TAX ADMINISTRATIVE REMEDIES AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: ____________

LONG TITLE

General Description:
This bill modifies provisions related to exhausting administrative remedies in a tax proceeding.

Highlighted Provisions:
This bill:
- requires a party in a tax proceeding to request a formal hearing before the State Tax Commission to exhaust all of the party's administrative remedies; and
- makes technical changes.

Money Appropriated in this Bill:
None

Other Special Clauses:
None

Utah Code Sections Affected:
AMENDS:
59-1-502.5, as last amended by Laws of Utah 2008, Chapter 382
ENACTS:
59-1-612, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:
Section 1. Section 59-1-502.5 is amended to read:
59-1-502.5. Initial hearing -- Formal hearing to exhaust administrative remedies.
(1) At least 30 days before any formal hearing is held in response to a party's request for agency action, one or more tax commissioners or an administrative law judge designated by the commission shall hold an initial hearing at which proffers of evidence, including testimony, documents, and other exhibits may be made and oral or written argument on legal issues may be received.

(2) Any party participating in an initial hearing shall have the right to informal discovery under any rules established by the commission.

(3) A party may appear at the initial hearing in person or through an agent, an employee, or another representative, but any person appearing on behalf of another party or entity shall have full settlement authority on behalf of the party the person is representing.

(4) A record may not be kept of the initial hearing and all initial hearing proceedings are privileged and do not constitute admissions against interest of any party participating in the hearing.

(5) At the initial hearing, or as soon thereafter as reasonably practicable, the commission may take any action it deems appropriate to settle, compromise, or reduce the deficiency, or adjust the assessed valuation of any property.

(6) Nothing in this section may limit a party's right to a formal hearing under Title 63G, Chapter 4, Administrative Procedures Act.

(7) A party has not exhausted the party's administrative remedies in accordance with Section 63G-4-401 unless:

(a) the party requests a formal hearing within the time period provided by law; and
(b) the commission has issued a final unappealable administrative order.

Section 2. Section 59-1-612 is enacted to read:
59-1-612. Formal hearing to exhaust administrative remedies.
A party has not exhausted the party's administrative remedies in accordance with Section 63G-4-401 unless:

(1) the party requests a formal hearing within the time period provided by law; and
(2) the commission has issued a final unappealable administrative order.
Sales and Use Tax

General Information

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Sales and Use Tax
General Information

Introduction
This publication provides basic sales and use tax information. It includes Utah tax law and Tax Commission rules, but is not all-inclusive. Future law or rule changes may change this publication.

Utah Tax Code
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Matthew Bender & Co., Inc.
Attn: Customer Support
1275 Broadway
Albany, NY 12204-2694
1-800-562-1197

You can get Utah Code, Title 59, Revenue and Taxation, at no charge at le.utah.gov/UtahCode/title.jsp. Utah tries to keep current information online; however, code published at LexisNexis may be more current.

Starting a New Business
If you are starting a new business, see Publication 38, Doing Business in Utah, at tax.utah.gov/forms.

Buying a Business — Liability
Check the status of all taxes before you buy a business. Keep enough of the purchase money to cover any unpaid taxes until the former owner gives you a Tax Commission receipt showing that all taxes have been paid, or a certificate showing no taxes are due.

If taxes are still due 30 days after you purchase the business, you will be personally liable for the former owner’s unpaid sales taxes. See Utah Code §59-12-112.

What is Sales and Use Tax?
Sales and use taxes are transaction taxes. This means the transaction is taxed, not the actual goods or services. The buyer is the actual taxpayer.

Sales and use taxes are trust fund taxes because the seller holds the tax in trust for Utah until paid to the Tax Commission. The funds may not be used for any other purpose.

Sales tax and use tax have the same exemptions and tax rates. Either sales tax or use tax applies to any transaction — not both.

Sales Tax
Sales tax is applied to retail sales and leases of tangible personal property, products transferred electronically, and certain services. The seller collects sales tax from the buyer and pays it to the Tax Commission monthly, quarterly or annually using form TC-62PC, Sales Tax Payment Coupon. See Utah Code §59-12-103 and Rules R865-12L, R865-19S and R865-21U.

Use Tax
Use tax is applied to purchases of tangible personal property, products transferred electronically, and certain services when sales tax is due but not collected by the seller. A buyer without a sales tax account pays use tax to the Tax Commission on form TC-40, Individual Income Tax Return. Examples of use tax due include:

- using items from resale inventories;
- buying goods or services tax-free for personal or business use (advertising supplies, office or shop equipment, computer hardware and software, office supplies, etc.); and
- buying products from unlicensed, out-of-state sellers.

Sales Tax License
Every seller with an established presence in Utah (see Nexus Filers, below) must have a Utah Sales Tax License. You can apply for a license online at tax.utah.gov/forms (Tax Commission only) or osbr.utah.gov (multiple Utah agencies), or by submitting form TC-69, Utah State Business and Tax Registration (Tax Commission only). Sales tax licenses are not transferable.

Businesses that typically must register for a sales tax license include:

- retailers selling tangible goods, products transferred electronically or services
- wholesalers purchasing resale inventory
- manufacturers
- leasing companies
- consumers such as professional firms and construction contractors

Nexus Filers
Nexus means a business has established a physical or economic presence in Utah, or is related to a business with a physical presence in Utah.

You have a physical presence in Utah if you:
1. have or use an office, distribution house, sales house, warehouse, service enterprise or other place of business in Utah;
2. maintain a stock of goods or inventory in Utah;
3. regularly solicit orders in Utah, even if the orders are not accepted in Utah (unless your Utah activity is only advertising or solicitation by mail, e-mail, the Internet, telephone etc.);
4. regularly deliver property in Utah other than by common carrier or U.S. mail; or
5. regularly lease or service property located in Utah.

You have an economic presence in Utah if, during the year or the prior year, you:
1. have more than $100,000 of sales in Utah; or
2. have more than 200 sales in Utah.

A seller also has nexus in Utah if:
1. a. the seller has more than 10 percent interest in a related seller, or
   b. a related seller has more than 10 percent interest in the seller, or
   c. a related seller wholly owns the seller; and
2. a. the seller sells the same or very similar line of products as the related seller under the same or a very similar business name, or
Definitions (Utah Code §59-12-102)

Delivery Charges
Charges for preparation and delivery to a location chosen by a buyer of tangible personal property, products transferred electronically or services. Delivery charges include (but are not limited to): transportation, shipping, postage, handling, crating and packing.

Purchase price and sales price of tangible personal property do not include delivery charges if stated separately. The delivery charge does not include the cost of transportation to the seller (typically called “freight-in”).

Fabrication Charges
Charges to fabricate tangible personal property. Fabrication charges are taxable and must be included in the sale price before tax is calculated.

See Tax Commission Rule R865-19S-51

Grocery Food
Substances sold for ingestion or chewing by humans for taste or nutrition. Grocery food does not include alcoholic beverages, tobacco or prepared food.

Grocery food includes items sold without eating utensils by a food maker (other than a bakery and tortilla maker), items sold singly and unheated by weight or volume, and bakery items (bagel, bar, biscuit, bread, bun, cake, cookie, crossword, danish, donut, muffin, pastry, pie, roll, tart, torte or tortilla). A container or packaging used to transport food is not considered an eating utensil provided by the seller.

Note: The term “grocery food” used in Tax Commission forms and publications means “food and food ingredients” as defined by Utah Code §59-12-102.

See also the Prepared Food definition below.

Installation Charges
Charges for permanently installing tangible personal property to real property.

