

Pay Plan Request

If you owe tax and are unable to pay the entire amount owed, you may request a pay plan online at taxexpress.utah.gov. You may also call 801-297-7703 (or 1-800-662-4335 ext. 7703 outside the Salt Lake area), or complete form TC-804B, *Business Tax Payment Agreement Request*. Get forms online at tax.utah.gov/forms-pubs/forms. If approved, you will receive a letter or email confirming the acceptance of your request.

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

If you do not submit a pay plan request form, a billing notice for the full amount due, including penalty and interest, will be mailed to you.

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

Supplemental Information to be Supplied by All S Corporations

All S corporations must complete the information located on page 2 of the TC-20S.

Schedule A – Utah Taxable Income for Pass-through Taxpayers

Line 1 – Federal Income (Loss) Reconciliation

Enter the amount of federal income or loss reconciliation as shown on federal form 1120S, Schedule K, line 18 (R865-9I-13).

Line 2 – Charitable Contributions

Enter the amount of charitable contributions deducted on federal form 1120S, Schedule K, line 12a.

Line 3 – Foreign Taxes

Enter the amount of foreign taxes deducted on federal form 1120S, Schedule K, line 14l.

Line 4 – Recapture of Section 179 Deduction

Enter the gain or loss on the sale, exchange or other disposition of property for which a section 179 expense deduction has been passed through to shareholders and reported on federal Schedules K-1, box 17, code L.

Line 5 – Total Income (Loss)

Add lines 1 through 4.

Line 6 – Total Portfolio Income Not Arising from Trade or Business

Enter the total of all portfolio income included on line 1 not arising from the trade or business.

Do not subtract deductions attributable to portfolio income that are reported as "other deductions" on federal Schedule K line 12d and federal Schedule K-1 box 12, using codes I, K or L.

Do not include interest, dividends, royalties, gains, etc., earned in the ordinary course of the S corporation's trade or business, since they constitute apportionable income rather than portfolio income.

See the definitions of portfolio income and apportionable income in the *General Instructions*.

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

Sales of Utah property and rents received on Utah property, if not part of the trade or business of the S corporation, are considered Utah nonbusiness income and are included on line 7.

The following are examples of income which would be considered business income and not portfolio income and should **not** be included on line 6:

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

Line 7 – Utah Net Nonbusiness Income

Enter the nonbusiness income net of expenses allocated to Utah from TC-20, Schedule H, line 14.

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

Note: Do not include as nonbusiness income any income reported on line 6 as portfolio income.

Line 8 – Non-Utah Net Nonbusiness Income

Enter the nonbusiness income net of expenses allocated outside Utah from TC-20, Schedule H, line 28.

Note: Do not include as nonbusiness income any income reported on line 6 as portfolio income.

Line 9

Add lines 6 through 8.

Line 10 – Apportionable Income (Loss)

Subtract line 9 from line 5.

Line 11 – Apportionment Fraction (Decimal)

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

Line 12 – Utah Apportioned Business Income (Loss)

Multiply the apportionable income (loss) on line 10 by the apportionment fraction on line 11.

Line 13 – Total Utah Income (Loss) Allocated to Pass-through Entity Taxpayers

Add line 7 and line 12.

Line 14 – Total Pass-through Withholding Tax

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

This pass-through withholding tax **must** be paid to the Tax Commission by the original due date of the return, without regard to extensions. Pay online at taxexpress.utah.gov or use form TC-559, *Corporation/Partnership Payment Coupon*. Prepayments are not required for pass-through withholding tax.

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

Line 15 – Utah Use Tax

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

If you have a Utah sales tax license/account, report the use tax on your sales tax return. If you do not have a Utah sales tax license/account, report the use tax on line 15 of TC-20S, Schedule A.

You may take a credit for sales or use tax paid to another state (but not a foreign country). If the other state's tax rate is lower than Utah's, you must pay the difference. If the other state's tax rate is more than Utah's, no credit or refund is given. If sales tax was paid to more than one state, complete the worksheet below for each state. Add lines 8 on all worksheets and enter the total on line 15 of Schedule A.

