only the foreign country name in the field titled "Foreign country."

### DECEASED TAXPAYER

If you are filing for a taxpayer who died (including a deceased spouse), enter the deceased individual's name and social security number and your mailing address and telephone number. Enter a "X" in the box if the taxpayer or spouse died in 2006 or 2007. *See pages 2 and 16 for additional information.*

### SOCIAL SECURITY NUMBER DISCLOSURE

Each individual filing a Utah individual income tax return must disclose his or her social security number pursuant to Tax Commission Rule R861-1A-15. The social security number is used as a unique identifier on the State's automated income tax system. All information on the income tax return is confidential and protected from unauthorized disclosure by federal and state laws.

## 1. Filing Status

If you filed a joint federal return, you must file a joint Utah return unless the Special Instructions apply.



**Pub 49 - Special instructions if one spouse is a full-year resident and the other is a non-resident - [incometax.utah.gov/forms.php](http://incometax.utah.gov/forms.php)**

Enter the code that matches the filing status shown on your federal return:

**1040 and 1040A**, lines 1 through 5

**1040EZ**, there is no federal filing status listed. Select filing status code A or C, whichever applies.

## 2. Exemptions

**TIP** For lines 2a through 2c, enter the same number of exemptions claimed on your federal return.

- Enter a "1" if you claim yourself. If someone else, such as a parent, is claiming you as their dependent on their federal return, enter "0." If you checked "You" on line 5 of your 1040EZ, enter "0."
- Enter a "1" if you claimed your spouse as an exemption on your federal return. If someone else, such as a parent, is claiming your spouse as their dependent on their federal return, enter "0." If you checked "Spouse" on line 5 of your 1040EZ, enter "0."
- Enter the number of dependents claimed on line 6c of the federal return 1040 or 1040A.
- Qualified disabled dependent exemption. Complete form TC-40D, Disabled Exemption Verification, each year for each disabled exemption claimed (see explanation below). Do not send form TC-40D with your return. Keep the form and all related documents with your records. Enter the total disabled exemptions. *To qualify*

for this exemption, the individual must be claimed as a dependent on your tax return. **Neither the taxpayer nor the taxpayer's spouse qualifies for this exemption.**

e. Add all exemptions and enter the total.

### Disabled Exemption Qualifications Infants and Toddlers with Disabilities

*(Ages 0 through 2 years)*

A representative from either the State Department of Health or a local early intervention program is authorized to approve this exemption. For additional information, contact the Utah Department of Health, Early Intervention Program, PO Box 144720, SLC, UT 84114-4720, telephone (801) 584-8226 or 1-800-961-4226.

### School-Age Persons with Disabilities

*(Ages 3 through 21 years)*

Children eligible for the exemption must be diagnosed by a local school district (under State Board of Education guidelines), as having a disability classified as: autism, deafness, developmental delay (ages 3 through 7), dual sensory impairment (deaf/blind), hearing impairment, intellectual disability, multidisability, orthopedic impairment, other health impairment, traumatic brain injury, or visual impairment, AND must not be currently receiving residential services from the Division of Services for People with Disabilities (Department of Human Services) or from the School for the Deaf and Blind. Students with only learning disabilities, behavior disorders, or communication disorders are not eligible for this exemption. Questions concerning programs for children may be directed to your local school district, local school, or the Utah State Office of Education, 250 E 500 S, PO Box 144200, SLC, UT 84114-4200, telephone (801) 538-7587.

### Adults With Disabilities

*(Age 18 and older)*

The eligible adult for this exemption must:

- Be 18 years of age or older;
- Be eligible for services under Title 62A, Chapter 5 (Services for People with Disabilities);
- Not be enrolled in an education program for students with disabilities authorized under Section 53A-15-301; and
- Not be enrolled in a school established under Title 53A, Chapter 25 (Schools for the Deaf and Blind).

A support coordinator from the Division of Services for People with Disabilities is authorized to sign form TC-40D to certify the adult with disabilities is either enrolled in division services or qualifies for this exemption. A primary care physician or licensed psychologist familiar with the adult's disabilities may also sign form TC-40D, certifying the person qualifies for this exemption.

Questions may be directed to the Utah Department of Human Services, Division of Services for People with Disabilities, 120 N 200 W, Room 411, SLC, UT 84103, telephone (801) 538-4200; [www.hsdspd.utah.gov](http://www.hsdspd.utah.gov).

Form TC-40D is available on the Internet at [tax.utah.gov/forms](http://tax.utah.gov/forms) or by calling or writing the Tax Commission or one of the agencies noted above.

## 3. Election Campaign Fund

If your Utah income tax liability on line 19 of your Utah return is \$2 or more (\$4 if married filing jointly), you may designate \$2 to be contributed to the campaign fund for any of the qualified parties listed. If this is a joint return, your spouse

may also designate \$2 to the party of his or her choice. This will not reduce your refund or increase the amount of taxes you owe.

### 4. Federal Adjusted Gross Income

Enter your federal adjusted gross income (FAGI) from your federal return:

- 1040, line 37                      1040EZ, line 4
- 1040A, line 21                    1040NR-EZ, line 10
- 1040NR, line 35

### 5. State Income Tax Itemized on 2006 Federal Schedule A

**TIP** If you did not itemize your deductions on federal return 1040 Schedule A, leave this line blank.

If you filed federal form 1040 and you claimed any income tax paid to Utah, another state, the District of Columbia, or possession of the United States as an itemized deduction on line 5 of federal Schedule A, enter an amount as follows:

- A. For federal adjusted gross income LESS than or equal to \$150,500 (or \$75,250 for married filing separate) on line 4 on your Utah return, enter the state income tax itemized on your federal Schedule A, line 5.
- B. For federal adjusted gross income GREATER than \$150,500 (or \$75,250 for married filing separate) on line 4 on your Utah return, complete the following worksheet to determine the amount to enter.

WORKSHEET	
1. Add lines 4, 9, 14, 18, 19, 26 and 27 on federal Schedule A	\$ _____
2. Add lines 4, 13 and 19, plus any gambling and casualty or theft losses included on line 27 on federal Schedule A	\$ _____
3. Subtract worksheet line 2 from line 1. If your answer is zero or less, stop here. Enter the amount from federal Schedule A, line 5 on line 5 of your Utah return	\$ _____
4. Enter the amount from line 28 on federal Schedule A	\$ _____
5. Subtract line 4 from line 1	\$ _____
6. Subtract line 5 from line 3	\$ _____
7. Divide line 6 by line 3 (decimal rate)	_____
8. Multiply the amount on line 5 of federal Schedule A by the rate on line 7. Enter the amount here and on line 5 of your Utah return	\$ _____

### 6. Additions to Income

If you have any of the following additions to income, complete Schedule S, Part 1 and attach it to your Utah return. On Schedule S, write the **code and amount** of each addition to income you are required to report. Carry the sum of all additions to line 6 of your return. An explanation of each addition to income is listed below.

Codes for additions to income	
51	Lump Sum Distribution
52	State Taxes Allocated from an Estate or Trust
53	Medical Savings Account (MSA)
54	Utah Educational Savings Plan (UESP)
55	Reimbursed Adoption Expenses
56	Child's Income Excluded from Parent's Return
57	Municipal Bond Interest
60	Untaxed Income of a Resident Trust
61	Untaxed Income of a Nonresident Trust
69	Equitable Adjustments (other)

### (51) Lump Sum Distribution (UC §59-10-114(1)(b))

**TIP** If you did not file form 4972 with your federal return, this addition to income does not apply.

If you received a lump sum distribution and filed federal form 4972, add any amount shown on Part II, line 6 and the amount shown on Part III, line 10 of federal form 4972. Keep a copy of federal form 4972 and any 1099-R forms showing the distribution with your records.

**Shared Distributions:** If you shared a lump sum distribution, first multiply the amount on line 10 of form 4972 by the distribution percentage shown in box 9a on your form 1099-R. Then add the amount shown on Part II, line 6 on form 4972.

### (52) State Taxes Allocated from an Estate or Trust (UC §59-10-114(1)(a))

If state taxes were allocated to you by a fiduciary, enter that amount.

### (53) Medical Savings Account (MSA) *Utah residents only* (UC §59-10-114(1)(e))

The account holder of an MSA should receive a form TC-675M, Statement of Withholding for Utah Medical Savings Account, from the account administrator each year contributions are made. Include the sum of lines 8 and 9 from form TC-675M. Keep form TC-675M with your records.