Purchase price and sales price of tangible personal property do not include an installation charge if stated separately.

Installation charges do not include labor charges for repair, renovation, manufacturing or fabrication. Real property sales are nontaxable. When tangible personal property or products transferred electronically become part of the underlying realty upon installation, the purchase and install transaction is considered a real property transaction. The contractor is the final consumer and must pay sales and use tax on the purchase of materials converted to real property.

Prepared Food
1. Food sold in a heated state or heated by a seller.
2. Two or more food ingredients mixed or combined by a seller for a single sale.
3. Food sold with an eating utensil provided by the seller (plate, knife, fork, spoon, glass, cup, napkin, straw, etc.).

Prepared food does not include:
• food that a seller only cuts, repackages or pasteurizes; or
• raw eggs, raw fish, raw meat or raw poultry, or a food containing these items if the Food and Drug Administration advises buyers to cook the items to prevent food borne illness.

Products Transferred Electronically
Audio, video and data that are not delivered on physical storage media (CD, DVD, diskette, tape, etc.).

Examples include:
• Music
• Reading material
• Ring tones
• Movies

Purchase Price and Sales Price
The total value for which tangible personal property, products transferred electronically or services are sold, leased or rented.

Purchase price and sales price include:
• the seller’s cost of the tangible personal property, products transferred electronically or services;
• the seller’s expenses, including:
  • the cost of materials,
• labor cost,
• service cost,
• interest,
• a loss,
• the cost of transportation to the seller, and
• tax (including federal excise tax) imposed on the seller; and
• charges by the seller for any service necessary to complete the sale.

Purchase price and sales price do not include:
• delivery charges;
• installation charges;
• cash discounts or discount terms offered to buyers;
• coupons that are not reimbursed by a third party; or
• the following, if separately stated on an invoice, bill of sale or similar document given to the buyer:
  a. the amount of a trade-in;
  b. interest, financing and carrying charges for credit extended on the sale of tangible personal property, products transferred electronically or services; and
  c. a tax or fee legally imposed directly on the buyer.

Real Property
Any right, title, estate or interest in land, including all structures on the land.

Real property includes construction materials that lose their separate identity as personal property once incorporated into the real property. These include lumber, bricks, nails and cement used to build structures on the land, as well as fixtures such as furnaces and built-in air conditioning systems.

Repair Charges
Charges for labor and parts to repair, renovate or clean tangible personal property or to repair products transferred electronically. Repairs or renovations of tangible personal property do not include installing or removing prewritten computer software.

Repair charges for parts are subject to sales tax unless the part is exempt under Utah Code §59-12-104. Repair charges for labor are subject to sales tax unless the personal property being repaired is exempt under §59-12-104. The determination of whether repair labor is exempt from sales tax is based on the personal property being repaired, not on whether the parts used in the repair are exempt.

For charges to repair, renovate or clean real property or tangible personal property permanently attached to real property, see Publication 42.

Restaurant
A retail establishment whose business is the sale of food and beverages for immediate consumption. The definition of restaurant does not include theaters, but does include dinner theaters. See Utah Code §59-12-602.

Exception: In counties that impose the tourism tax, it does not apply to food sales from deli areas, pizza take-out counters or salad bars within a grocery store or convenience store whose primary business is the sale of fuel or food not prepared for immediate consumption. These sales are exempt from the tourism tax even if the store has seats or stools for customers. However, if a grocery or convenience store has a full-service restaurant, the tourism tax is due on sales in that restaurant.

Tangible Personal Property
Property that can be seen, weighed, measured, felt or touched, or is perceptible to the senses in any manner. Tangible personal property includes electricity, water, gas, steam and prewritten software.

Tangible Personal Property Permanently Attached to Real Property
A special classification of tangible personal property.
Tangible personal property is considered permanently attached to real property if:
1. the attachment is essential to use the tangible personal property, and
2. the tangible personal property will remain attached over its useful life.

This includes an accessory attached to tangible personal property, if it is needed to operate the tangible personal property and is attached solely for that purpose.

The classification is further supported if removal would largely damage either the tangible personal property or the real property.

The permanently attached tangible personal property keeps its classification even if it is temporarily detached for onsite repair or renovation.

The permanently-attached classification does not include:
1. movable tangible personal property attached for convenience, stability, or for an obviously temporary purpose;
2. tangible personal property that is detached for offsite repair or renovation; or
3. a dishwasher, refrigerator, freezer, microwave, stove, washer, dryer or similar appliance.

Transient Room
Accommodations in hotels, motels, inns, trailer courts, campgrounds, tourist homes and similar stays of less than 30 consecutive days. Transient room does not include meeting rooms.

Sales-based Tax Rates and Types
Tax rates vary from one community to another, depending on the taxes each community imposes. Find tax rates online at tax.utah.gov/sales/rates.

Determining Tax Rate (Point-of-Sale Sourcing)
Sourcing means assigning a sale to a taxing jurisdiction to determine the sales tax rate. Sales are sourced by transaction type.
### Chart 1: General Sourcing Rules

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Source to:</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sale of tangible personal property in Utah (including vending machine operators and sellers who sell from mobile inventory)*</td>
<td>Seller’s fixed place of business (whether or not the goods or services are delivered) Location where inventory is warehoused for vending machine operators and sellers who sell from mobile inventory</td>
<td>Sales at special events (fairs, swap meets, races, etc.) are sourced to the event location.</td>
</tr>
<tr>
<td>Retail sale of taxable services in Utah when seller also sells tangible personal property*</td>
<td>Seller’s fixed place of business OR customer’s location (seller’s preference)</td>
<td>If the seller sells tangible personal property on the same invoice as the service, the transaction must be sourced to the seller’s fixed place of business. Sales at special events (fairs, swap meets, etc.) are sourced to the event location.</td>
</tr>
<tr>
<td>Retail sale of taxable services in Utah when seller does not sell any tangible personal property*</td>
<td>Customer’s location</td>
<td></td>
</tr>
<tr>
<td>Retail sale of tangible personal property or taxable services from outside Utah*</td>
<td>Buyer’s location (the place the buyer receives the service or property)</td>
<td></td>
</tr>
<tr>
<td>Retail sale of admissions</td>
<td>Location of activity or event (regardless of ticket purchase location)</td>
<td></td>
</tr>
<tr>
<td>Retail sale of prewritten computer software where there is no transfer of a copy of the software to the buyer</td>
<td>See Publication 64</td>
<td></td>
</tr>
<tr>
<td>Lease or rental of tangible personal property* (other than motor vehicles, semi-trailers, trailers 10,000 pounds or less, and aircraft)</td>
<td>Location the customer receives the goods or services for down payment and first payment Location of the item for subsequent payments</td>
<td>If there are no recurring payments: • source to the location the customer receives the goods or services. • source to the customer’s location if shipped from outside the state to a Utah customer.</td>
</tr>
<tr>
<td>Lease or rental of motor vehicles, semitrailers, trailers 10,000 pounds or less, and aircraft</td>
<td>Customer’s location (address) for all payments, including down and first payments</td>
<td>If there are no recurring payments, source to the seller’s fixed place of business.</td>
</tr>
</tbody>
</table>

*Including products transferred electronically. See Utah Code §§59-12-211, 59-12-212, 59-12-213 and 59-12-214.

### Tax Rate Changes

Tax rates and jurisdictional boundaries can change quarterly. The Tax Commission posts these changes 60 days before the effective date. Check tax rates regularly at [tax.utah.gov/sales/rates](http://tax.utah.gov/sales/rates).