Sales and use tax rates vary throughout Utah. Use the *Use Tax Rate Chart* below to get the rate for the location where the merchandise was delivered, stored, used or consumed. Use the county tax rate if the city is not listed.

Grocery food bought through the Internet or catalog is taxed at 3 percent. The grocery food must be sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value. The reduced rate does not apply to alcoholic beverages or tobacco. See Pub 25 online at tax.utah.gov/forms-pubs/pubs for more information.

Worksheet for Computing Utah Use Tax on Line 15

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

Use Tax Rate Chart (Effective Dec. 31, 2015)

.0595 Beaver County	.0595 Morgan County
.0695 Beaver City	.0595 Piute County
.0595 Box Elder County	.0595 Rich County
.0650 Brigham City, Perry, Willard	.0755 Garden City
.0695 Snowville	.0685 Salt Lake County
.0630 Cache County	.0705 Murray, South Salt Lake
.0655 Cache Valley Transit, Hyde Park, Lewiston, Millville	.0835 Alta
.0660 Hyrum, Logan, Nibley, N. Logan, Providence, Richmond, River Heights, Smithfield	.0595 San Juan County
.0595 Carbon County	.0635 Blanding, Monticello
.0605 Helper	.0595 Sanpete County
.0635 Price	.0605 Centerfield, Mayfield
.0625 Wellington	.0625 Ephraim, Fairview, Mt. Pleasant
.0695 Daggett County	.0635 Gunnison
.0650 Davis County	.0595 Sevier County
.0660 Bountiful, Centerville, Clearfield, Farmington, N. Salt Lake, W. Bountiful, Woods Cross	.0605 Aurora, Redmond
.0595 Duchesne County	.0635 Richfield, Salina
.0605 Duchesne City	.0605 Summit County
.0635 Roosevelt	.0635 Snyderville Basin Transit
.0595 Emery County	.0795 Park City
.0775 Green River	.0595 Tooele County
.0695 Garfield County	.0625 Erda, Grantsville, Lakepoint, Lincoln, Stansbury Park
.0795 Boulder, Panguitch, Tropic	.0635 Tooele City
.0805 Bryce Canyon, Escalante	.0605 Uintah County
.0595 Grand County	.0635 Naples, Vernal
.0785 Moab	.0675 Utah County
.0595 Iron County	.0685 American Fork, Cedar Hills, Lindon, Orem
.0605 Cedar City	.0595 Wasatch County
.0795 Brian Head	.0625 Heber
.0595 Juab County	.0705 Independence
.0620 Santaquin South	.0735 Midway
.0625 Nephi	.0785 Park City East
.0695 Kane County	.0605 Washington County
.0795 Kanab, Orderville	.0635 Hurricane, Ivins, La Verkin, St. George, Santa Clara, Washington City
.0595 Millard County	.0765 Springdale
	.0595 Wayne County
	.0685 Weber County
	.0705 Falcon Hill Riverdale, Riverdale

Line 17 – Prepayments from Schedule E

Credit is allowed for advance payments made as quarterly estimated tax payments, prepayments and extension payments (form TC-559). Include any overpayment from a prior year that was applied to this year. Use Schedule E to compute the total prepayment.

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

Line 18 – Amended Return Only

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

Line 19 – Total Payments

Add lines 17 and 18. Carry this amount to TC-20S, page 1, line 6.

Line 16 – Total Tax

Add lines 14 and 15. Carry this amount to TC-20S, page 1, line 5.

Schedule E – Prepayments of Any Type

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

Line 1 – Overpayment Applied from Prior Year

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

Line 2 – Extension Prepayment

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

Line 3 – Other Prepayments

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

Prepayments are not required for pass-through withholding tax.

Line 4 – Total Prepayments

Add lines 1, 2 and 3. Enter the total on this line and on Schedule A, line 17.

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

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

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

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

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

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

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

Complete TC-20, Schedule H as follows:

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

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