### (54) Utah Educational Savings Plan (UESP) (UC §59-10-114(1)(f))

An account holder in the Utah Educational Savings Plan should receive a form TC-675H, Statement of Contribution for Utah Educational Savings Plan, from the UESP trustee. Any amount of principal refunded which was not used for higher education qualifying expenses and for which the account holder received a prior tax deduction, must be added back to income. The principal amount refunded is shown on form TC-675H. Keep form TC-675H with your records. Contact UESP at (801) 321-7188 or 1-800-418-2551 or [www.uesp.org](http://www.uesp.org) for more information.

### (55) Reimbursed Adoption Expenses (UC §59-10-114(1)(j))

Include any adoption expense deducted from Utah income in any prior taxable year for which you received reimbursement from your insurance company, a public welfare agency, or a private charitable organization in the current year.

### (56) Child's Income Excluded from Parent's Return (UC §59-10-114(1)(c))

Parents who elect to report a child's interest and dividends on their federal return must add to their Utah income any child's income that was excluded from the parent's federal adjusted gross income. Use the following worksheet to calculate the amount to be added back.

1. Enter \$1,700 <b>OR</b> the sum of the child's taxable interest, ordinary dividends and capital gain distributions (federal form 8814, line 4), whichever is less	\$ _____
2. Federal amount not taxed	\$ <b>850</b>
3. Subtract line 2 from line 1. If less than zero, enter zero. Add this amount to Utah income	\$ _____

### (57) Municipal Bond Interest (UC §59-10-114(1)(g))

Interest from certain bonds, notes and other evidences of indebtedness (commonly known as municipal bonds) issued by non-federal governmental entities outside Utah

will be subject to Utah income tax if acquired after January 1, 2003. However, interest earned on non-Utah municipal bonds will not be subject to Utah tax if the state (or political subdivision) issuing the bonds does not impose an income tax on bonds issued by Utah. For more information, visit [incometax.utah.gov/topics\\_municipalbonds.php](http://incometax.utah.gov/topics_municipalbonds.php).

#### (60) Untaxed Income of a Resident Trust (UC §59-10-114(1)(h))

Include any distribution received by a resident beneficiary of a resident trust of income that was taxed at the trust level for federal tax purposes, but was subtracted from state taxable income of the trust.

#### (61) Untaxed Income of a Nonresident Trust (UC §59-10-114(1)(i))

Include any distribution received by a resident beneficiary of a nonresident trust of undistributed distributable net income realized by the trust on or after January 1, 2004, if such income was taxed at the trust level for federal tax purposes, but was not taxed at the trust level by any state. Undistributed distributable net income is considered to be distributed from the most recently accumulated undistributed distributable net income.

#### (69) Equitable Adjustments (other) (UC §59-10-115(1))

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit or suffering a double tax detriment. Attach a schedule or explanation of any equitable adjustment reported.

### 7. Total Adjusted Income

Add lines 4 through 6

### 8. Standard/Itemized Deductions

**Itemized Deductions:** If you itemized your deductions on your federal return, you must use the same itemized deductions on your Utah return. This amount is found on federal form:

**1040**, line 40    **1040NR**, line 37    **1040NR-EZ**, line 11

**Standard Deduction:** If you used the standard deduction on your federal return, you must use the same deduction on your Utah return. This amount is found on federal form:

**1040**, line 40    **1040A**, line 24

**1040EZ**, if you checked either box on line 5 of federal form 1040EZ, enter the amount from line E of the worksheet on the back of form 1040EZ. If you are single and did not check a box on line 5, enter \$5,150.

If you are married filing joint and did not check a box on line 5, enter \$10,300.

### 9. Personal Exemptions

(UC §59-10-114(1)(d) and (2)(f))

The Utah personal exemption is \$2,475 per person (75 percent of the federal exemption amount). If your federal adjusted gross income from line 4 on your Utah return is less than or equal to the amount in the **AGI TABLE** below for your filing status, multiply \$2,475 by the number of exemptions claimed in box 2e and enter the result.

If your federal adjusted gross income on line 4 exceeds the amount in the **AGI TABLE** below for your filing status, you are subject to a reduced exemption amount. Multiply your federal amount from form 1040 line 42, 1040A line 26, or 1040NR line 39 by 0.75 and enter the result.

AGI TABLE	Filing Status
\$112,875	Married-separate
\$150,500	Single
\$188,150	Head of household
\$225,750	Married-joint or Qualifying widow(er)

*If you provided housing for persons displaced by hurricanes and filed IRS form 8914, see instructions at [incometax.utah.gov/instructions.php](http://incometax.utah.gov/instructions.php).*

**Note:** If your income exceeds the amount in the AGI TABLE and you claim a qualified disabled exemption (line 2d), complete the following worksheet to determine your Utah exemption amount.

#### High Income Worksheet for Disabled Exemption

- Federal form 1040 line 42, 1040A line 26, or 1040NR line 39, x 0.75 = \$ \_\_\_\_\_
- Number of exemptions from federal form 1040 or 1040A line 6d or 1040NR line 7d \_\_\_\_\_
- Divide line 1 by line 2. Enter result \$ \_\_\_\_\_
- Number of Utah exemptions on TC-40 line 2e \_\_\_\_\_
- Multiply line 3 by line 4 and enter result \$ \_\_\_\_\_  
Enter this exemption amount on line 9.

### 10. Deduction for One-half of Federal Tax (UC §59-10-114(2)(b))

**TIP** Self-employment and household employment taxes MAY NOT be included in this deduction.

Locate the federal tax amount from the following federal forms:

**1040**, add lines 57 and 60. *NOTE: If any Recapture Taxes were reported on federal form 1040, they must be added to the total of lines 57 and 60.*

**1040A**, line 37

**1040EZ**, line 11

**1040NR**, add lines 52 and 55

**1040NR-EZ**, line 15

Divide the federal tax amount by two and enter the result.

### 11. State Tax Refund Included in Federal Income

(UC §59-10-114(2)(n))

If you itemized your deductions on your 2005 federal form 1040, enter the amount reported on your 2006 federal form 1040, line 10; otherwise leave this line blank.

### 12. Retirement Income Exemption/ Deduction

(UC §59-10-114(2)(d) and (e))

Complete and attach form TC-40B to determine your allowable exemption/deduction for retirement income.

#### A. Taxpayers age 65 or older

Each taxpayer (you, and/or your spouse if filing jointly) who is 65 or older at the end of the tax year may be entitled to a retirement income exemption of \$7,500. This exemption is limited by the amount of your adjusted gross income plus certain interest income. Complete and attach form TC-40B to determine the retirement exemption allowed.

#### B. Taxpayers under age 65

Each taxpayer (you, and/or your spouse if filing jointly) who is under 65 at the end of the tax year and received retirement income may qualify for a deduction up to \$4,800, but not in excess of the qualifying income. Attach copies of all forms 1099-R, SSA-1099, TC-40B and other documentation to support this deduction.

#### 1. Qualifying Income

Qualifying income comes in the form of pensions, annuities or taxable retirement social security benefits. To claim the deduction a taxpayer must have earned the qualifying income. A taxpayer cannot use pension, annuity or social



security income of their spouse as qualified income for their deduction. The deduction is limited by adjusted gross income plus certain interest income. Complete form TC-40B to determine the retirement deduction allowed.

For purposes of determining this deduction, pensions, annuities and taxable retirement social security benefits that meet the following criteria are considered to be retirement income:

- Paid from an annuity contract purchased under a plan which has been contributed to by your employer and is not revocable by you as provided under Section 404(a)(2) of the Internal Revenue Code;
- Purchased by an employee under a plan which meets the requirements of Section 408 of the Internal Revenue Code (commonly known as IRA plans);
- Paid by the United States, a state thereof, or the District of Columbia;
- Taxable retirement social security benefits (excluding survivor benefits), only if included in your federal adjusted gross income.

## 2. Income that does NOT qualify

The following are examples of income that does not qualify for the retirement deduction:

- Disbursements from deferred compensation plans, such as 401(k) and 457 plans; and
- Social security survivor benefits received by a child on behalf of a deceased employee.

## 13. Other Deductions from Income

If you have any of the following other deductions from income, complete Schedule S, Part 2 and attach it to your Utah return. On Schedule S, write the **code and amount** of each other deduction from income. Carry the sum of all other deductions to line 13 of your return. An explanation of each other deduction from income is listed below.

