

Part 4

Combined Reporting

59-7-401 Determining threshold level of business activity for corporations organized or incorporated outside of the United States.

- (1) Except as provided in Subsection (2), in determining whether a corporation is a foreign operating company or has met the threshold level of business activity, business activity within and without the United States shall be measured by means of the factors ordinarily applicable under Sections 59-7-312 through 59-7-319.
- (2)
 - (a) Any taxpayer who would ordinarily be required to apportion business income in accordance with Part 3, Allocation and Apportionment of Income - Utah UDITPA Provisions, shall use a two-factor formula of property and payroll.
 - (b) The results of the property and payroll factor computation shall be divided by two, or by one if either the property or payroll factor has a denominator of zero.

Amended by Chapter 225, 2005 General Session

59-7-402 Water's edge combined report.

- (1) Except as provided in Section 59-7-403, if any corporation listed in Subsection 59-7-101(40)(a) is doing business in Utah, the unitary group shall file a water's edge combined report.
- (2)
 - (a) A group of corporations that are not otherwise a unitary group may elect to file a water's edge combined report if each member of the group is:
 - (i) doing business in Utah;
 - (ii) part of the same affiliated group; and
 - (iii) qualified, under Section 1501, Internal Revenue Code, to file a federal consolidated return.
 - (b) Each corporation within the affiliated group that is doing business in Utah must consent to filing a combined report. If an affiliated group elects to file a combined report, each corporation within the affiliated group that is doing business in Utah must file a combined report.
 - (c) Corporations that elect to file a water's edge combined report under this section may not thereafter elect to file a separate return without the consent of the commission.

Amended by Chapter 368, 2021 General Session

59-7-403 Worldwide combined report.

- (1) A unitary group may elect to file a worldwide combined report.
- (2) Corporations electing to file a worldwide combined report may not thereafter elect to file a return on a basis other than a worldwide combined report without the consent of the commission.

Enacted by Chapter 169, 1993 General Session

59-7-404 Calculation of unadjusted income for combined reporting.

- (1) A group filing a combined report under Section 59-7-402 or 59-7-403 shall calculate unadjusted income of the combined group by:

- (a) computing unadjusted income on a separate return basis;
 - (b) combining income or loss of the members included in the combined report; and
 - (c) making appropriate eliminations and adjustments between members included in the combined report.
- (2) For purposes of this section, if an entity does not calculate federal taxable income, then unadjusted income shall be calculated based on the applicable federal tax laws.

Amended by Chapter 83, 1994 General Session

59-7-404.5 Adjustment to apportionment factors for corporations in a combined report -- Sales factor -- Property factor.

For purposes of apportionment under Part 3, Allocation and Apportionment of Income - Utah UDITPA Provisions:

- (1) corporations filing a combined report under Section 59-7-402 or 59-7-403 may not include intercompany sales or other intercompany transactions between the corporations included in the combined report in determining the sales factor;
- (2) corporations filing a combined report under Section 59-7-402 or 59-7-403 may not include intercompany rents or other intercompany transactions between the corporations included in the combined report in determining the property factor; and
- (3) the amounts of the numerators in this state of the property, payroll, and sales factors of an out-of-state business, as defined in Section 53-2a-1202, that are directly related to disaster- or emergency-related work, as defined in Section 53-2a-1202, during a disaster period, as defined in Section 53-2a-1202, may not be included in the apportionment fraction of the combined group.

Amended by Chapter 376, 2014 General Session

59-7-405 Commission empowered to make rules.

The commission shall prescribe such rules as necessary to reflect a corporation's tax liability and to prevent avoidance of corporate tax liability in accordance with the provisions of this part.

Enacted by Chapter 169, 1993 General Session