

Sales Tax Training University of Utah Tax Services



This tutorial will demonstrate how to comply with and complete the university of utah sales tax requirements.





Learning Objectives

This presentation will review the necessary sales tax information for compliance of University of Utah departments to sales tax guidelines.

It will review the highlights of the sales tax requirements, examine the University of Utah responsibilities, provide updated tax rate information and clarify confusing sales tax requirements.



Sales Tax Module Outline

- 1. Sales Tax Definitions
- 2. Tourism Sales Tax
- 3. Transient Room Sales Tax
- 4. Food & Food Ingredients Sales Tax
- 5. Sales Tax Exemptions
- 6. University Responsibilites
- 7. Reporting Requirements
- 8. Tax Rates
- 9. Other Information



Sale

"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

"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.

- Electricity
- Water
- Gas
- Steam
- Prewritten computer software.



Sales Tax applies only to selected services, including:

- Admissions
- Utilities
- Accommodations
- Repair services
- Renovation services
- Installation of tangible personal property
- Cleaning or washing tangible personal property
- Sales of meals



Tourism Sales Tax

- Salt Lake County has adopted the Tourism Tax Sales of Food-Tourism Tax:
- This is an extra 1% tax imposed on all prepared foods and beverages
- Tourism tax separately reported separately in the Sales Tax Reporting Tool



Tourism Sales Tax

Applies To:

- Soda fountains
- Luncheonettes
- Restaurants
- Catering
- Coffee shops
- Concessions



Tourism Sales Tax

Details:

- In general, sale of prepared food for immediate consumption
- Does not apply to packaged food
- Does not apply when activity/outlet serves prepared food only occasionally
- Applies to packaged food sold when prepared food also sold



Transient Room Sales Tax

- Salt Lake County has adopted the transient room tax
- This is a 6.07% tax on the rental of hotel or motel rooms
- Transient room tax is separately reported on the Sales Tax Reporting Tool



Reduction in Sales Tax for Food and Food Ingredients

- Sales of food and food ingredients, not prepared food, is subject to a 3% sales tax rate
- Which foods qualify for the reduced sales tax is VERY complicated



Reduction in Sales Tax for Food and Food Ingredients

- If your department serves or sells food, please look over the Utah State Tax Commission link outlining the reduced rate for food and food ingredients. (Grocery Food Sales & Use Tax)
- Departments should complete the food and food ingredients separately on the Sales Tax Reporting Tool.



Sales Tax Exemptions

- To qualify for the exemption, the purchase must be made with University funds
- Utah sales TO the University for items used by the University for our mission are exempt from Utah sales tax
- The purchaser must present a completed exemption certificate to the seller



Sales Tax Exemptions

 To qualify for the exemption, the purchase must be If your department is conducting business in another state, contact Tax Services and we can investigate a potential sales tax exemption in such state



Sales Tax Exemptions

University Sales to Purchaser Exempt from Tax:

- If a sale is made to a purchaser who is exempt from tax, the purchaser must present a valid Utah State Exemption Certificate.
- Exempt sales are not exempt from being reported to the state so you must include exempt sales in the Sales Tax Reporting tool each month.



Sales Tax Exemptions

Charitable Institutions:

- How does a religious or charitable institution get a Utah sales tax exemption number?
- Complete an Application for Sales Tax Exemption Number for Religious or Charitable Institutions, Form TC-160
- See Tax Services website for details and links



Sales Tax Definitions University Responsibilities Sales Tax Process

- Sales tax returns due by the last day of the month following the sales month
- Penalties and interest are assessed on late filing of returns or late payment of sales tax
- Sales tax information is consolidated in the sales tax Reporting Tool so that the University can prepare its monthly sales tax return
- Sales tax information must be entered in the Sales Tax Reporting Tool by the 15th of the month following the sales month



Utah Sales Tax Monthly Report

- Sales Taxes are now reported electronically. The Sales Tax Reporting Tool can be accessed in the "Finance/Accounting" section in CIS.
- You must be granted access to the application. The next few pages demonstrate how to use the application.