### Codes for other deductions

- 71 Interest from U. S. Government Obligations
- 72 Medical Savings Account (MSA)
- 73 Utah Educational Savings Plan (UESP)
- 74 Health Care Insurance Premiums
- 75 Long-term Care Insurance Premiums
- 76 Adoption Expenses
- 77 Native American Income
- 78 Railroad Retirement Income
- 79 Equitable Adjustments (other)
- 81 Gains on Capital Transactions
- 82 Nonresident Active Duty Military Pay
- 85 State Tax Refund Distributed to Beneficiary of Trust

### (71) Interest from U. S. Government Obligations (UC §59-10-114(2)(a))



**Pub 33 - Detailed instructions and examples of Interest from U. S. Obligations**

Interest earned on U. S. Government obligations issued by an agency or instrumentality of the United States is **exempt** from state income tax. U. S. Government obligations include:

- Treasury bills,
- Treasury notes, and
- E, EE, H, HH and I bonds

Income **NOT** exempt from Utah state income tax includes:

- Interest or dividends from Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA); and

- Interest on refunds from the IRS or any federal agency.

For further questions about taxability of interest income, you may use the following test developed by the U. S. Supreme Court in *Smith vs. Davis*, 323 U.S. 111 (1944) to determine if the instrument qualifies as a U. S. Government obligation. The instrument must:

1. Be a written document,
2. Bear interest,
3. Contain a binding promise by the U. S. Government to pay a specific sum on a specific date, and
4. Have congressional authorization to pledge the full faith and credit of the United States in support of the promise to pay.

Only interest or dividend income from U. S. Government obligations included in your federal adjusted gross income is exempt from Utah income tax. Before entering an amount, subtract any related expenses claimed as deductions on your federal return, such as interest expense on money borrowed to purchase bonds or securities, or ordinary and necessary expenses paid or incurred in connection with producing exempt income.

Keep all records, forms and worksheets to support this deduction.

### (72) Medical Savings Account (MSA) *Utah residents only* (UC §59-10-114(2)(h))

If you claimed MSA amounts on federal form 1040, you CANNOT claim MSA amounts on lines 6 or 13 of your Utah return. The Utah resident account holder of an MSA should receive a form TC-675M, Statement of Withholding for Utah Medical Savings Account, from the account administrator. Include the sum of lines 5 and 6 from form TC-675M. Keep form TC-675M with your records.

### (73) Utah Educational Savings Plan (UESP) (UC §59-10-114(2)(i))

Each Utah individual is entitled to an income tax deduction of up to \$1,560 per qualified beneficiary for contributions made to a UESP account during the tax year. On a married filing joint return, where both taxpayer and spouse have established separate UESP accounts, the deduction may be up to \$3,120. Contributions are reported in box 1 of form TC-675H, Statement of Contribution for Utah Educational Savings Plan.

Keep form TC-675H with your records. Contact UESP at (801) 321-7188 or 1-800-418-2551 or [www.uesp.org](http://www.uesp.org) for more information.

### (74) Health Care Insurance Premiums (UC §59-10-114(2)(g))

**TIP** Premiums itemized or otherwise deducted in determining federal taxable income cannot be deducted here on the Utah income tax return.

A taxpayer may deduct the premiums paid by the taxpayer for health care insurance, including Medicare, during the taxable year for the taxpayer, spouse and dependents.

Qualifying taxpayers are subject to the following requirements and limitations.

### REQUIREMENTS

To qualify, the taxpayer or taxpayer's spouse must not be eligible to participate in a plan offered and funded (fully or partially) by an employer or former employer. A retiree, who may participate in a plan offered and funded (fully or partially) by a previous employer, cannot take this

deduction. Employees who elect not to participate in a plan offered and funded by an employer or former employer cannot claim a deduction. Pre-tax deductions from wages through employer-sponsored programs, such as a cafeteria or flex plan, cannot be claimed as a deduction.

### LIMITATIONS

Qualified taxpayers who meet the requirements above may have their deduction limited by:

1. Premiums fully or partially reimbursed or funded by the federal, state or any agency or instrumentality of the federal or state government, excluding Medicare.
2. Premiums paid for health insurance previously deducted on the federal return under any of the following sections of the Internal Revenue Code:
  - a. Section 125 - cafeteria plans. Generally, this is an employer plan covering all employees and the employees may choose among two or more benefits consisting of cash and qualified benefits.
  - b. Section 162 - trade or business expenses. This is the deduction for self-employed individuals of up to 100 percent of premiums paid, but not exceeding the taxpayer's net business income.
  - c. Section 213 - medical, dental, etc., expenses. These are itemized expenses deducted on federal Schedule A to the extent they exceed 7.5 percent of the taxpayer's federal adjusted gross income.



[incometax.utah.gov/deductions\\_healthinsurance.php](http://incometax.utah.gov/deductions_healthinsurance.php) - Detailed instructions and examples for Health Care Insurance Premiums.

### (75) Long-Term Care Insurance Premiums (UC §59-10-114(2)(j))

You may only deduct amounts paid during 2006 for long-term care insurance policies to the extent the amounts paid for premiums were not deducted on your federal return.

Long-term care insurance policy means any insurance policy designed to provide coverage:

- For not less than 12 consecutive months; and
- For medically necessary services provided in a setting other than an acute care unit of a hospital.

A long-term care insurance policy includes group and individual annuities and life insurance policies or riders that provide or supplement long-term care insurance. It also includes a policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.

Long-term care insurance does NOT include any insurance policy offered primarily to provide:

- Basic Medicare supplement coverage,
- Basic hospital expense coverage,
- Basic medical-surgical expense coverage,
- Hospital confinement indemnity coverage,
- Major medical expense coverage,
- Disability income or related asset-protection coverage,
- Accident only coverage,
- Specified disease or specified accident coverage, or
- Limited benefit health coverage.

### (76) Adoption Expenses (UC §59-10-114(2)(c))

Utah allows individuals to subtract qualifying adoption expenses in ONE of three ways: 1) the year in which the expenses are paid or incurred; 2) the year in which the adoption is finalized; or 3) the year in which the taxpayer may claim the

federal adoption credit. Qualified adoption expenses may be deducted, even if the adoption process is terminated.

This deduction applies to the actual qualified adoption expenses of the birth mother, the legal guardian of the birth mother (or another acting on behalf of the birth mother), or the adoptive parents. Expenses include:

- Any medical and hospital expenses of the birth mother of the adopted child incidental to the child's birth;
- Living expenses of the birth mother if paid by the adoptive parents as part of their adoption expenses;
- Actual travel costs incurred exclusively for the purpose of completing adoption arrangements; and
- Any welfare agency, child placement service, legal and other fees or costs relating to the adoption.

Keep all records, forms and worksheets to support your deduction.

### (77) Native American Income (UC §59-10-114(2)(k) and (p))

An enrolled member of a Native American tribe in Utah who lives and works on the reservation on which he/she is an enrolled member is exempt from Utah income tax on the reservation income. An enrolled member of the Ute tribe who works on the Uintah and Ouray Reservation and lives on land removed from that reservation under Hagen vs. Utah (510 U.S. 399 (1994)) is exempt from Utah income tax on income earned on the reservation.

On Schedule S, Part 2, using code 77, enter the exempt income included in your federal adjusted gross income. Enter your enrollment/census number and a Native/Tribe Code from the list below in the box designating to which nation/tribe you belong.

#### Nation/Tribe Code

- 1 Confederated Tribes of the Goshute Reservation
- 2 Navajo Nation Reservation
- 3 Paiute Indian Tribe of Utah Reservation
- 4 Skull Valley Band of Goshute Indians
- 5 Ute Indian Tribe
- 6 Other tribe

### (78) Railroad Retirement Income (UC §59-10-114(2)(o))

Federal law does not allow states to tax railroad retirement or disability income received from the Railroad Retirement Board on form RRB-1099. States are also prohibited from taxing unemployment and sickness benefits. If a railroad retirement pension from this form is deducted on line 12, do not deduct the amount again as an other deduction on Schedule S.

Railroad retirement pensions are deductible on the Utah return only to the extent they are taxable on the federal return. If you received pension payments, disability income or unemployment payments under the Railroad Retirement Act and are required to report all or part of the amount received as income on lines 16b and/or 20b on federal form 1040, or lines 12b and/or 14b of federal form 1040A, you may deduct that amount from Utah income. If amounts derived from sources other than railroad retirement are included on lines 16b and/or 20b of federal form 1040, or lines 12b and/or 14b of federal form 1040A, only deduct the railroad retirement amounts reported on these lines.

### (79) Equitable Adjustments (other) (UC §59-10-115(1))

Enter any qualified equitable adjustment needed to prevent receiving a double tax benefit or suffering a double

tax detriment. Attach a schedule or explanation of any equitable adjustment claimed.