### Rate Changes During Billing Cycles

When the sales tax rate changes during a billing cycle, it is applied differently depending on whether the rate increases or decreases:

- If the tax rate **increases**, the new rate applies to the **first billing period** starting on or after the effective date.
- If the tax rate **decreases**, the new rate applies to the **first billing statement payment** rendered (sent) on or after the effective date.
Example 1: Rate INCREASE
Payments for a 36-month vehicle lease are due on the 15th day of each month. After the lease went into effect, the sales tax rate increased, effective October 1. The October 15 payment is for the billing period beginning September 16, which was before the new rate went into effect. The October 15 payment is taxed at the old (lower) rate, even though the payment is made after the new rate went into effect. The November 15 payment will be for the period beginning October 16 and will be taxed at the new (higher) rate.

Example 2: Rate DECREASE
Using Example 1 above, instead of an increase there was a tax rate decrease effective October 1. The billing statement for the October 15 payment is sent on September 16. Although the payment is due October 15, it is taxed at the old (higher) rate because the billing statement was sent before the new (lower) rate went into effect. All future bills will be taxed at the new rate.

Combined Sales Tax Rate
The taxes listed in Chart 2 are included in the combined sales tax rate and are filed on the sales tax return (TC-62S or TC-62M). The combined sales tax rate is applied to all taxable transactions, except as noted in the chart.

Chart 2: Taxes in the Combined Rate

<table>
<thead>
<tr>
<th>Tax</th>
<th>Imposed By</th>
<th>Rate</th>
<th>Exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Sales and Use</td>
<td>State</td>
<td>4.85%</td>
<td>The state sales rate for grocery food is 1.75 percent. These transactions are also subject to local option and county option and results in a total combined rate on grocery food of 3 percent throughout Utah. The state sales rate for residential fuel is 2 percent which results in a combined rate 2.85 percent less throughout Utah.</td>
</tr>
<tr>
<td>Local Option</td>
<td>County, city or town</td>
<td>1.00%</td>
<td>None</td>
</tr>
<tr>
<td>County Option</td>
<td>County</td>
<td>0.25%</td>
<td>None</td>
</tr>
<tr>
<td>Resort Communities</td>
<td>City or town</td>
<td>Up to 1.60%</td>
<td>Grocery food sales. Sales of motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes are exempt from resort communities tax, but are subject to the remaining portion of sales and use tax. This exemption does not apply to trailers, off-highway vehicles, snowmobiles, truck-mounted campers, etc.</td>
</tr>
<tr>
<td>Rural Health Care</td>
<td>County, city or town</td>
<td>Up to 1.00%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Public Transit</td>
<td>County, city or town</td>
<td>Up to 0.30%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Public Transit, Airport Facility</td>
<td>County, city or town</td>
<td>0.25%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Highways</td>
<td>City or town</td>
<td>Up to 0.30%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Recreational Facilities and Botanical</td>
<td>County, city or town</td>
<td>0.10%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Cultural and Zoological Organizations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Option</td>
<td>Town</td>
<td>Up to 1.00%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>City or Town Option</td>
<td>City or town</td>
<td>Up to .20%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>Mass Transit Fixed Guideway</td>
<td>County</td>
<td>Up to 0.30%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>County Option Transportation</td>
<td>County</td>
<td>Up to 0.25%</td>
<td>Grocery food sales</td>
</tr>
<tr>
<td>State Correctional Facility Sales and Use Tax</td>
<td>City or town</td>
<td>Up to 0.50%</td>
<td>Grocery food sales. Sales of motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes are exempt from the state correctional facility tax. This exemption does not apply to trailers, off-highway vehicles, snowmobiles, truck-mounted campers, etc.</td>
</tr>
</tbody>
</table>

Exemptions

- Grocery food sales
- Sales of motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes are exempt from the state correctional facility tax. This exemption does not apply to trailers, off-highway vehicles, snowmobiles, truck-mounted campers, etc.
### Related Taxes and Fees
The following sales-related taxes and fees are filed on separate returns or electronically:

#### Chart 3: Related Taxes and Fees

<table>
<thead>
<tr>
<th>Tax</th>
<th>Imposed By</th>
<th>Rate</th>
<th>Applies To</th>
<th>Discount</th>
<th>Reported On</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Transient Room</td>
<td>State</td>
<td>0.32%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 days</td>
<td>None</td>
<td>TC-62T</td>
</tr>
<tr>
<td>County Transient Room</td>
<td>County</td>
<td>Up to 4.25%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 days</td>
<td>None</td>
<td>TC-62T</td>
</tr>
<tr>
<td>Municipal Transient Room</td>
<td>City or town</td>
<td>Up to 1.5%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 days</td>
<td>None</td>
<td>TC-62T</td>
</tr>
<tr>
<td>Tourism Transient Room</td>
<td>Salt Lake County</td>
<td>Up to 0.5%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 days</td>
<td>None</td>
<td>TC-62T</td>
</tr>
<tr>
<td>Motor Vehicle Rental</td>
<td>State</td>
<td>2.50%</td>
<td>Short-term leases and rentals (less than 30 days) of motor vehicles, unless the vehicle:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• temporarily replaces a motor vehicle being repaired under a repair or insurance agreement,</td>
<td>None</td>
<td>TC-62L</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• is registered for a gross laden weight of 12,001 or more pounds, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• is a moving van for personal household goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Leasing</td>
<td>County</td>
<td>Up to 7.0%</td>
<td>Short-term leases and rentals (less than 30 days) of motor vehicles, unless the vehicle:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• temporarily replaces a motor vehicle being repaired under a repair or insurance agreement,</td>
<td>1%</td>
<td>TC-62L</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• is registered for a gross laden weight of 12,001 or more pounds, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• is a moving van for personal household goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurant</td>
<td>County</td>
<td>Up to 1.0%</td>
<td>Food, food ingredients and prepared food sold by a restaurant</td>
<td>None</td>
<td>TC-62F</td>
</tr>
<tr>
<td>911 Emergency Services Charge</td>
<td>State</td>
<td>$0.71 per access line</td>
<td>Local exchange service switched access line, radio communication access line, voice-over-Internet-protocol (VoIP)</td>
<td>1.5%</td>
<td>Electronically</td>
</tr>
</tbody>
</table>
Other Information
The following miscellaneous taxes and fees may also apply to certain sellers. Contact the Tax Commission for more information.
- Motor fuel, aviation fuel, and special fuel taxes
- Lubricating oil fee
- Beer, cigarette and tobacco products taxes
- Royalty payment on unprocessed brine shrimp eggs
- Multi-channel audio and video tax
- Sexually explicit business and escort service tax

Sales and Use Tax Exemptions
Utah law provides some exemptions from sales and use tax. See Utah Code §59-12-104 for more information.

Exemption Certificates
When an exemption certificate is required, the buyer must provide the seller with the exemption information in one of two ways:

   A buyer needs to provide a signature when using a paper certificate.
2. Electronically
   If the exemption information is provided electronically, all the information required on the paper form must be included.

A seller can accept exemption certificates at face value. A seller is not liable for improper exemptions unless the seller takes part in claiming a fraudulent exemption.

Sellers must keep exemption certificates in their records as documentation. A seller may use a certificate on file for its customers’ future purchases. A buyer must notify the seller if a certificate on file is cancelled, modified or limited.

Types of Exemptions
There are three types of sales tax exemptions, based on:
1. Entity (exemption certificate required for sales to an exempt entity)
2. Use (exemption certificate required)
3. Product (exemption certificate not required)

Entity-Based Exemptions
An entity-based exemption is determined by who buys or sells the product.

