UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION
PT-31COL INSTRUCTIONS
MINE DISCOUNTED CASH FLOW (DCF)

A Discounted Cash Flow (DCF) is the present worth of projected future net income. Please use this form as a guideline to project your future income and expenses. Base your future income and expenses on your mine plan. Please complete both the past year's income and expenses and project the future years' income and expenses based on the remaining economic life of the mine. Only expenses directly related to, and necessary for, the mining operations are allowed. Each non-contiguous location is considered to be a separate mine and should be reported separately.

1. **GROSS MINERAL SALES**: Enter details on Schedule 1: Identify the mineral type, number of units sold (tons, oz. etc) and the gross mineral sales received. Gross contract prices should be used to calculate gross income. Expenses commonly deducted from gross prices such as transportation costs should not be deducted from the gross contract price but should be included as separate expenses in the lower portion of the DCF schedule. Enter the total from schedule 1 on line 1 of the DCF form.

The current administrative rule provides two methods for computing the value of self-consumed minerals. Please elect one of the following methods (line 2 or line 3). Do not use both.

2. **SELF-CONSUMED MINERALS** - USING REPRESENTATIVE SALES: Identify the mineral type, number of units sold (tons, oz. etc) and the income received. Enter the total from Schedule 2 on line 2 of the DCF form. The unit price should be based on representative sales of like minerals, determined from actual sales of like minerals sold by the taxpayer, actual sales of like minerals by other taxpayers, or posted prices of like minerals.
3. **SELF-CONSUMED MINERALS** - USING ALLOWABLE COSTS: Divide Total Allowable Costs (line 27) by [one minus (discount rate plus property tax rate)] (line 47). The discount rate will be posted on the Property Tax website when available. The County rates are currently posted. Contact your analyst with questions.
4. **PREMIUMS, BONUSES, and SUBSIDIES**: The total amount received as well as projections for premiums, bonuses and subsidies etc., from the federal government or any other source. If exemption is claimed on any amounts, such claims may be stated on the return or in a letter accompanying the return.
5. **INTEREST INCOME**: All interest received on accounts directly related to the operation of the mine should be reported, i.e., reclamation and sinking funds.
6. **OTHER INCOME**: All income received relating to the mining operation, which is not listed above. Examples would include transportation reimbursements and royalties received (show detail on Royalty Schedule).
7. **TOTAL GROSS INCOME**: Total of lines 1 thru 6.
8. **MANAGEMENT SALARIES**: Only the portion of management salaries that pertains to the mining operation can be used as an allowable cost. (As reported on IRS W-2 Wage and Tax statements.)
9. **LABOR**: All labor costs pertaining to the mining operation are allowed. (As reported on IRS W-2 Wage and Tax statements.)
10. **PAYROLL TAXES AND BENEFITS**: Include all fringe benefits and taxes associated with allowable labor costs.
11. **WORKERS COMPENSATION INSURANCE**: The amount paid for workers compensation insurance, or in lieu of that compensation insurance the actual amount of compensation for injured employees, and the compensation paid to the dependents of employees, required to be paid under the Worker's Compensation law of Utah.
12. **GENERAL INSURANCE**: General insurance policy premiums paid are allowed. Do not include self-insurance amounts that may be listed on company records.
13. **TAXES**: Include only severance and sales/use taxes. Income taxes will be calculated on lines 34 and 36. Property taxes will be included in the discount rate.
14. **SUPPLIES AND TOOLS**: Include only those supply and tool costs that are essential to the operation of the mine.
15. **UTILITIES**: Include power, water and telephone costs essential to the operation of the mine.
16. **MAINTENANCE AND REPAIRS**: Include costs related to maintenance or minor repairs.
17. **OFFICE AND ACCOUNTING**: Only the portion of the office and accounting cost pertaining to the mining operation is allowed.
18. **ENGINEERING**: Include costs necessary to provide engineering services essential to the operation of the mine and/or to maintain and update the mine plan.
19. **SAMPLING AND ASSAYING**: Include non-reimbursed cost for assaying and laboratory sampling of the minerals extracted.