**(81) Gains on Capital Transactions (UC §59-10-114(2)(l))**

A qualified taxpayer may deduct the short-term and long-term capital gain on a transaction if:

- a. The gain occurs on or after January 1, 2003;
- b. At least 70% of the proceeds of the capital gain transaction are used to purchase qualifying stock in a Utah small business corporation within 12 months from when the gain was recognized; and
- c. The individual did not have an ownership interest in the Utah small business corporation that issued the qualifying stock.

For more information and a detailed definition of a Utah Small Business Corporation, visit the Tax Commission website, [incometax.utah.gov/deductions\\_capitalgains.php](http://incometax.utah.gov/deductions_capitalgains.php) or refer to UC §59-10-103(1)(c).

**(82) Nonresident Active Duty Military Pay (UC §59-10-116)**

Active duty military service pay received by a nonresident is not taxable on the Utah return. The amount of active duty military pay included in federal adjusted gross income should be deducted on Schedule S, Part 2, using code 82. Also, see instructions for line 30 on TC-40C and Pub 57.

**(85) State Tax Refund Distributed to Beneficiary of Trust (UC §59-10-114(2)(n))**

Enter the amount of any state tax refund distributed to a beneficiary of a resident trust to the extent the state tax was included in computing federal income of the resident trust for the year.

**14. Total Deductions**

Add lines 8 through 13.

**15. Utah Taxable Income**

Subtract line 14 from line 7. If less than zero, enter zero. If the Utah Taxable Income is zero, also enter zero on line 17.

**16. Qualified Exempt Taxpayers**

If your federal adjusted gross income (line 4 of your Utah return) is less than or equal to the sum of your federal standard deduction and federal exemption amount, you are exempt from Utah income tax. Complete the Qualified Exempt Taxpayer Worksheet on this page to see if you qualify.

**17. Calculate Income Tax**

To see if you are exempt from Utah income tax, see line 16 instructions.

Complete the Tax Calculation on page 17, using the **Utah 2006 Taxable Income on line 15**. Use WORKSHEET A if you filed as Single or Married Filing Separately. Use WORKSHEET B if you are Married Filing Jointly, Head of Household, or Qualifying Widow(er).

**FULL-YEAR UTAH RESIDENT** - Enter your Utah tax on line 17. You **MUST** also complete lines 19 through 36 on the back of the return.

**NON OR PART-YEAR RESIDENT** - Use the tax on line 17 in the calculation of your Utah tax on line 18.

**18. Nonresident and Part-year Resident Only**

**TIP** If you were a full-year Utah resident, SKIP line 18 and go to line 19.

Follow these **FOUR STEPS** to Calculate Your Utah Tax

**STEP 1:** Use the Tax Calculation on page 17 to calculate the tax for line 17. See line 17 instructions.

**STEP 2:** COMPLETE form TC-40C: Non or Part-Year Resident Utah Income Schedule, included in this booklet. Transfer the totals from Columns A and B, line 32 to line 18 of the return.

**STEP 3:** On line 18, divide the total in Box a by the total in Box b and enter the resulting decimal in Box c (rounding to four decimal places).

**STEP 4:** Multiply the amount on line 17 by the decimal in Box c on line 18. **This is your Utah tax. You MUST also complete lines 19 through 36 on the back of the return.**

Attach a copy of form TC-40C to your Utah return. Do **not** attach a copy of your federal return. Keep copies of form TC-40C and your federal return with your records.

**Qualified Exempt Taxpayer Worksheet for line 16**

1. Enter the federal adjusted gross income from your federal return 1) \_\_\_\_\_  
**1040**, line 37      **1040NR**, line 35  
**1040A**, line 21      **1040NR-EZ**, line 10  
**1040EZ**, line 4
2. Enter the standard deduction below for the filing status reported on your federal return (federal 1040NR and 1040NR-EZ filers, enter zero): 2) \_\_\_\_\_  
 a. **Single:** Enter \$5,150 (if you filed federal form 1040-EZ and you checked the box on line 5, enter the amount from line E on back of your 1040EZ form)  
 b. **Head of Household:** Enter \$7,550  
 c. **Married filing joint:** Enter \$10,300 (if you filed federal form 1040-EZ and you checked either box on line 5, enter the amount from line E on back of your 1040EZ form)  
 d. **Married filing separate:** If your spouse did not itemize, enter \$5,150. If your spouse itemized, enter zero  
 e. **Qualifying widow(er):** Enter \$10,300
3. Enter the exemption amount taken on your federal return 3) \_\_\_\_\_  
**1040**, line 42      **1040NR**, line 39  
**1040A**, line 26      **1040NR-EZ**, line 13  
**1040EZ**, if you checked either box on line 5, enter the amount from line F on back of your 1040EZ form. If you are single and did not check a box on line 5, enter \$3,300. If you are married filing joint and did not check a box on line 5, enter \$6,600.
4. Add lines 2 and 3 4) \_\_\_\_\_
5. Subtract line 4 from line 1. If the amount is less than zero, enter zero. 5) \_\_\_\_\_

If the **amount on line 5 of this worksheet is greater than 0 (zero)**, leave box 16 blank and calculate your tax following the instructions for line 17.

If the **amount on line 5 of this worksheet is 0 (zero)**, you are exempt from paying Utah income tax. Enter "X" in the box on line 16 and enter 0 (zero) on line 17.

## 19. Enter Tax Amount

**Full-year residents:** Enter the tax from line 17.

**Non or part-year residents:** Enter the tax from line 18.

## 20. Nonrefundable Credits

**TIP** Nonrefundable credits can reduce your income tax to zero, but cannot result in a refund.

Keep all related documents, including credit forms, with your records. You may be asked to furnish this information later to verify a credit entered on your Utah return.

If you claim any of the following nonrefundable credits, complete Schedule S, Part 3 and attach it to your Utah return. On Schedule S, write the **code and amount** of each nonrefundable credit you are claiming. Carry the sum of all nonrefundable credits to line 20 of your return. An explanation of each nonrefundable credit is listed below.

### Codes for nonrefundable credits

<b>01</b> At-Home Parent	<b>09</b> Hiring Disabled
<b>02</b> Qualified Sheltered Workshop	<b>10</b> Recycling Market
<b>03</b> Renewable Energy Systems	<b>11</b> Tutoring Disabled
<b>05</b> Clean Fuel Vehicle	<b>12</b> Research Activities
<b>06</b> Historic Preservation	<b>13</b> Research Mach./Equip.
<b>07</b> Enterprise Zone	<b>17</b> Taxes Paid to Another State
<b>08</b> Low-Income Housing	<b>19</b> Live Organ Donation Expen.

### (01) At-Home Parent Tax Credit (UC §59-10-1005)

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

An at-home parent may claim a nonrefundable credit of \$100 for each child who is not more than 12 months old on the last day of the taxable year for which the credit is claimed. For purposes of this credit an at-home parent includes:

- Biological mother or father,
- Stepmother or stepfather,
- Adoptive parents,
- Foster parents,
- Legal guardian, or
- Individuals in whose home the child is placed by a child-placing agency for the purpose of legal adoption.

To qualify for the credit all of the following criteria must be met:

1. The child must be 12 months or younger on the last day of the taxable year for which the credit is claimed;
2. The at-home parent must provide full-time care in the at-home parent's residence;
3. The child must be claimed as a dependent by the at-home parent;
4. The sum of the at-home parent's total wages, tips and compensation listed on federal W-2 forms and the gross income on federal Schedule C, Profit or Loss from Business, line 7, or Schedule C-EZ, Net Profit from Business, line 1, must be \$3,000 or less for the taxable year; and
5. The federal adjusted gross income of all of the taxpayers filing the individual income tax return is less than or equal to \$50,000.

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

**TIP** Charitable contributions claimed on the federal Schedule A cannot also be claimed as a credit here.

There is no form for this credit. Keep all related documents with your records. **The name of the qualified workshop must be written on the TC-40S, Part 3 to claim credit.**

Cash contributions made within the tax year to a qualified nonprofit rehabilitation sheltered workshop facility operating in Utah for persons with disabilities are eligible for a credit against Utah income taxes. Check with the workshop to make sure they have a current Day Training Provider License or Day Support Provider Certificate issued by the Department of Human Services. The credit is equal to 50 percent of the total cash contributions, and may not exceed \$200. Contributions claimed as a tax credit under this section may not also be claimed as a charitable deduction in determining net taxable income.