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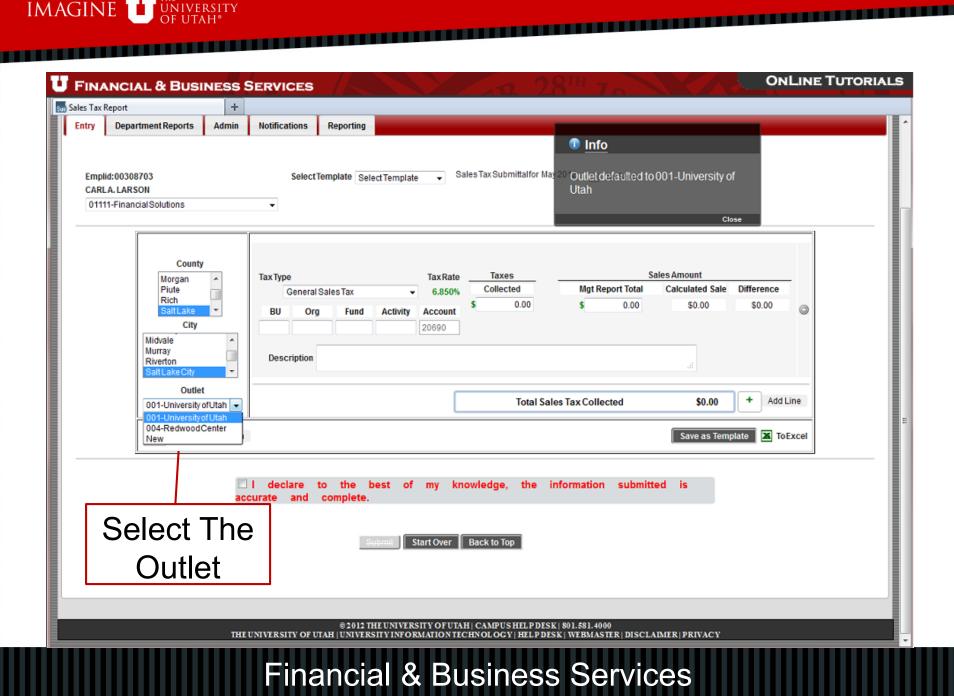


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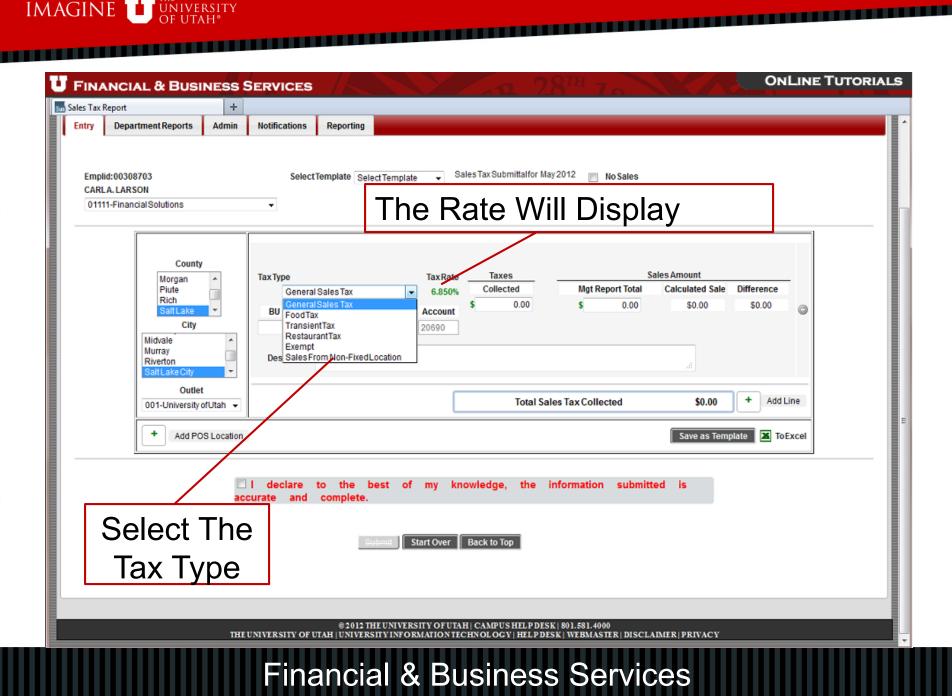