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20. **TREATMENT**: Treatment costs of extracted minerals are allowed.
21. **LEGAL FEES**: Include those legal fee costs that are essential to the mine operation.
22. **EXEMPT ROYALTIES**: Federal, State, City, Local Government and Indian Nation royalty payments are allowed. List recipient's name, address, and telephone number (attach schedule 22). Royalties paid to individuals and corporations are not deductible. Please list them on the "Royalties Paid" schedule.
23. **DEVELOPMENT**: Mine development costs must be deducted in the year they are projected to be incurred. If development costs are reported, associated increases in gross mineral sales must also be reported.
24. **FUEL**: Fuel costs are allowed. Do not include fuel that is part of line 25 (Transportation).
25. **TRANSPORTATION**: Transportation costs are allowed to the point of sale or self-consumption. Include only expenses necessary to produce the income reported.
26. **MISCELLANEOUS COSTS**: This would include other costs necessary to the operation of the mine that are not listed above. (attach schedule 26)
27. **TOTAL ALLOWABLE COSTS:** Total of lines 8 thru 26.
28. **NET REVENUE:** Line 7 less line 27.
30. **DEPLETION**: Depletion should be based on cost. (deduct)
31. **AMORTIZATION**: Amortization should be based on cost. (deduct)
38. **PROJECTED CAPITAL EXPENDITURES**: Projected future capital expenditures not included on line 23. (deduct).
39. **CHANGE IN WORKING CAPITAL**: Do not include those caused by increases or decreases in product inventory or other nontaxable items (may be an addition or deduction).
44. **RESIDUAL VALUE OF PERSONAL PROPERTY**: The value of the personal property at the end of the mine life. Add to the cash flow in the last year of operation. May be computed by applying Tax Commission Depreciation Schedules to the cost of the assets remaining at the mine life.
45. **RESIDUAL VALUE OF REAL PROPERTY:** The value of real estate at the end of the mine life. Add to the cash flow in the last year of operation. You may use the current market value.

The Property Tax Division will compute the remainder of the form.

29. **DEPRECIATION**: The Property Tax Division will calculate depreciation using the straight-line method. A 7-year life for equipment and a 39-year life for improvements.
32. **INTEREST**
33. **TAXABLE INCOME**
34. **FEDERAL INCOME TAX**: The Property Tax Division will use a marginal tax rate of 21%.
35. **TAXABLE INCOME LESS FEDERAL INCOME TAX**
36. **STATE INCOME TAX**: The Property Tax Division will use a marginal tax rate of 5%.
37. **TAXABLE INCOME LESS STATE AND FEDERAL INCOME TAX**
40. **DEPRECIATION:** Same as line 29.
41. **DEPLETION:** Same as line 30.
42. **AMORTIZATION:** Same as line 31.
43. **INTEREST:** Same as line 32.
46. **CASH FLOW TO BE DISCOUNTED**
47. **DISCOUNT/CAPITALIZATION RATE**: The current year capitalization rate will be set in March by the Property Tax Division and posted to the Property Tax website in April.
48. **PROPERTY TAX RATE**: The Property Tax Division will add the prior year's actual property tax rate to the discount rate to obtain the property tax adjusted discount rate. The property tax adjusted discount rate will be used to compute the DCF value.

Deductibles: If assets are used in the mining operation and are taxed to someone else, or the Utah taxes have already been paid/or will be paid on them, such as leased land, improvements, equipment and/or licensed vehicles, the value of these assets will be subtracted from your income valuation. These deductibles need to be reported on Form PT-30.

NOTICE: The PT-31, and required documentation, should be attached with your PT-30 form to your return on TAP *(Taxpayer Access Point).*

https://tap.tax.utah.gov/taxexpress