Contact the Contract Administrator, Division of Services for People with Disabilities, 120 N 200 W #411, SLC, UT 84103, telephone (801) 538-4200 for more information.

### (03) Renewable Energy Systems Tax Credit (UC §59-10-1014)

Complete form TC-40E, Renewable Energy Systems Tax Credit, with the Utah Geological Survey stamp, verifying the credit has been approved. Do not send form TC-40E with your return. Keep the form and all related documents with your records.

To qualify for this credit, you must have installed or upgraded a renewable energy system, such as solar or wind generated power system, during the tax period. Energy savings devices, such as insulation, siding, thermal windows, and high efficiency furnaces do not qualify.

In order to determine if your system or system components and installation qualify for the tax credit, you must submit a signed application, complete with photocopies of receipts, to the Utah Geological Survey (UGS). Application forms can be obtained from the Utah Geological Survey, 1594 W North Temple, Suite 3110, Box 146100, SLC, UT 84114-6100, telephone (801) 538-5428 or through the Internet at [geology.utah.gov/sep/incentives/index.htm](http://geology.utah.gov/sep/incentives/index.htm). If your system meets the eligibility requirements, UGS will send you form TC-40E with information on your eligible system and installation costs and the UGS stamp of approval.

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

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

To qualify you must have:

- Purchased a vehicle which is registered in Utah, for which this credit has not been taken, that was manufactured to use propane, natural gas, or electricity, or
- Purchased and installed equipment to convert a vehicle registered in Utah to use propane, natural gas, or electricity.

**Note:** For tax years beginning after 2005, the clean fuel vehicle credit is no longer available for electric-hybrid vehicles.

Contact the Division of Air Quality, 150 N 1950 W, SLC, UT 84116, telephone (801) 536-4029 to obtain form TC-40V, approval, and for additional information.

### (06) Historic Preservation Credit (UC §59-10-1006)

Complete form TC-40H, Historic Preservation Tax Credit, with the State Historic Preservation Office certification, verifying the credit has been approved. Do not send form

TC-40H with your return. Keep the form and all related documents with your records.

Only Utah residents are allowed this credit. The credit is for costs incurred in connection with qualified rehabilitation of any residential certified historic building. Unused credits may be carried forward five years as a credit against Utah tax due.

Contact the State Historic Preservation Office, 300 Rio Grande, SLC, UT 84101, telephone (801) 533-3562, or [history.utah.gov/historic\\_preservation](http://history.utah.gov/historic_preservation) to obtain form TC-40H, certification, and for additional information.

#### (07) Enterprise Zone Credit (UC §63-38f-413)

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

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

The Enterprise Zone Credit is available for certain businesses that hire new full-time employees, rehabilitate buildings or meet certain other requirements in a designated zone.

Any credit amount exceeding the tax owed may be carried forward for three consecutive years.

Indian tribes may apply for enterprise zone designation within an Indian reservation.

If enterprise zone credits are being taken on your ownership in a partnership or S corporation, you must allocate the credits calculated above based on your respective percentage of ownership.

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8804; [goed.utah.gov/incentives/enterprise\\_zones](http://goed.utah.gov/incentives/enterprise_zones) or email [lpball@utah.gov](mailto:lpball@utah.gov) to obtain additional information.

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

Individuals sharing in the credit must obtain form TC-40TCAC, Utah Low-Income Housing Tax Credit Allocation Certification, and complete form TC-40LI, Summary of Utah Low-Income Housing Tax Credit. If you are carrying this credit forward or backward, you must also complete form TC-40LIC, Utah Low-Income Housing Tax Credit Carryback and/or Carryforward. Do not send these forms with your return. Keep the forms and all related documents with your records.

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

This credit is an amount, determined by the Utah Housing Corporation, for the owners of a low-income housing project who have also received an allocation of the federal low-income housing tax credit. Unused credits may be carried back three years or carried forward five years.

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

For more information go to the Utah Housing Corporation website at [www.utahhousingcorp.org](http://www.utahhousingcorp.org).

#### (09) Credit for Employers Who Hire Persons with Disabilities (UC §59-10-1008)

Complete form TC-40HD, Employers Who Hire Persons with Disabilities Tax Credit, showing the required certification. Do not send form TC-40HD with your return. Keep the form and all related documents with your records.

The credit is for employers hiring individuals with disabilities who: (1) worked in Utah for at least 6 months in a taxable year for that employer, and (2) are paid at least minimum wage by that employer.

Contact the Division of Services for People with Disabilities, 120 N 200 W #411, SLC, UT 84103, telephone (801) 538-4200 to obtain certification and for additional information.

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

**TIP** An individual may not claim this credit or carry this credit forward into a year the individual has claimed the enterprise zone credit (nonrefundable credit, code 07) or the targeted business income tax credit (refundable credit, code 40).

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

The credit is available to individuals and businesses operating in a designated recycling market development zone as defined in UC §63-38f-1102.

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84114-7360, telephone (801) 538-8804, [goed.utah.gov/incentives/recycling\\_zones](http://goed.utah.gov/incentives/recycling_zones) or email [lpball@utah.gov](mailto:lpball@utah.gov) to obtain form TC-40R, certification, and for additional information.

#### (11) Tutoring Credit for Disabled Dependents (UC §59-10-1011)

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

The credit is 25 percent of the costs paid by the taxpayer for tutoring each disabled dependent, and may not exceed \$100.

A disabled dependent is a person who: (1) is disabled under UC §53A-15-301; (2) attends a public or private kindergarten, elementary, or secondary school; and (3) is eligible to receive disability program monies under UC §53A-17a-111.

Tutoring, for this credit, means educational services approved by an individual education plan team and provided to a disabled dependent that supplements classroom instruction the dependent receives at a public or private kindergarten, elementary, or secondary school in Utah.

Tutoring does not include:

1. Purchases of instructional books and materials; or
2. Payments for attendance at extracurricular activities, including sporting events, musical or dramatic events, speech activities, or driver education.

Contact the Utah State Board of Education at (801) 538-7587 for additional information.

### (12) Tax Credit for Increasing Research Activities (UC §59-10-1012)

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

The credit is for expenses incurred for increasing qualified research activities in Utah. A qualifying taxpayer may claim the credit in the taxable year immediately following the taxable year for which the taxpayer qualifies for the credit.

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

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

The credit is for machinery, equipment, or both used primarily for conducting qualified research or basic research in Utah for not less than 12 consecutive months. A qualifying taxpayer may claim the credit in the taxable year following the taxable year for which the taxpayer qualifies for the credit.

### (17) Credit for Income Tax Paid to Another State (UC §59-10-1003)

A Utah resident or part-year resident whose income is taxed by Utah AND another state(s), the District of Columbia, or a possession of the United States, may be entitled to a credit against Utah income tax for the amount of tax paid to the other state(s).

Part-year residents will rarely qualify for this credit, as Utah and other states apportion income and only tax the income earned while a resident of that state. To qualify, the income must be:

1. Taxable in Utah,
2. Taxed by another state(s), and
3. Included in "Column A - Utah" income on form TC-40C.

Part-year residents must prorate the tax paid to other state(s). The credit only applies to the portion of the actual taxes paid on income that was taxed in both Utah and the other state.

Complete and attach form TC-40A, Credit for Income Tax Paid to Another State. If there are two or more states, use a separate TC-40A for each state. Examples of how to calculate the credit are located on the Tax Commission website, [incometax.utah.gov/credits\\_taxesotherstates.php](http://incometax.utah.gov/credits_taxesotherstates.php). Keep a copy of the other state's return and all related documents with your records.

Do not use the state income tax withheld from form W-2 as the taxes paid to another state. You must complete and file the other state's return to determine the amount of taxes paid. You may be asked to furnish additional information later to verify this credit.

### (19) Live Organ Donation Expenses Credit (UC §59-10-1015)

A living donor may claim a credit for up to \$10,000 of qualified expenses incurred for the donation of human bone marrow, or any part of an intestine, kidney, liver, lung or pancreas for transplanting in another individual. Qualified expenses are those incurred by the taxpayer or dependent for travel, lodging or a "lost wage" and not reimbursed by any person.

If qualified, complete form TC-40T, Live Organ Donation Expenses Credit. Do not send form TC-40T with your return. Keep the form and related documents with your records.

## 21. Subtract line 20 from line 19

Nonrefundable credits cannot exceed the tax liability on the return. If the total of the credits shown on line 20 is greater than or equal to the tax on line 19, enter zero.

