

**Recycling Market Development Zones Tax Credit**

**A taxpayer may not claim this credit or carry it forward into a year the taxpayer has claimed the targeted business income tax credit or the enterprise zone tax credit.**

The Utah Department of Environmental Quality (DEQ) must sign and certify if you are seeking credit for machinery or equipment. See the reverse side of this form for detailed instructions.

**Do not send this form with your return. Keep this form and all related documents with your records. You must complete a new Part E each year you claim a carryforward credit.**

**PART A - Taxpayer Information**

Name of taxpayer claiming credit	Taxpayer's identification number (SSN or EIN)
Address	Telephone number
City, state, zip code	

**PART B - Qualified Purchases**

List machinery and equipment purchased	Date Purchased	Purchase price
		\$
		\$
		\$
<b>Total Purchases - Add all purchases in PART B</b>		
<b>Total Credit Allowed - Multiply total purchases by 4.5 percent (.045)</b>		

**PART C - Qualified Expenditures**

List rent, wages paid, supplies, tools, test inventory, and utilities purchased	Date paid	Amounts paid during tax year	List rent, wages paid, supplies, tools, test inventory, and utilities purchased	Date paid	Amounts paid during tax year
		\$			\$
		\$			\$
		\$			\$
<b>Total Paid - Add all amounts paid in PART C</b>					
<b>Total Credit Allowed - Multiply total paid by 20 percent (.20)</b>					
Do not enter more than \$2,000 (see instructions)					

**PART D - DEQ Certification**

**To be signed by an authorized agent of the Department of Environmental Quality.**

I certify that: 1) the taxpayer named in PART A of this form and the named company is located within the boundaries of a recycling zone, 2) the machinery and equipment listed in PART B are integral to the company's composting or recycling process, and 3) payments listed in PART C support the company's establishment or operation of recycling or composting technology in Utah.

Authorized signature by DEQ	Title	Date signed
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**PART E - Credit Calculation**

1. Add total credits allowed from PART B and PART C. Enter sum on this line .....	1	\$
2. Multiply your Utah tax by 40 percent (.40). Non or part-year residents receive an apportioned credit.....	2	
3. Enter the smaller of the amounts on line 1 or line 2. This is your tax credit .....	3	\$

**IMPORTANT:** See the instructions for your individual income tax (TC-40), corporate tax (TC-20 or TC-20S), partnership tax (TC-65) or fiduciary tax (TC-41) return to determine the amount of Utah tax. **The credit code is "10" for all returns.** Contact DEQ for any other questions.

**PART F - Credit Carryover**

Any unused amount of the total credit allowed under PART E, line 3, attributable to purchases of qualified machinery and equipment under PART B, may be carried forward three years.

**Applied to tax year:**

1. Amount of tax credit carried forward - first year.....	1	\$	.....	
2. Amount of tax credit carried forward - second year.....	2		.....	
3. Amount of tax credit carried forward - third year .....	3		.....	

***A taxpayer may not claim this credit or carry it forward into a year that the taxpayer has claimed the targeted business tax credit or the enterprise zone credit.***

Utah Code §§59-7-610 and 59-10-1007 allow a nonrefundable tax credit against individual income tax, corporate franchise or income tax, or fiduciary tax if operating in a recycling market development zone, as defined in Utah Code §19-13-102. The credit is equal to: (a) 4.5 percent of the purchase price paid during the taxable year for machinery and equipment used directly in commercial composting, or manufacturing facilities or plant units that manufacture recycled items or reduce or reuse post-consumer waste material; and (b) 20 percent of the net expenditures paid to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for establishing and operating recycling or composting technology in Utah, up to a maximum credit of \$2,000.

#### **PART A - TAXPAYER INFORMATION**

Enter name and address information of taxpayer.

#### **PART B - QUALIFIED PURCHASES**

List any machinery or equipment purchased and used directly in commercial composting or in manufacturing facilities or plant units that manufacture, process, compound or produce recycled items for sale or reduce or reuse post consumer waste material, and enter the purchase price. Add all purchases and multiply the total purchases by 4.5 percent (.045). This is the credit for machinery and equipment.

#### **PART C - QUALIFIED EXPENDITURES**

List expenditures for rent, wages, supplies, tools, test inventory and utilities, and the amount of the expenditure in the appropriate column. Total all expenditures listed in PART C and multiply the total by 20 percent (.20). If the amount is greater than \$2,000, only enter \$2,000.

#### **PART D - DEQ CERTIFICATION**

You may not claim this tax credit unless an authorized agent of the Department of Environmental Quality has signed this form.

#### **PART E - CREDIT CALCULATION**

Add together the "Total credit allowed" from PARTS B and C. Multiply the amount of your Utah income tax by 40 percent (.40). Non or part-year residents must use the apportioned Utah tax. Your Recycling Market Development Zone Tax Credit is the smaller of line 1 or line 2.

A pass-through entity must pass through the credit to its pass-through entity taxpayers. Give a copy of this form to each pass-through entity taxpayer with that pass-through entity taxpayer's share of the credit entered on Part E, line 1. The pass-through entity taxpayer will then calculate the credit they are eligible to take by completing lines 2 and 3 using their return information.

#### **PART F - CREDIT CARRYOVER**

Taxpayers may carry forward for three years any of the unused total credit allowed in PART E, line 3, that is attributable to purchases of qualified machinery and equipment under PART B. Indicate the amounts you are carrying forward, along with the appropriate years, on lines 1 through 3 of PART F.

Carryforward recycling market development zone credits are applied against Utah individual income tax, corporate franchise or income tax or fiduciary tax due before the application of any recycling market development zone tax credits earned in the current year and on a first-earned, first-used basis.

**Do not send this form with your return. Keep this form and all related documents with your records and provide to the Tax Commission upon request. You must complete a new form each year you claim a carryforward credit.**

To get this approval for this credit, contact:

Utah Department of Environmental Quality  
Division of Waste Management and Radiation Control  
195 North 1950 West, 2nd Floor  
Salt Lake City, UT 84116

801-536-0200

**[deq.utah.gov/waste-management-and-radiation-control/solid-waste-program](http://deq.utah.gov/waste-management-and-radiation-control/solid-waste-program)**

For more information, email [taxmaster@utah.gov](mailto:taxmaster@utah.gov), or call 801-297-2200 or 1-800-662-4335.