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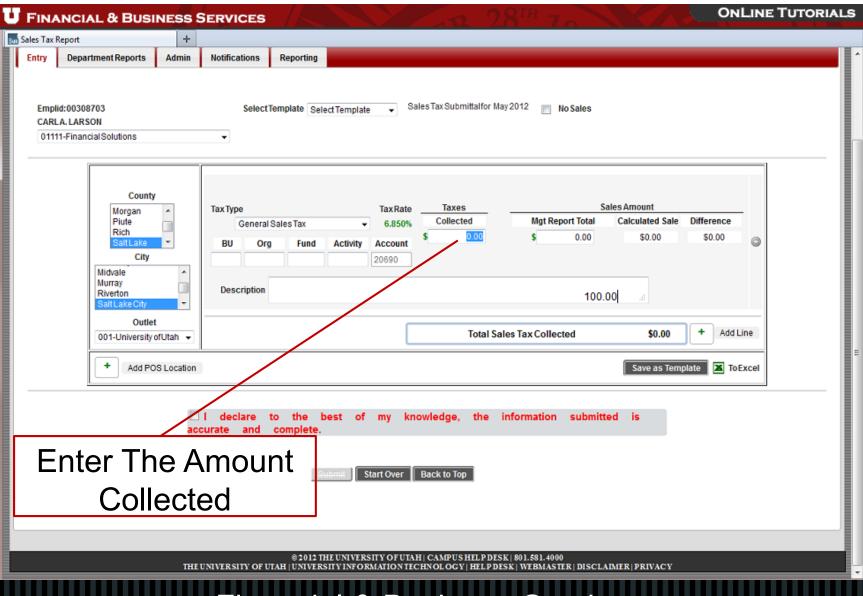