## 22. Contributions

**TIP** Contributions may be made to the following approved funds. Contributions made will add to your tax due or reduce your refund. Any contribution designated on an original return is irrevocable and cannot be changed on an amended return.

Write the **code and amount** of each voluntary contribution on lines 22a through 22f. Enter the sum of all contributions on line 22. An explanation of each contribution is listed below.

#### Codes for lines 22a through 22f

01	Utah Nongame Wildlife Fund
02	Pamela Atkinson Homeless Trust Fund
03	Kurt Oscarson Children's Organ Transplant Fund
05	School District and Nonprofit School District Foundation
06	Utah College of Applied Technology
07	Uniform School Fund
08	Wolf Depredation Fund
09	Cat and Dog Community Spay and Neuter Program

#### (01) Utah Nongame Wildlife Fund (UC §59-10-530)

Contribute \$1 or more. Contributions provide funding for management, preservation, protection, and perpetuation of nongame wildlife species. For information contact the Utah Division of Wildlife Resources, 1594 W North Temple, Suite 2110, SLC, UT 84116, telephone (801) 538-4854.

#### (02) Pamela Atkinson Homeless Trust Fund (UC §59-10-530.5)

Contribute \$2 or more. Contributions provide funds for services and programs statewide to help Utahns become self-sufficient. For information, contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8650 or [community.utah.gov/housing\\_and\\_community\\_development/SCSO/pahf.html](http://community.utah.gov/housing_and_community_development/SCSO/pahf.html).

#### (03) Kurt Oscarson Children's Organ Transplant Fund (UC §59-10-550)

Contribute \$1 or more. Contributions provide financial assistance to the families of children in need of organ transplants. For information, contact the representative for the Department of Health, 7247 S Santa Maria Circle, West Jordan UT 84084, telephone (801) 566-5356 or (801) 243-7060.

#### (05) School District and Nonprofit School District Foundation (UC §59-10-549(1)(a))

Contribute \$1 or more. Contributions provide funds to private, nonprofit school district foundations established to promote: (1) partnership activities between schools and communities; (2) charitable giving activities to specific educational programs; and (3) opportunities for scientific, educational, literary and improvement objectives. If the school district does not have a nonprofit foundation, the contribution goes to the school district. Indicate to which school district/foundation you would like your contribution donated by entering the corresponding code from page 13 in the SCH/TECH CODE box to the right of the amount.

School District Codes for "SCH/TECH CODE" box			
Code	Code	Code	Code
01 Alpine	11 Grand	21 Nebo	31 Sevier
02 Beaver	12 Granite	22 N. Sanpete	32 S. Sanpete
03 Box Elder	13 Iron	23 N. Summit	33 S. Summit
04 Cache	14 Jordan	24 Ogden	34 Tintic
05 Carbon	15 Juab	25 Park City	35 Tooele
06 Daggett	16 Kane	26 Piute	36 Uintah
07 Davis	17 Logan	27 Provo	37 Wasatch
08 Duchesne	18 Millard	28 Rich	38 Washington
09 Emery	19 Morgan	29 Salt Lake	39 Wayne
10 Garfield	20 Murray	30 San Juan	40 Weber
	41 Utah Assistive Technology		

**(06) Utah College of Applied Technology (UC §59-10-549(1)(b))**

Contribute \$1 or more. Contributions provide funds to a campus of the Utah College of Applied Technology. Indicate to which campus you would like your contribution donated by entering the corresponding code in the SCH/TECH CODE box to the right of the amount. If you contribute, you must specify one of the following campus codes.

Applied Technology Campus code for "SCH/TECH CODE" box	
51	Bridgerland (Box Elder, Cache, Logan and Rich School Districts)
52	Davis (Davis and Morgan School Districts)
53	Dixie (Washington School District)
54	Mountainland (Alpine, Nebo, N. Summit, Park City, Provo, S. Summit and Wasatch School Districts)
55	Ogden-Weber (Ogden City and Weber School Districts)
56	Salt Lake/Tooele (Granite, Jordan, Murray, Salt Lake City and Tooele School Districts)
57	Southeast (Carbon, Emery, Grand and San Juan School Districts)
58	Southwest (Beaver, Garfield, Iron and Kane School Districts)
59	Uintah Basin (Daggett, Duchesne and Uintah School Districts)

**(07) Uniform School Fund (UC §59-10-549(1)(c))**

Contribute \$1 or more to the Uniform School Fund.

**(08) Wolf Depredation Fund (UC §59-10-550.1)**

Contribute \$1 or more. Contributions provide funding to be used for payments for livestock depredation by wolves and for wolf management, as permitted by federal law. For information contact the Utah Division of Wildlife Resources, 1594 W North Temple, Suite 2110, SLC, UT 84116, telephone (801) 538-4854.

**(09) Cat and Dog Community Spay and Neuter Program (UC §59-10-550.2)**

Contribute \$1 or more. Contributions provide funding for exempt organizations that operate a qualified clinic of licensed veterinarians who provide spay and neuter services for cats and dogs owned by low-income persons. For information contact the Department of Health, 288 N 1460 W, PO Box 141000, SLC, UT 84114-1000, telephone (801) 538-6232 or email [ccraynor@utah.gov](mailto:ccraynor@utah.gov).

**23. Amended Returns Only - Previous Refunds**

This line is used only for amended returns. When filing an amended return, enter the amount of all refunds, credits, or offsets of state income tax received for the tax year being amended. Exclude refund interest from this amount. This amount is then added into your total tax and contributions.

**24. Recapture of Low-Income Housing Credit**

Taxpayers who have taken the low-income housing credit and disposed of the building or an ownership interest, must

recapture any credits that reduced their tax liability in a previous year. See form TC-40LIC for instructions on calculating the recapture tax.

**25. Utah Use Tax**

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

Complete the worksheet on this page to determine the amount of use tax due.

Credit is allowed for sales or use tax paid to another state, but not a foreign country. If the tax rate in the other state is lower than Utah's rate, the person or consumer must pay the difference. If the tax rate in the other state is greater than Utah's rate, no sales or use tax credit or refund is allowed. 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 line 25.

Sales and use tax rates vary throughout Utah. Use the chart below to find the 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.

Worksheet for Computing Utah Use Tax on Line 25	
1. Total amount of purchases subject to use tax	\$ _____
2. Use tax rate (decimal from chart)	x _____
3. Use tax (multiply line 1 by line 2)	\$ _____
4. Credit for sales tax paid to another state	\$ _____
5. Use tax due (subtract line 4 from line 3) <i>Enter ZERO if less than ZERO</i>	\$ _____

Use Tax Rate Chart (Effective Dec. 31, 2006)			
.0600	Beaver County		.0600 San Juan County
.0700	Beaver City		.0650 Monticello
.0600	Box Elder County		.0600 Sanpete County
.0625	Brigham City, Perry, Willard		.0625 Ephraim, Gunnison
.0700	Snowville		.0600 Sevier County
.0610	Cache County		.0610 Aurora, Redmond
.0635	Cache Valley Transit, Hyde Park, Hyrum, Logan, Millville, Nibley, N. Logan, Providence, Richmond, River Heights, Smithfield		.0625 Richfield
.0600	Carbon County		.0635 Salina
.0625	Price, Wellington		.0610 Summit County
.0600	Daggett County		.0635 Park City
.0650	Davis County		.0635 Snyderville Basin Transit
.0600	Duchesne County		.0600 Tooele County
.0635	Roosevelt		.0625 Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0575	Emery County		.0635 Tooele City
.0750	Green River		.0650 Uintah County
.0700	Garfield County		.0675 Vernal
.0800	Boulder, Panguitch, Tropic		.0600 Utah County
.0600	Grand County		.0625 Alpine, American Fork, Cedar Hills, Highland, Lehi, Lindon, Mapleton, Payson, Pleasant Grove, Provo, Provo Canyon, Salem, Spanish Fork, Springville
.0775	Moab		.0635 Orem
.0600	Iron County		.0600 Wasatch County
.0610	Cedar City		.0625 Heber
.0785	Brian Head		.0700 Midway
.0600	Juab County		.0725 Park City East
.0625	Nephi		.0600 Washington County
.0675	Kane County		.0625 Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0775	Kanab, Orderville		.0750 Springdale
.0575	Millard County		.0600 Wayne County
.0600	Morgan County		.0660 Weber County
.0600	Piute County		
.0600	Rich County		
.0700	Garden City		
.0660	Salt Lake County		
.0810	Alta		

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 sales and use tax return.

## 26. Total Tax, Use Tax and Additions to Tax

Add lines 21 through 25.