Some common exemptions are:
- Sales to a public transit district or a subcontractor of a public transit district, if the tangible personal property is clearly identified and installed or converted to real property owned by the public transit district.
- Sales to United States government agencies.
- Sales to entities exempt from state taxes by federal law.
- Sales to Utah state and local government agencies (see Publication 56 for lodging-related sales).
- Sales of construction materials to most Utah government agencies — only if installed by the agencies’ employees.

Construction materials bought by or for public elementary and secondary schools are exempt from sales tax. The construction materials must be clearly identified and segregated, and they must be installed or converted to real property owned by the school. See Rule R865-19S-23.
To qualify for this exemption, the purchase must be made with the government agency’s funds. A purchase does not qualify for this exemption if a government employee makes the purchase with personal funds, even if the government agency reimburses the employee.

- Sales of feed, seed, baling ties, etc. to commercial farms.  
- Sales to U.S. government employees traveling on official business, if they present one of the following:  
  - a complete and signed form TC-721G, Exception Certificate for Governments, Foreign Diplomats & Schools;  
  - a check from the government agency;  
  - a purchase order; or  
  - a voucher.  
Sellers must keep proof that the purchase qualifies for the exemption, such as a copy of the government check, purchase order, voucher or signed form TC-721G.

- Sales made to or by:  
  - a local agency on aging;  
  - a senior citizen center owned by a county, city or town; and  
  - a senior citizen center that contracts with a local agency on aging.

- Purchases by certain enrolled members of Native American tribes (including the tribe itself), if:  
  - the member has a tribal card showing a Federal Bureau Number;  
  - the purchased item is delivered to the enrolled tribal member’s own reservation (in the case of the Ute Indian Tribe, the item must be purchased on or delivered to tribal trust lands within the Uintah and Ouray reservations); and  
  - in the case of sales to the tribe itself, the buyer must present a purchase order, exemption certificate, or similar evidence of tribal identity.

Sales made off the reservation to enrolled members of the tribe are taxable. They are exempt from tax only if the seller (or a licensed common carrier) delivers the purchased item(s) to the reservation.

- Sales to foreign diplomats. The U.S. State Department and the American Institute in Taiwan grant a tax exemption to eligible foreign officials assigned to the United States. Tax exempt foreign officials and government offices are issued a Tax Exemption Card, valid nationwide. The card lists the person’s name, photograph, mission employed by, expiration date and identification number.

The exemption cards are used at point-of-sale for exemption from state and local sales, restaurant and lodging/occupancy taxes. These cards DO NOT exempt taxes on utilities, gasoline or vehicle purchases (see Publication 5 for more information about vehicle purchases and Publication 66 for more information about gasoline purchases). The type of exemption is shown by an eagle, owl, deer or buffalo on the bottom corner of the card. The items exempted are listed on the back of the card.

Sellers must keep a copy of the card or a valid exemption certificate as proof of the exempt sale.

For more information on the Tax Exemption Program, see the Office of Foreign Missions (OFM) web site, state.gov/ofm/tax, or contact the OFM San Francisco regional office at 415-744-2910.

- Sales of feed, seed, baling ties, etc. to commercial farms.

- Sales of certain vehicles for exclusive use outside of Utah.

- Sales of electricity and fuel for industrial use as defined in Utah Code §59-12-102.

- Sale or lease of semiconductor fabricating, processing, research or development materials.

- Sales relating to schools and fundraising (see Publication 35).

- Sales to religious or charitable institutions.
  - If the purchase is $1,000 or more, the buyer takes the exemption at the point of sale.
  - If the purchase is less than $1,000, the buyer claims the exemption by submitting form TC-62N, Utah Sales Tax Refund Request, to the Tax Commission.
  - If a public utility makes the sale to a religious or charitable institution, the exemption must be taken at the point of sale.
  - If a contract exists between the seller and the religious or charitable institution, the buyer may take the exemption at the point of sale regardless of the dollar amount of the sale.

To be eligible for the exemption, the organization must be exempt under IRC Section 501(c)(3) and have a sales tax exemption number from the Tax Commission. Submit form TC-160 to get a tax exemption number.

- Sales of construction materials to a religious or charitable institution, or to a contractor buying for a religious or charitable institution.

- Sales of aircraft, boat and river-running tours.
  - Amounts paid for aircraft tours are exempt if the craft enters a federal airway (designated by the Federal Aviation Administration) during the tour.
  - Amounts paid for boat tours, scenic cruises, and similar services are exempt from tax if the waters of the tour or cruise are used as highways for interstate commerce.

For more information, see Rule R865-19S-113.

- Sales of grocery food, prepared food or alcoholic beverages by a church or a charitable institution, if the items are not available to the general public.

- Sales of grocery food, prepared food or alcoholic beverages by a higher education institution, if the items are not available to the general public and are prepaid as part of a student meal plan offered by the institution.

- Sales of grocery food, prepared food or alcoholic beverages provided at a medical or nursing facility for inpatient meals. See Rule R865-19S-61.

- Sales to or by a Utah aircraft maintenance, repair and overhaul provider to maintain, repair, overhaul or refurbish a fixed-wing turbine-powered aircraft that is not registered in Utah.

**Use-Based Exemptions**

A use-based exemption is determined by the buyer’s use of the product.

The following are exempt:

- Sales of certain vehicles for exclusive use outside of Utah.
• Products purchased for resale in the regular course of business, either in their original forms or as ingredients or components of a manufactured or compounded product.

• Sales for resale or lease. The lease of tangible personal property and products transferred electronically is also exempt if it meets all of the following conditions:
  • the property is part of a sale-leaseback transaction,
  • sales or use tax was paid on the initial purchase of the property, and
  • the leased property will be capitalized and the lease payments will be accounted for as payments made under a financing arrangement.

• Purchases of tangible personal property and products transferred electronically when sales and use tax is paid to another state, unless the other state’s tax rate is lower than Utah’s rate. When the tax rate is lower than Utah’s rate, the buyer must pay the difference. No adjustment or credit is allowed if the other state’s tax rate is greater than Utah’s rate.

• Purchases or leases of machinery, equipment, repair or replacement parts or materials (except office equipment and supplies) used or consumed:
  • by a qualified manufacturing facility or scrap recycler to produce an item sold as tangible personal property.
  • used in a Utah mining production process or research and development, by a business described in NAICS 212, Mining (except Oil and Gas) or NAICS 213113, Support Activities for Coal Mining.
  • by a qualified web search portal facility or medical laboratory for the operation of the establishment.

• Purchases or leases of machinery, equipment and normal operating repair or replacement parts, with an economic life of three or more years, used in Utah to perform qualified research.

• Purchases of construction materials used to construct a new or expanding life science research and development facility in Utah. The facility must be owned, leased or rented by a life science establishment, and research and development must take place in at least 51 percent of the total area of the facility. The construction materials must be clearly identified, segregated and installed or converted to real property. Life science establishments are described in NAICS 33911, 334510 and 334517.

• Charges for labor to repair or renovate tangible personal property or products transferred electronically, if the personal property being repaired is exempt under Utah Code §59-12-104.

• Sales of parts used in the repair or renovation of the following exempt tangible personal property:
  • tools or equipment used exclusively under an aerospace or electronics industry contract with the United States government;
  • tangible personal property and products transferred electronically used or consumed primarily and directly in farming operations;
  • snow-making equipment, ski slope grooming equipment, and passenger ropeways;
  • Sales of non-returnable containers, labels, bags, shipping cases and casing to a manufacturer, processor, wholesaler or retailer for use in packaging tangible personal property for resale.
  • Purchases of lists or databases used to address direct mail.