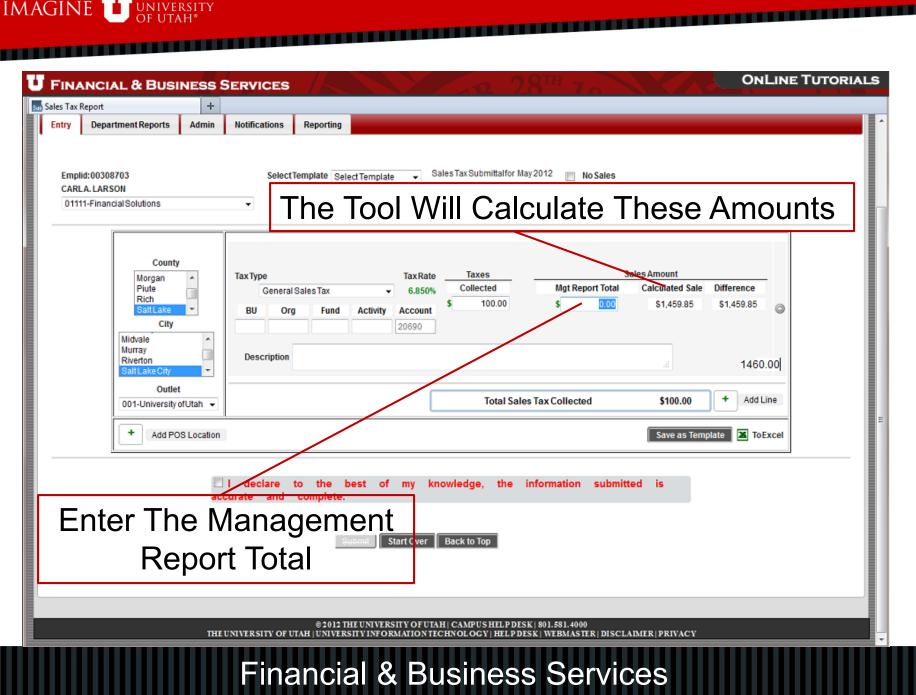




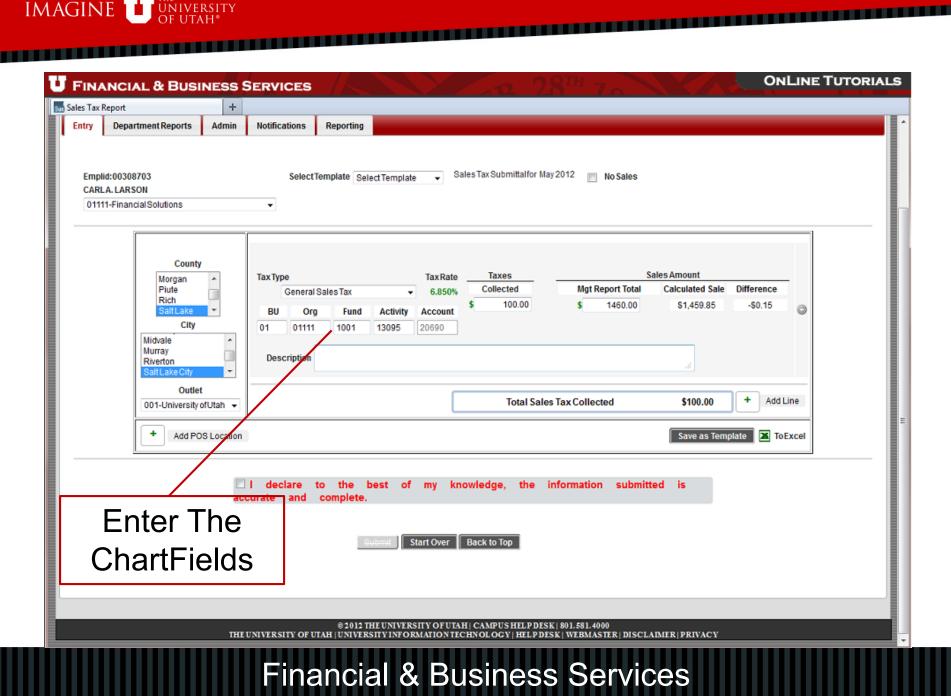




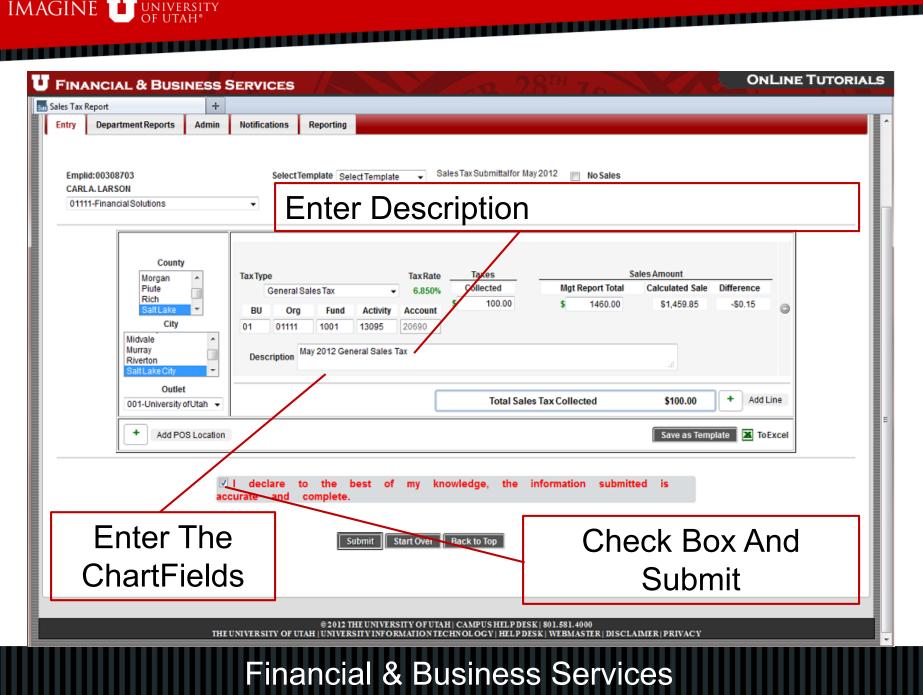














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Tax Commission Rule R865-19S-22 Records Requirement