## 27. Utah Income Tax Withheld

You **MUST** enter the amount of **UTAH TAX WITHHELD** on this line. Utah tax withheld is identified by the code **UT** and the amount withheld found on the following forms:

- W-2, boxes 15 and 17
- 1099-MISC, boxes 16 and 17
- 1099-R, boxes 10 and 11

Attach to your return a copy of each form showing Utah withholding. Also, keep copies of all withholding forms with your records.

**NOTE:** If a Utah employer identification number is not shown on forms W-2 box 15, 1099-R box 11, or 1099-MISC box 17, the withholding on that form may be disallowed. Contact the employer/payer of the income to obtain the Utah employer ID number and write it on the withholding form.

Nonresident Shareholder's Withholding Tax Credit is entered on Schedule S, Part 4, using code 43 and should **NOT** be entered on this line.

## 28. Credit for Utah Income Taxes Prepaid

Prepayments include payments made on form TC-546, Individual Income Tax Prepayment Coupon, and any amount from the previous year's refund applied as a credit to your current tax liability.

Nonresident Shareholder's Withholding Tax Credit is entered on Schedule S, Part 4, using code 43 and should **NOT** be entered on this line.

## 29. Amended Returns Only - Previous Payments

This line should only be used for amended returns. 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 this amended return.

## 30. Refundable Credits

Keep all related documents, including credit forms, with your records. You may be asked to furnish this information later to verify a credit entered on your Utah return.

To claim any of the following refundable credits, complete Schedule S, Part 4 and attach it to your Utah return. On Schedule S, write the **code and amount** of each refundable credit you are claiming. Carry the sum of all refundable credits to line 30 of your return. An explanation of each refundable credit is listed below.

### Codes for refundable credits

- 40 Targeted Business Tax Credit
- 41 Special Needs Adoption Credit
- 43 Nonresident Shareholder's Withholding Tax Credit
- 46 Mineral Production Withholding Tax Credit
- 47 Agricultural Off-highway Gas/Undyed Diesel Tax Credit
- 48 Farm Operation Hand Tools

### (40) Targeted Business Tax Credit (UC §63-38f-503)

If an individual claims this credit, the individual may not claim an enterprise zone tax credit (nonrefundable credit, code 07) or recycling market development zone tax credit (nonrefundable credit, code 10).

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

Contact the Governor's Office of Economic Development, 324 S State St, Suite 500, SLC, UT 84111, telephone (801) 538-8804, [goed.utah.gov/incentives/enterprise\\_zones](http://goed.utah.gov/incentives/enterprise_zones) or email [lprrall@utah.gov](mailto:lprrall@utah.gov) to obtain form TC-40TB, certification or for additional information.

### (41) Special Needs Adoption Credit (UC §59-10-1104)

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

A taxpayer who adopts in Utah a child who has a special need may claim a refundable credit of \$1,000 for each special need child adopted. This credit may only be claimed in the year the court issues the order granting the adoption.

To claim this credit, the child must meet one of the following conditions:

- Be five years of age or older;
- Be under the age of 18 and have a physical, emotional, or mental disability; or
- Be a member of a sibling group (two or more persons) placed together for adoption.

### (43) Nonresident Shareholder's Withholding Tax Credit (non/part-year residents only) (UC §59-10-1103)

**TIP** Do not include Nonresident Shareholder's Withholding Tax Credit with the withholding tax on line 27. It must be entered on Schedule S, Part 4, using code 43.

Keep the federal Schedule K-1 issued by the corporation and all other related documents with your records. Do not attach them to your Utah return.

If you are a Utah nonresident shareholder of an S corporation, you are entitled to a credit for any Utah income tax withheld and paid by the S corporation on your behalf. Enter the amount of the withholding credit claimed. Also, enter the federal identification number of the S corporation in the space provided on Schedule S. If you have Utah withholding credits from more than one S corporation, enter the federal identification number of the S corporation for which you are claiming the largest amount of withholding.

### (46) Mineral Production Withholding Tax Credit (UC §59-6-102(3))

Enter the total of the mineral production tax withheld as shown on forms TC-675R or federal Schedule K-1(s) for 2006. Attach copies of form TC-675R or federal Schedule(s) K-1 to the return to receive proper credit. (Attach these forms with other W-2 and 1099 forms.)

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

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

The credit is 24.5 cents per gallon only for motor fuel and undyed diesel fuel purchased in Utah to operate stationary farm engines and self-propelled farm machinery used solely for commercial nonhighway agricultural use that was taxed at the time of purchase.

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

**Credit calculation:** Gallons \_\_\_\_\_ x .245 = Credit \_\_\_\_\_



### (48) Farm Operation Hand Tools (UC §59-10-1105)

There is no form for this credit. Keep all related documents (receipts, invoices, and documents showing amount of sales or use tax paid) with your records.

The refundable credit is allowed 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.

### 31. Total Withholding and Credits

Add lines 27 through 30.

### 32. Tax Due

If the amount on line 26 is greater than the amount on line 31, subtract line 31 from line 26. This is the tax you owe.

**Complete the TC-547 coupon on page 17 and include it with your payment.**

### 33. Penalty and Interest

If you are filing your return late or paying any tax due late, you may be subject to penalty and interest. You may calculate your penalty and interest by using the Penalty and Interest Calculator online at [tax.utah.gov/picalc](http://tax.utah.gov/picalc) (available April 2007) or by following the instructions in Pub 58, available online at [tax.utah.gov/forms](http://tax.utah.gov/forms). If you do not include all applicable penalties and interest with your return, or the penalty and/or interest was calculated incorrectly, the Tax Commission will send you a bill.

Add together any penalty and interest you owe and enter the total in the box on line **33a**. Then add this amount to the tax due on line **32** and enter this total on line **33**. This is the total amount you should remit with your return.

**PENALTIES:** 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. Include this penalty on line 33a, if applicable.

The penalty for failure to pay tax due as reported on a timely filed return is \$20 or 10 percent of the tax due, whichever is greater. Include this penalty on line 33a, if applicable.

The penalty for underpayment of an 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 had not been granted. Include this penalty on line 33a, if applicable.

**INTEREST:** Calculate interest due from the due date (April 15, 2007) to the date paid using the 2007 rate of **7 percent** (or applicable rate if after 2007). Include this interest on line 33a, if applicable.

#### PAYMENT OPTIONS

You may pay any tax due online with your credit card or with an electronic check (ACH debit) from your checking account. Each online payment is subject to a service fee.

To pay online, access PaymentExpress ([paymentexpress.utah.gov](http://paymentexpress.utah.gov)) and follow the step-by-step instructions.

You may also mail in your check or money order payable to the Utah State Tax Commission with your return. Be sure to write your social security number, daytime telephone number and "2006 TC-40" on your check. DO NOT STAPLE check to return. Remove the check stub before sending. DO NOT MAIL CASH with your return. The Tax Commission assumes no liability for loss of cash placed in mail. **Include the TC-547 coupon on page 17 with your payment.**

Use the envelope provided in this booklet. If you do not have a preprinted envelope, mail your payment, coupon and return to the Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0266.

### ALLOW AT LEAST 90 DAYS FOR YOUR RETURN TO BE PROCESSED.

**PAYMENT AGREEMENT REQUEST:** If you owe tax and are unable to pay all or a portion of the amount owed, you may request a payment agreement by completing form TC-804, Payment Agreement Request. The form can be obtained at [tax.utah.gov/forms](http://tax.utah.gov/forms). You can also complete the request by accessing Utah Online Payment Agreement at [tax.utah.gov/billing/payment.html](http://tax.utah.gov/billing/payment.html). If approved, you will receive a letter confirming the acceptance of your request.

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

A billing notice for the full amount due, including penalty and interest, will be mailed to you. Upon receiving this notice, you must pay the total amount due, unless you request a payment agreement by completing and mailing form TC-804, completing the Utah Online Payment Agreement at [tax.utah.gov/billing/payment.html](http://tax.utah.gov/billing/payment.html), or calling (801) 297-7703 or 1-800-662-4335 ext. 7703. If you do not receive confirmation of your payment plan within 45 days, please call us.

Payments may be submitted prior to approval of the payment agreement or billing notice, per the instructions above.

**NOTE:** A payment plan cannot be set up until your return is processed.

### 34. Refund

If the amount on line 31 is greater than the amount on line 26, subtract line 26 from line 31. This is your refund.