• Purchases or leases by a telephone service provider of equipment, machinery or software that have a useful economic life of one or more years and are used for the following telecommunication purposes:
  • enabling or facilitating,
  • 911 service,
  • maintenance or repair,
  • switching or routing, or
  • transmission.

• Purchases of property from another state that is brought into Utah, only if the property is:
  1. used for business,
  2. first used outside Utah,
  3. not a vehicle, and
  4. not rented or leased.

• Purchases of certain consumable items by short-term lodging providers, only if the items are:
  1. used by guests,
  2. included in the full sales price of the lodging, and
  3. not listed separately on the invoice.

See Publication 56.

• Purchases or leases of items used to create prepared food, only if:
  1. the ownership of both the seller and the buyer are the same, and
  2. either the seller or the buyer paid Utah sales tax prior to making the sale.

• Purchases of machinery and equipment by amusement, gambling and recreation industries (NAICS Subsector 713), only if:
  1. the machinery or equipment has an economic life of three or more years,
  2. the machinery or equipment will be used by payers of admissions or user fees, and
  3. at least 51 percent of the buyer’s sales revenue for the previous calendar quarter came from admissions or user fees.

• Purchases of machinery and equipment, or normal operating repair or replacement parts, only if the machinery:
  1. is used by an electronic financial payment service (NAICS Code 522320), and
  2. has an economic life of three or more years.

Product-Based Exemptions
A product-based exemption is determined by the type of product. An exemption certificate is not required.

The following are exempt:

• Isolated or occasional sales, if the sale is made by a person who does not typically sell that type of product. This exemption does not apply to sales of products for resale or to the sale of a vehicle or vessel that must be titled or registered in Utah.

• Purchases of prescription drugs. A drug is defined as a compound, substance or preparation that is used to diagnose, cure, mitigate, treat or prevent disease, or to affect the structure or function of the human body. Food, dietary supplements, alcoholic beverages and prosthetic devices
are not considered drugs. Sales of drugs are exempt from sales and use tax only if the buyer presents a prescription.

- Sales or rentals of durable medical equipment, including replacement and repair parts. Sales or rentals of durable medical equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

- Sales or rentals of mobility-enhancing equipment to help a person with limited mobility move from one place to another. Sales or rentals of mobility-enhancing equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

- Sales of prosthetic devices, including repair and replacement parts. Eyeglasses and contact lenses are not prosthetic devices. Sales or rentals of prosthetic devices are exempt from sales and use tax only if a prescription is required for the device or it is purchased by a hospital or medical facility.

- Sales of disposable home medical equipment or supplies that cannot withstand repeated use. Sales of disposable home medical equipment or supplies are exempt from sales and use tax only if the buyer presents a prescription for the equipment or supplies. The equipment and supplies must be eligible for payment under Title XVIII, federal Social Security Act or the state plan for medical assistance under Title XIX, federal Social Security Act.

- Forty-five percent of the sales price of a new manufactured home, and 100 percent of the sales price of a used manufactured home.

- Fees for unassisted amusement devices, such as arcade games.

- Sales of unassisted carwashes, and unassisted dry cleaning and laundry services.

- Interstate sales delivered by common carrier or by the seller to a place outside Utah. The licensed seller or retailer must keep a copy of the bill of lading, freight bill, form TC-757 or other proof of out-of-Utah delivery. If the property is delivered within Utah to a buyer, the tax applies, even if the buyer takes the property out of Utah. See Rule R865-19S-44.

- Sales of motor fuels and special fuels subject to Utah fuel excise tax.

- Sales of hay.

- Exclusive sale of seedling plants, or garden, farm or other agricultural produce, if sold during the harvest season by the producer, an employee of the producer, or by a member of the producer’s immediate family. If the producer sells any other product, tax is due on all sales.

- Sales of telephone service charged to a prepaid telephone calling card.

- Sales of newspapers or newspaper subscriptions.

- Sales of water in a pipe, conduit, ditch or reservoir.

- Room and trailer space rentals for 30 consecutive days or more.

- Sales of currency or coinage that is legal tender of the United States or of a foreign nation.

- Sales of an ingot, bar, medallion or decorative coin containing at least 50 percent gold, silver or platinum that is not legal tender of any nation.

- Admissions to higher education athletic events.

- Sales of textbooks, if:
  1. the textbook is required for a higher education course,
  2. the seller is not a bookstore owned by an institution of higher education,
  3. the buyer is enrolled in a course offered by an institution of higher education, and
  4. at least 51 percent of the seller’s sales for the previous calendar quarter are sales of textbooks for a higher education course.

A Utah institution of higher education means: Dixie State University, Salt Lake Community College, Snow College, Southern Utah University, University of Utah, Utah System of Technical Colleges, Utah State University, Utah Valley University, Utah State University Eastern, Weber State University.

Sellers must keep records to verify these conditions for each sale. Additionally, a seller’s records must include exemption certificates (TC-721) showing the buyer is enrolled in courses offered by an institution of higher education.

- Sales of fuel cells (see Utah Code §54-15-102).

- Charges for database access if the primary purpose is to access information from the database. The exemption does not include purchases of digital audioworks, digital audio-visual works or digital books.

## Calculating Sales Tax

### Taxable Transactions

Sales and leases of tangible personal property, products transferred electronically, and certain services are taxable to the final consumer. The following transactions are taxable unless an exemption applies:

- Retail sales or purchases of tangible personal property and products transferred electronically within Utah.

- The storage, use or consumption in Utah of tangible personal property and products transferred electronically.

- Rentals and leases of tangible personal property and products transferred electronically, if:
  - the location of the product is in Utah;
  - the lessee took possession of the product in Utah; or
  - the product is stored, used or otherwise consumed in Utah.

- Labor to repair, renovate and clean tangible personal property and products transferred electronically. This includes maintenance agreements.

- Labor to repair, upgrade or maintain products transferred electronically. This includes maintenance agreements.

- Laundry and dry cleaning services when the labor is not performed by the buyer.

- Admission or user fees for theaters, movies, operas, museums, planetariums, shows, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
Imposed on the Seller
Taxes and Fees
and Use Tax Return. Tax Act, other than taxes imposed under the Municipalities may impose and collect a license fee or tax, other than taxes imposed under the Utah Sales and Use Tax Act, as allowed by law. You must include city-imposed taxes (other than taxes imposed under the Utah Sales and Use Tax Act) in the taxable sales you report on your Utah Sales and Use Tax Return.

Example: A seller makes a $100 sale in a city that has imposed a 2 percent gross receipts tax on revenues. City and state taxes are calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable sales</td>
<td>$100.00</td>
</tr>
<tr>
<td>City-imposed tax @ 2%</td>
<td>$2.00</td>
</tr>
<tr>
<td>Amount subject to state and local taxes</td>
<td>$102.00</td>
</tr>
<tr>
<td>Combined sales tax rate @ 6.125%</td>
<td>x0.06125</td>
</tr>
<tr>
<td>State and local sales taxes paid to the state</td>
<td>$6.25</td>
</tr>
<tr>
<td>Transaction total (cost of item plus taxes)</td>
<td>$108.25</td>
</tr>
</tbody>
</table>

Payments by Gold or Silver Coin
If you agree to accept gold or silver coin in payment for a purchase, you must state in your books and records and on any invoice all of the following:
1. The purchase price of the item in gold or silver coin and in dollars.
2. The amount of sales tax due in gold or silver coin and in dollars.
3. The tax rate that applies to the purchase.
4. The date of the purchase.
You must use the most current London fixing price for the type of coin used to determine the tax due in dollars.