- Sellers 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
- All records are open for examination by Tax
 Commission



Tax Commission Rule R865-19S-22 Records Requirement

 University departments must maintain back-up documentation for sales and sales tax liability for three years5. Show gross receipts from sales or rental payments from leases of tangible personal property, or services performed in connection with tangible personal property made in Utah regardless of whether the retailer considers the receipts to be taxable or non-taxable



Tax Commission Rule R865-19S-22 Records Requirement

- Show deductions and exemptions allowed by law and claimed in filing sales tax returns
- Show bills, invoices, or similar evidence of all tangible personal property purchased for sale, consumption, or lease in Utah
- All schedules or working papers used in the preparation of tax returns must also be maintained



Tax Commission Rule R865-19S-22 Records Requirement

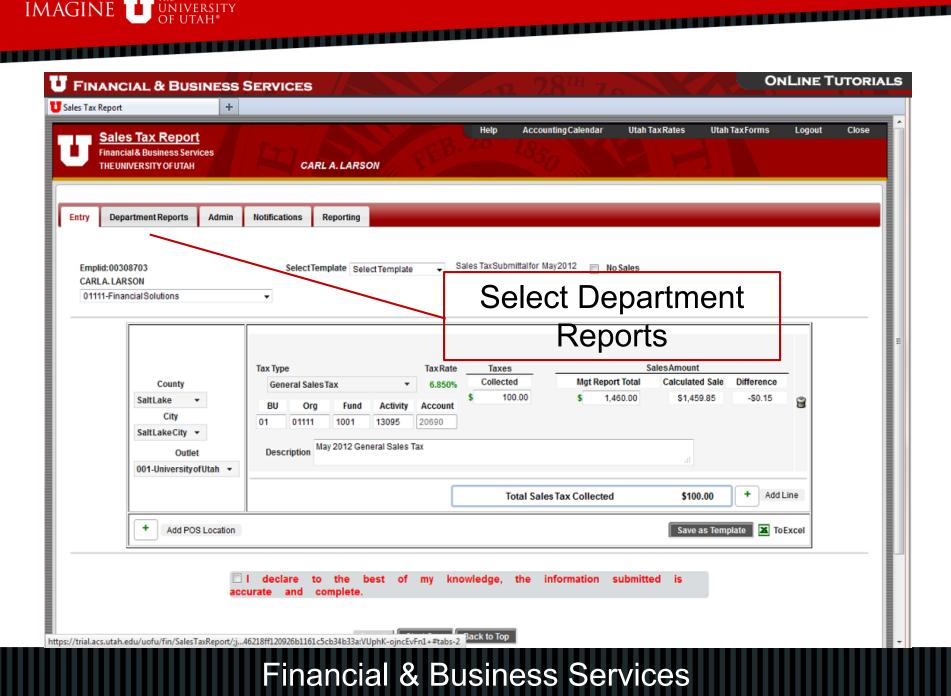
 Include the normal account books maintained by an ordinarily prudent business person, together with supporting documents of original entry such as: bills, receipts, invoices, and cash register tapes All schedules or working papers used in the preparation of tax returns must also be maintained



Sales Tax Rates

- Utah sales and use tax rates are published on the State Sales Tax website.
- <u>Click here to access the state rates.</u>
- Utah sales and use tax rates are also available in the Sales Tax Reporting tool. The next few screens demonstrate how to find the rates.