**NOTE:** Your refund may be applied to any outstanding federal or state debt owed.

Use the envelope provided in this booklet. To help you get your refund quicker, completely darken the **BLUE** box area on the front of the envelope using **BLACK** ink so that none of the vertical lines show.

If you do not have a preprinted envelope, mail your return to Utah State Tax Commission, 210 N 1950 W, SLC, UT 84134-0260.

Check your refund status online at [incometax.utah.gov](http://incometax.utah.gov).

### 35. Refund Applied To 2007 Taxes

You may apply all or part of your refund shown on line 34 as a prepayment for your 2007 Utah income tax liability. Enter the amount of refund you want applied to your 2007 tax on this line. **YOUR REFUND WILL BE REDUCED BY THIS AMOUNT.** Any part of the refund not applied to your 2007 tax liability will be refunded to you. Once made, this election cannot be changed.

### 36. Direct Deposit

**TIP** If you choose to deposit your refund directly into your account, you will not receive a check in the mail.

If you want your refund deposited directly into your checking or savings account, enter your financial institution's routing number and your account number.

The check example below indicates where the routing and checking account numbers are located on your check. If needed, contact your financial institution and they can provide this information to you.

If for any reason your financial institution rejects your request for direct deposit, you will receive a check by mail instead of direct deposit.

You cannot use Direct Deposit if you are AMENDING a return.

**Completing The Return**

**Signature**

You must sign the return. If the return is a joint return, both husband and wife must sign.

**Signature For Deceased**

If your spouse died during 2006 or 2007, prior to filing, and you are filing a joint return, write "DECEASED" in the signature block for your spouse. See additional instructions on pages 2 and 4. *If you are not a surviving spouse, attach form TC-131.*

**Attachments to Return**

Include with your TC-40 ONLY the following:

- Withholding forms showing Utah withholding, i.e., W-2, 1099-R, 1099-MISC, TC-675R, etc.;
- Utah schedules TC-40A, TC-40B, TC-40C, and/or TC-40S, if applicable;
- An explanation of any other adjustment entered on Schedule S, Part 1, using code 69 or Part 2, using code 79.

**Do not send** a copy of your federal return, credit schedules, worksheets or other documents. Keep these with your tax records.

**Third Party Designee**

If you want to allow a friend, family member or other person to discuss your 2006 Utah tax return with the Tax Commission, enter the party's name and telephone number in the Third Party Designee area on page 2 of your Utah return. Also, a number (up to 9 digits) the designee chooses as his or her personal identification number (PIN) should be entered where indicated. If you want to designate the paid preparer who signed your return as the Third Party Designee, enter "Preparer" in the space for the designee's name.

If you make entries in the Third Party Designee area, you, and your spouse if filing a joint return, are authorizing the Tax Commission to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the Tax Commission any missing information from your return;
- Call the Tax Commission for information about the processing of your return or the status of your refund or payment(s);
- Receive copies of notices or transcripts related to your return, upon request; and
- Respond to certain Tax Commission notices about math errors, offsets and return preparation.

You are not authorizing the designee to receive any refund, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Commission. If you want to expand the designee'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](http://tax.utah.gov/forms).

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2007 tax return. This is April 15, 2008 for most people. 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 your signature on the return.

**Preparer Electronic Filing Requirements (UC §59-10-514.1)**

Beginning with the 2005 return filing period, if a preparer (or two or more preparers affiliated together in the same establishment) prepared 101 or more returns in the prior calendar year, the preparer(s) must submit all their Utah individual income tax returns electronically or using 2-D bar code technology. Exceptions apply for taxpayers who elect out of electronic filing or using 2-D technology and for undue hardship on the preparer in conforming to this provision.

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

**IRS**

**All information on your return is compared to information filed with the IRS.**

Direct Deposit Example for Line 36

JOHN J. TAXPAYER  
MARY S. TAXPAYER  
900 N 500 W  
My Town, UT 84000 1234

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_  
DOLLARS

MY TOWN BANK  
My Town, UT 84000

FOR \_\_\_\_\_

Routing number: 250250025  
Account number: 000009876543  
Do not include the check number: 1234

• Routing number: 250250025  
• Account number: 000009876543

• Enter "X" for account type  
Checking  Savings

## New Rates and Brackets 2006 TAX CALCULATION

1. Select **WORKSHEET A** or **WORKSHEET B** based on your filing status from line 1 of your return.
2. Locate the **taxable income column** that matches the taxable income on line 15. For example, if you used **WORKSHEET B** and your income on line 15 was \$5,500, you would look for the taxable income column that is \$4,001 to \$6,000.
3. Under the selected **taxable income column**, complete the calculations as instructed on the worksheet.

### WORKSHEET A - For Single or Married Filing Separate

Use this worksheet if you entered code **A** or **D** on line 1 on the front of the return.

If taxable income from line 15 is →	\$0 to \$1,000	\$1,001 to \$2,000	\$2,001 to \$3,000	\$3,001 to \$4,000	\$4,001 to \$5,500	Over \$5,500
a. Taxable income from line 15						
b. Amount to subtract	– 0	– \$1,000	– \$2,000	– \$3,000	– \$4,000	– \$5,500
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	<b>X</b> .023	<b>X</b> .033	<b>X</b> .042	<b>X</b> .052	<b>X</b> .06	<b>X</b> .0698
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$23	+ \$56	+ \$98	+ \$150	+ \$240
g. This is your Utah income tax. (Add lines e and f) Enter on line 17	=	=	=	=	=	=

### WORKSHEET B - For Married Filing Joint, Head of Household, or Qualifying Widow(er)

Use this worksheet if you entered code **B**, **C** or **E** on line 1 on the front of the return.

If taxable income from line 15 is →	\$0 to \$2,000	\$2,001 to \$4,000	\$4,001 to \$6,000	\$6,001 to \$8,000	\$8,001 to \$11,000	Over \$11,000
a. Taxable income from line 15						
b. Amount to subtract	– 0	– \$2,000	– \$4,000	– \$6,000	– \$8,000	– \$11,000
c. Subtotal (subtract b from a)	=	=	=	=	=	=
d. Tax rate	<b>X</b> .023	<b>X</b> .033	<b>X</b> .042	<b>X</b> .052	<b>X</b> .06	<b>X</b> .0698
e. Subtotal (multiply c by d)	=	=	=	=	=	=
f. Amount to add	+ 0	+ \$46	+ \$112	+ \$196	+ \$300	+ \$480
g. This is your Utah income tax. (Add lines e and f) Enter on line 17	=	=	=	=	=	=

✂ **SEPARATE AND RETURN ONLY THE BOTTOM PORTION WITH PAYMENT. KEEP TOP PORTION FOR YOUR RECORDS.** ✂

## Individual Income Tax Return Payment Coupon

Tax year

**2006**

For Office Use Only

Mail to: Utah State Tax Commission, 210 N 1950 W, SLC UT 84134-0266

**TC-547**  
Rev. 12/06

Your name	Social Security no.	
Spouse's name	Spouse's Social Security no.	
Address		
City	State	Zip code
Payment amount enclosed \$		<b>00</b>

11004

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

## What's New for 2006

### New Tax Rates and Brackets

The Utah Legislature has changed the income tax brackets and lowered the top tax rate for 2006. See page 17.

### Dual Income Tax System - Beginning 2007

This new system begins in 2007. For more information, see our website at [incometax.utah.gov](http://incometax.utah.gov).

### Cat and Dog Community Spay and Neuter Program

A voluntary contribution can now be made to this fund on your Utah return. See details on page 13.

### Clean Fuel Vehicle Credit

For tax years beginning after 2005, electric-hybrid vehicles no longer qualify for the clean fuel vehicle credit. See page 10.

### Reportable Transaction Disclosure Statement

If you filed federal form 8886, you are now required to check a box on your Utah return. See page 3.

### Penalty and Interest

If you owe tax and are paying or filing late, you should include any penalty and interest due with the return. See page 15 for details on how to calculate these amounts.

### Payment Coupon

If you owe additional tax on your Utah return, you must include form TC-547 with your payment. See the instructions on page 15 and the coupon on page 17.

## Over 550,000 Utah taxpayers filed electronically last year. Did you?

Easier and faster  
than filing a paper return.

Automatically finds 98% of all  
errors before submitting.

Refunds sent within 7 days-  
direct deposit is even faster.

Receive an electronic  
confirmation within two days.

File early, but  
pay as late as April 16th.

E-filing is safe and secure  
through modern technology.

***You can electronically file yourself or  
through a tax practitioner or accountant.  
Check it out at [incometax.utah.gov](http://incometax.utah.gov)***