Filing and Reporting Requirements
Accounting Methods
Sellers must use accrual basis accounting to report sales and use tax (see exceptions below). Report all sales and use tax on goods sold and consumed during a filing period on the return for that filing period (see Filing Frequency).

You may only use cash basis reporting if one of the following circumstances applies:
• a sale includes delivery or installation of tangible personal property at a location OTHER than the seller’s place of business (the seller must state the delivery or installation on the invoice), or
• a buyer who converts tangible personal property into real property chooses to report use tax on a cash basis — only if the buyer is not required to pay use tax on a monthly basis.

Returns
Every sales and use tax account must file a Sales and Use Tax Return for each filing period. Depending on the nature of your business, your return is either form TC-62S or form TC-62M. If you file TC-62M, you must also file schedules with your return (see Forms and Schedules, below).

If you are liable for sales-related taxes (transient room, restaurant, motor vehicle rental, waste tire, etc.), you must file a separate return for each separate type of tax or fee.

Only file once for each filing period.
Returns are due the last day of the month following each filing period. When a due date falls on a weekend or legal holiday, the return is due the next business day.

Paper Returns
The Tax Commission mails personalized returns to every seller (unless a seller asks not to receive paper returns). However, you must file returns and pay taxes by the due date, even if you don’t receive a return. Get blank forms and schedules online at tax.utah.gov/forms.
Online Sales Tax Return
You may file your Sales and Use Tax Returns and schedules online at tap.utah.gov.

Filing Frequency
Your filing frequency depends on your yearly sales tax liability:
• If your sales tax liability is less than $1,000 per year, you may file annually.
• If your sales tax liability is between $1,000 and $50,000 per year, you may file quarterly.
• If your sales tax liability is $50,000 or more, you must file monthly.

The Tax Commission will set your filing frequency and notify you if it changes.

You will file the following at the same time you file your sales tax return:
• Municipal energy sales and use tax
• Municipal telecom license tax
• Lubricating oil recycling fee
• Waste tire recycling fee
• Radio network charge to fund the public safety communications network
• Unified statewide 911 emergency service charge
• Disposable cell phone fee

Forms and Schedules
What to File
TC-62S, Sales and Use Tax Return, Single Place of Business — For sellers with one fixed Utah location. TC-62S filers do not need to file schedules.

TC-62M, Sales and Use Tax Return, Multiple Places of Business — For all other sellers, including those with multiple Utah business locations, no Utah location, or no fixed place of business. Sellers file TC-62M if they need to report:
• vending machine sales with multiple inventory locations,
• sales in Utah from a non-fixed place of business,
• sales exempt from the resort tax in a resort community,
• sales exempt from the state correctional facility tax in Salt Lake City,
• sales of tangible personal property or products transferred electronically that are sent into Utah by sellers outside of Utah.

TC-62M filers must also file one or more of the following schedules:
• Schedule A, for sales of non-food and prepared food from multiple fixed Utah business locations, based on the seller’s location.
• Schedule AG, for sales of grocery food from multiple fixed Utah business locations, based on the seller’s location.
• Schedule J, for sales of non-food and prepared food reported based on the customer’s location, products shipped to customers in Utah, or tangible personal property or products transferred electronically at a location other than a fixed place of business.
• Schedule JG for sales of grocery food reported based on the customer’s location.

Sellert Discount
Monthly sales tax filers may take a seller discount equal to 1.31 percent of the combined sales tax. Monthly tourism tax filers may take a seller discount equal to 1 percent of the tourism short-term leasing tax adopted by the county. Sellers of grocery food may take the seller discount of 1.31 percent as if they had collected tax at the full combined rate. Quarterly and annual filers may not take the seller discount.

Goods Consumed by the Seller
Items consumed by the seller are subject to use tax on the amount of the seller’s cost, not the potential sales price. Items consumed by the seller include:
• items taken from inventory and used by the seller,
• samples given away for advertising, and
• products consumed by employees without payment.

When you buy products from local businesses for storage or use, you must pay tax at the time of purchase. For example, office supplies and equipment (such as cash register tapes, returnable containers and furniture) are taxable at the point of sale.

A seller may purchase tax-free grocery bags, sacks and other non-returnable packaging material that go out the door with the customer.

No tax is due on items discarded because of spoilage, broken packaging and similar incidents, because they are not consumed by the seller.

The purchase of printed advertising inserts is taxable unless the inserts contain the name and publication date of the newspaper distributing the inserts and are included in and distributed with the newspaper. See Rule R865-19S-65.

Report use tax on your Sales and Use Tax Return.

Employee Incentives and Discounts
If a seller’s employees earn credit (dollars or points) toward purchases of its goods or services as part of an incentive program, the dollar value of the credit is included in the total sales price. Employee incentive program credit is not an employee discount.

Employee discounts that are not reimbursed by third parties are discounts that are not included in the sales price.

Bad Debts
Only a seller may claim bad debts. A seller may take a sales tax adjustment for bad debts. You must deduct nontaxable amounts (such as cash back to the customer and exempt charges) from the total amount of the bad debt amount to arrive at the net write-off amount.

To find the amount of the adjustment you may claim on your Sales and Use Tax Return, divide the net write-off (W) by one (1) plus the local combined sales tax rate (R) at the time of sale.

\[ W \div (1 + R) = \text{adjustment} \]

Example: A retailer has a net write-off of $100. The combined sales tax rate in the retailer’s community is 6.5 percent. The retailer divides $100 by 1.065 to arrive at an adjustment claim of $93.90.
You may not take a credit for repossessed items other than motor vehicles. See Publication 5, Sales Tax Information for Motor Vehicle/Marine Dealer/Body & Repair Shops.

**Online Payments**
You can pay sales tax online at tap.utah.gov. You may use this service whether you file electronically or on paper. Online payments can be made by credit card (American Express, Discover or MasterCard) or electronic check (direct debit to a checking or savings account).
A convenience fee is applied to some payment methods to cover service costs. If a convenience fee is required, it is clearly listed before you complete the transaction. If you pay online, you must still file a separate return if one is due.

**Electronic Funds Transfer (EFT)**
If your annual sales tax liability is $96,000 or more, you must pay by Electronic Funds Transfer (EFT). Pay online by ACH debit at tap.utah.gov.
You can schedule EFT payments up to 130 days before the due date and the payment can be withdrawn from your account on the day you select.
You may also pay with ACH credit. See Electronic Funds Transfer - EFT at tax.utah.gov/billing/payments.

*Caution:* Do not use other payment methods, such as credit cards, to pay current returns if you must pay by EFT. Other payment methods do not meet EFT filing requirements and you will lose your seller discount.

EFT filers may pay past-due liabilities with other payment methods.

**Penalties**
The penalty for failure to file a tax-due return by the due date is the greater of $20 or up to 10 percent of the unpaid tax, based on the date the return is filed. Failure to file a tax return includes filing a tax return without enough information for us to correctly distribute local tax revenues. We will add another failure-to-pay penalty, the greater of $20 or up to 10 percent of the tax balance, if the tax balance remains unpaid 90 days after the due date.