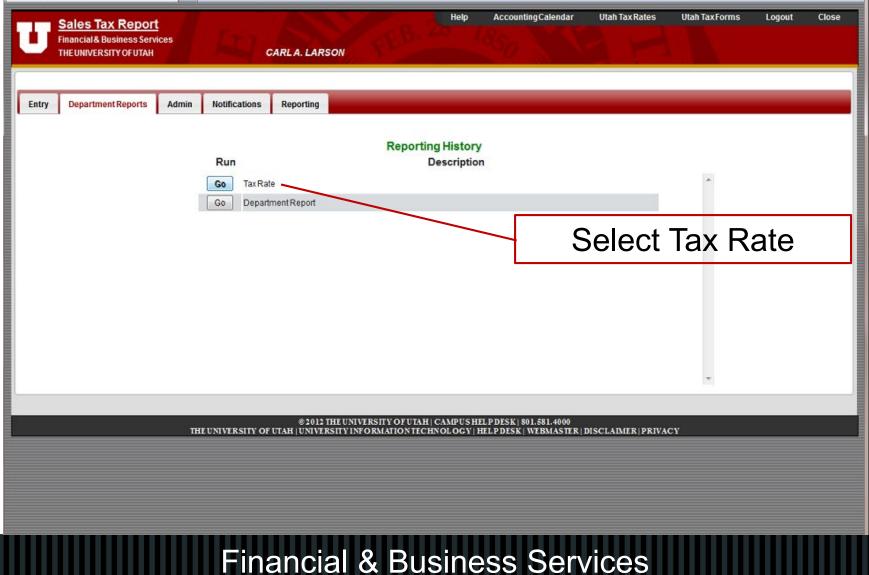




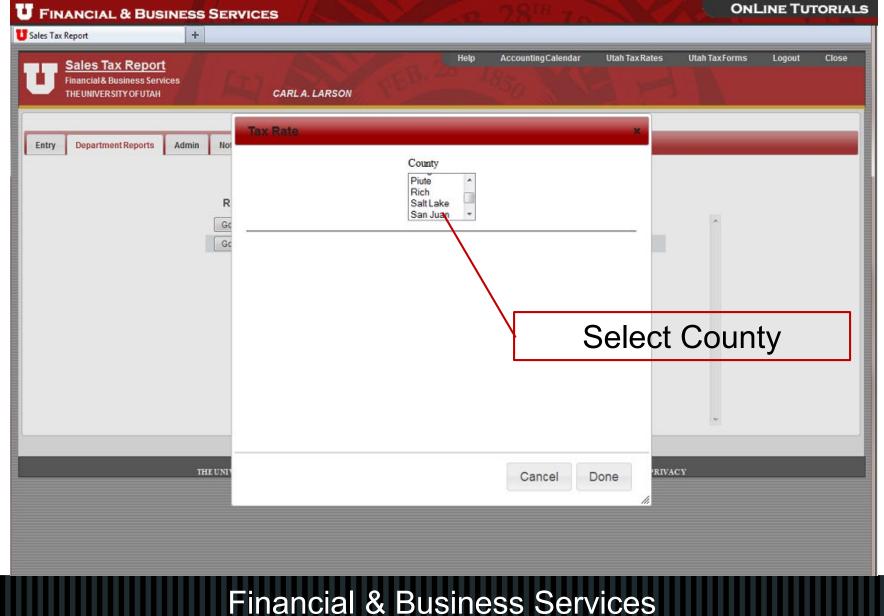


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Other Information

Sales Outside Utah:

- Sales to purchasers in other states may be subject to such other state's sales tax laws requiring assessment, collection and reporting
- See <u>Tax Services website</u> for current sales tax exemptions in other states



Other Information

Some Sales Cause Confusion:

- Consignment sales of property require assessment and collection of sales tax
- Fundraising sales of property are subject to sales tax
 - (Utah sales tax exemption for fundraising sales is for K-12 only)



References

- <u>Tax Services</u>
- <u>Ask Us Sales Tax</u>
- <u>University Sales Tax Exemptions-other states</u>
- <u>Utah State Tax Commission</u>
- Utah Sales and Use Tax Rates
- Food & Food Ingredients Tax
- <u>Tax Exemption Certificate</u>
- Sales Tax Reporting Tool