Sales Tax Overview

Financial and Business Services

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Sales Tax Overview

- Sales Tax Definitions
- Sales Tax Exemptions
- Sales Tax Process
- Questions
Definitions

• “Sale” means any transfer of title, exchange, or barter of tangible personal property or any other taxable item or service for consideration, within the state of Utah.

• “Tangible Personal Property "is defined as personal property that may be seen; weighed; measured; felt or touched; or is perceptible to the senses in any manner.
Definitions

• Sales Tax Applies to Selected Services, Including
  – Admissions
  – Utilities
  – Repair Services
  – Renovation Services
  – Installation of tangible personal property
  – Cleaning tangible personal property
  – Sales of meals
Definitions

• Sales of Prepared Food – Tourism Tax
  – Salt Lake County has adopted the Tourism tax
  – An additional 1% tax imposed on all prepared foods and beverages
  – Tourism Tax is reported separately
  – Tax Applies to
    • Soda Fountains
    • Luncheonettes
    • Restaurants
    • Catering
    • Coffee Shops
    • Concessions
Definitions

- Sales of Prepared Food – Tourism Tax
  - In general, sale of prepared food for immediate consumption
  - Does not apply to packaged food
  - Applies to packaged food sold when prepared food also sold
  - Does not apply when activity / outlet serves prepared food only occasionally
Definitions

• Grocery Food
  – Sales of food and food ingredients, not prepared food subject to a reduced sales tax rate
  – 3% Sales Tax Rate
  – Which foods qualify for the reduced sales tax is complicated
  – Food Tax is reported separately
Definitions

• Transient Room Tax
  – Salt Lake County has adopted the Transient Room Tax
  – 5.75% tax on the rental of Hotel or Motel rooms
  – Transient Room Tax is reported separately

• University of Utah is required to pay the Transient Room Tax
  – Send the following to Tax Services to claim a refund
    • Receipt (showing tax paid)
    • Chartfield
    • Contact Name
Sales Tax Exemption

• Utah sales to the University for items used by the University for its mission are exempt from Utah sales tax
  – Purchase must be made with University funds
  – Purchaser must present a completed exemption certificate to the seller
    • Tax Services web site
    • Exempt number is included on P Card

• The University has Sales Tax Exemptions in some other states. See Tax Services web site
  – Purchase must be made with University funds
Sales Tax Exemption

• University sales to purchaser exempt from tax
  – If a sale made to a purchaser who is exempt from tax, the purchaser must present a valid Utah State Exemption certificate
  – Exempt sales must still be reported
Sales Tax Process

• Sales tax returns are due by the last day of the month following the sales month

• Penalties and interest are assessed on the late filing of returns or late payment of sales tax

• Sales tax information is consolidated in the Sales Tax Reporting Tool
  – Tool generates Tax Returns and AJE to record the tax payment
  – Contact Tax Services for tool access

• Sales tax information must be entered in the tool by the 15th of the month
Sales Tax Process

• Sellers are required to keep complete records used to determine the amount of sales tax liability

• Records must be retained for three years from the filing date of the returns
  – University departments must maintain back-up documentation for sales tax liability for three years

• All records are open to the Tax Commission for examination
Questions?

• Contact Tax Services