The penalty for failure to pay the full amount of tax due on a timely-filed return, or within 30 days of a notice of deficiency, is the greater of $20 or up to 10 percent of the tax due, based on the payment date. Unpaid tax includes tax paid without a tax return.
You will also lose the seller discount if you file your monthly return late or underpay the tax due.
Penalties are imposed at a graduated rate, based on the time period of the delinquency.
See Publication 58, Utah Interest and Penalties, online at tax.utah.gov/forms.

**Interest**
Interest is assessed from the original due date until the tax liability is paid in full. See Publication 58, Utah Interest and Penalties, online at tax.utah.gov/forms.

**Overpayments and Refunds**
You may file a claim for a credit or an overpayment refund within either three years from the return due date or two years of paying the tax to the Tax Commission, whichever is later. However, you may not file a claim for a credit or a refund on a tax deficiency that has been legally settled. If we deny your claim, you may file a Petition for Redetermination.

**Purchaser Refunds**
If you pay Utah sales tax to a seller and later find the purchase was taxed incorrectly, ask the seller to credit or refund the overpaid tax. If the seller is no longer in business or does not provide a credit or refund, you may request a refund directly from the Tax Commission using form TC-62PR, Application for Purchaser Refund of Utah Sales Tax. For more information, see tax.utah.gov/sales/refund-request.

**Use Tax and Bad Debts**
To claim a refund or credit for use tax and bad debts, amend the sales tax return the tax was reported on, or make an adjustment on your next sales tax return.
You must explain the legal basis for your refund. If amending by paper return, include your legal explanation plus supporting documents that verify the transaction(s) is not subject to sales tax. If amending electronically, explain your legal basis as prompted and provide supporting documents upon request.
If you have multiple business locations and/or a non-fixed location you must amend or adjust the appropriate return schedules for the location(s) where you originally reported the tax.

**Seller Amendments and Adjustments**
If you are a seller who has credited or refunded previously reported sales taxes, you may either amend the return(s) the taxes were originally reported on or claim an adjustment on your next sales tax return. If amending or adjusting on paper, include the following with your return:
1. Explanation of the changes
2. Documentation provided by the purchaser proving they were exempt from the tax (such as an Exemption Certificate)
3. Proof that you credited or refunded the tax to the purchaser
4. Adjustments only: calculation of adjustment amount (refunded tax divided by current period’s tax rate)
5. Adjustments only: schedule showing which period(s) the taxes were originally reported to the Tax Commission and, if multiple locations, the locations being adjusted
If amending or adjusting electronically, explain your basis as prompted and provide the above documents upon request.
If you have multiple business locations and/or a non-fixed location you must also amend or adjust the appropriate return schedules for the location(s) where you originally reported the tax.
Do not adjust your sales and use tax return to claim a credit for taxes paid to another seller. Instead, you must seek a refund from the seller or apply for a refund from the Tax Commission using form TC-62PR, Application for Purchaser Refund of Utah Sales Tax. (See Purchaser Refunds.)
Record Keeping Requirements

From Rule R865-19S-22
Every retailer, lessor or person doing business in Utah must keep complete records used to determine their sales and use tax liabilities. You must keep records for three years from the date you file your tax return. Your records must be available to the Tax Commission in their original format (paper or electronic).

Your records should:
1. show all gross receipts from Utah sales or leases of tangible personal property, products transferred electronically, or services.
2. show deductions and exemptions claimed on sales tax returns.
3. show bills, invoices and similar proof of all tangible personal property and products transferred electronically bought for sale, consumption or lease in Utah.
4. include original supporting documents (bills, receipts, invoices, cash register tapes, etc.) and all schedules or working papers used to prepare tax returns.

⇒ Note: It is a third degree felony to knowingly sell, buy, install, transfer, use or possess any automated sales suppression device or phantomware with the intent to defraud.

See additional record keeping requirements in Rule R861-1A-35.

Reminders

The information in this publication is only a summary and does not include all sales or use tax laws and rules.

1. You must collect sales tax on all taxable sales of tangible personal property, products transferred electronically and services to the final consumer.
2. You must file a Sales and Use Tax Return for every period, even when no tax is due.
3. You must notify the Tax Commission in writing if you change business locations or add or close sales outlets.
4. If you stop doing business, you must notify the Tax Commission in writing within 30 days of the final date you were required to collect sales tax.
5. You must keep your records for three years from the filing date of a return.
6. Records are subject to audit by the Tax Commission.
7. Sales tax licenses are not transferable.
8. Goods purchased tax-free but used or consumed by you or your company must be reported on the Sales and Use Tax Return. You must pay use tax on goods you or your company consume.
9. You must keep exemption certificates from your exempt customers to prove nontaxable sales.
10. You must document out-of-state sales with a bill of lading or other proof of shipment. The terms of the sale must require shipment of the property across Utah’s borders by the seller.
11. Round tax up to the next whole cent whenever the third decimal place is greater than four.

Additional Information

Bundled Transactions
A bundled transaction is the retail sale of two or more separate products that are sold for one combined price. If any part of the bundled transaction is subject to tax, the entire transaction is taxed unless the seller keeps separate records of the tax-exempt portion of the transaction.

Carwashes
Assisted carwashes are subject to sales and use tax. A carwash is assisted if the labor to clean or wash is primarily performed by a carwash employee. Assisted carwashes that only include the cleaning or washing of a vehicle’s exterior are exempt from sales tax.

A business location that sells both assisted (including washing or cleaning of the vehicle interior) and unassisted carwashes must collect tax on all its sales unless those assisted and unassisted sales are recorded separately.

Example 1
A customer buys a carwash and the car is washed by machines. This is an unassisted carwash and is not subject to sales tax.

Example 2
A customer buys a machine carwash, but a carwash employee vacuums the interior and cleans the inside windows. This is a taxable assisted carwash and is subject to sales tax.

Example 3
As a fundraising activity, a scout troop offers to dry cars coming out of a carwash. The scouts are not paid by the carwash, so their labor is not a factor in whether the carwashes are assisted or unassisted.

Cigarette, Tobacco and E-Cigarette Products
A business selling cigarettes and/or tobacco products or e-cigarette products must be licensed for each selling location. Apply on form TC-69. See more information in Pub 65, Tax Information for Cigarettes, Tobacco Products and Electronic Cigarette Products. Get forms and pubs online at tax.utah.gov/forms.

Cigarette tax is paid by buying stamps from the Tax Commission. Only registered and bonded businesses may buy, receive and affix stamps. Cigarette stamps must be affixed to each package within 72 hours of receipt of the package. Any cigarette pack without a Utah stamp is subject to a $25 penalty and confiscation.

Tobacco products tax is due from the first buyer within Utah. A retail store must be registered and bonded if it buys directly from an out-of-Utah source not collecting the tax. Pay the tobacco products tax with form TC-553, due the last day of the month following each calendar quarter.

Consumers buying cigarettes or tobacco products online must pay the sales tax and cigarette or tobacco products tax on form TC-720C.
The sale of cigarettes and/or tobacco products is subject to state and local sales tax. The amount subject to sales tax includes the cigarette tax or the tobacco products tax.

**Coupons**

Coupons for which a seller is reimbursed by a third party (such as a manufacturer or distributor) do not reduce the sales amount subject to tax. The taxable amount is the sales price of the item before the value of the coupon is deducted.

An in-store coupon issued by the seller is considered a reduction in the sales price. The taxable amount is the amount paid for an item after deducting the value of the in-store coupon.

**Coupon Books, Gift Cards and Gift Certificates**

The sale of coupon books is taxable. Collect sales tax on the sales price when the books are sold. Buying paper for the books and the printing of the books are resale purchases exempt from tax.

The sale of gift cards and gift certificates is not taxable. Treat the cards and certificates like cash and collect sales tax on taxable transactions. Buying card stock or paper to make the card or certificate is taxable.

**Direct Mail**

A direct mailer may either pay sales tax directly to the printer or give the printer a signed exemption certificate (form TC-721). Direct mail is not exempt from sales tax. An exemption certificate simply shifts who is responsible to report and pay the tax. By using an exemption certificate, the direct mailer reports the tax on its *Sales and Use Tax Return* rather than the printer collecting the tax.

**Food Stamps and WIC**

Sales of food paid with federal food stamps or Women, Infants and Children (WIC) coupons are exempt from sales and use tax.

**Money Order, Fax and Photocopy Charges**

Money order fees and charges to send a fax are not subject to sales tax. Photocopy charges and charges to receive a fax are taxable.

**Newspapers and Postage**

Sales of newspapers and postage stamps are exempt from sales tax.

To qualify as a newspaper, a publication must:
- be published daily or weekly,
- be printed for circulation among the general public,
- contain matters of general interest,
- report on current events, and
- not create a book when multiple issues are put together.

Sales of tabloids (e.g., *Enquirer, Star, Globe*) and magazines (e.g., *Newsweek, Ladies Home Journal, Time*) are taxable.

**Premiums and Gifts**

A premium or gift given away with the sale of a taxable product is part of that sale, and the purchase of the premium or gift by the seller is not taxable.

**Returned Merchandise**

A customer who receives credit for returned merchandise is entitled to a refund of the sales tax. If a customer is given a partial refund or allowance, the customer is entitled to a refund of sales tax on the portion of the original sales price refunded.

**Special Events**

A special event is a one-time event or an event that runs for six months or less where taxable sales occur. Sales tax is collected on taxable transactions at special events. A seller who participates in a special event must register for a temporary sales tax license, even if the seller has a current sales tax license.

For more information or to get a temporary sales tax license, call 801-297-6303 or toll free 1-800-662-4335, ext. 6303, or email specialevent@utah.gov.

**Third-party Drop Shipping**

In third-party drop shipping, a customer buys tangible personal property or products transferred electronically from a business that does not have the item in stock. The business buys the items from a wholesaler who sends it directly to the customer.

There are two separate transactions in third-party drop shipping. The first transaction, between the customer and the business, is subject to tax. The second transaction, between the business and the wholesaler, is exempt from tax as a purchase for resale.

If the business has a Utah sales tax license, it must collect and pay the sales tax. If the business is not required to have a Utah sales tax license, it does not have to collect the tax. However, the customer must report and pay the tax directly to the Tax Commission.

**Trade-in on Manufactured Homes**

Utah Code §59-12-104 provides an exemption of 45 percent of the sales price of a new manufactured home and 100 percent of the sales price of a used manufactured home.

When there is a trade-in, calculate the sales price subject to the exemption as follows:

1. Subtract the trade-in amount from the full sales price. The difference is the net sales price.
2. Multiply the net sales price by the allowed exemption (45 or 100 percent) to determine the exempt amount.
3. Subtract the exempt amount from the net sales price. This is the portion of the net sales price subject to sales tax.

**Example:** A dealer accepts a trade-in at a value of $8,000 against the purchase of a new manufactured home valued at $60,000. The calculation is:
Original sales price $60,000
Less trade-in amount - $8,000
Net sales price $52,000
Portion of net sales price exempt from sales tax ($52,000 x .45) $23,400
Portion of net sales price subject to sales tax ($52,000 - $23,400) $28,600

Vending Machine Sales
Sales of tangible personal property from vending machines are taxable. Vending machine sales of items that cannot be ingested, such as cigarettes or novelty toys, are taxed at the full combined rate.

Vending machine sales of prepared food, such as sandwiches or slices of pizza, are also taxed at the full combined rate. For vending machine sales of grocery food, such as packs of gum or bags of pretzels, the statewide combined rate is 3.0 percent.

Tax is included in the vended price. To find the dollar amount of sales without tax, divide the sales by one (1) plus the combined tax rate in the community where the vending machine is located. For example:
- Where the combined rate is 6.0 percent, divide by 1.060.
- Where the combined rate is 6.125 percent, divide by 1.06125.
- Where the combined rate on grocery food is 3.0 percent, divide by 1.030.

A seller of food, beverage and dairy products for $1 or less may choose to pay tax on 150 percent of the seller’s cost (including incoming freight costs) rather than on the sales price. When this option is taken, the taxable amount (150 percent of cost) must be reported on the Sales and Use Tax Return as goods consumed.

If the vending machine is owned and serviced by a vending machine company, the vending machine company is responsible for the tax.

Videos and DVDs
Rentals of videotapes and DVDs are taxed as sales of tangible personal property.

Forms
The following forms are available at tax.utah.gov/forms/ or by calling the Tax Commission automated forms order hotline at 801-297-6700 or toll free 1-800-662-4335 ext. 6700.

TC-51 – Nexus Questionnaire
TC-55A – Claim for Refund of MV Fees or Sales Tax
TC-62S – Utah Sales and Use Tax Return, Single Place of Business
TC-62M – Sales and Use Tax Return, Multiple Places of Business
TC-62M Schedule A – Sales of Non-Food and Prepared Food from Fixed Utah Locations
TC-62M Schedule AG – Sales of Grocery Food from Fixed Utah Locations
TC-62M Schedule J – Sales of Non-Food and Prepared Food from Places Other Than Fixed Utah Locations
TC-62M Schedule JG – Sales of Grocery Food from Places Other Than Fixed Utah Locations
TC-62E – Municipal Energy Sales and Use Tax
TC-62F – Restaurant Tax Return
TC-62L – Motor Vehicle Rental Tax Return
TC-62N – Sales Tax Refund Request for Religious or Charitable Organizations
TC-62P – Instructions for Filing Refund Claims for Sales Tax Paid on Pollution Control Facilities
TC-62Q – Utah Sales Tax Sourcing Schedule
TC-62X – Sales Exempt from Impacted Communities Taxes
TC-62T – Transient Room Tax Return
TC-62W – Waste Tire Recycling Fee Return
TC-69 – Utah State Business and Tax Registration Application
TC-69B – Additional Business Locations for a Sales Tax Account
TC-73 – Sales Tax Exemption Contract
TC-85 – Agreement for Remitting through Electronic Funds Transfer (EFT)
TC-160 – Application for Sales Tax Exemption for Religious and Charitable Institutions
TC-553 – Tobacco Products Tax Return
TC-719 – Sales Tax Exemption Affidavit for Authorized Interstate Carriers
TC-720 – Order for Cigarette Revenue Stamps, or TAX for Products Imported for Use, Storage or Consumption
TC-721 – Exemption Certificate
TC-721A – Sales and Use Tax Exemption Affidavit for Exclusive Use Outside Utah
TC-721G – Exemption Certificate for Governments, Foreign Diplomats & Schools
TC-721NR – Sales Tax Exemption Certificate for Non-Utah Retailers Accepting Delivery of Merchandise in Utah
TC-738 – Petition for Redetermination
TC-757 – Affidavit of Out-of-State Delivery
TC-762 – Lease/Rental Sales Tax Affidavit
Sales Tax Publications

The following publications are available at tax.utah.gov/forms/ or by calling the Tax Commission forms order hot-line at (801) 297-6700 or 1-800-662-4335 ext. 6700.

Pub 5 – Sales Tax Information for Motor Vehicle/Marine Dealer/Body & Repair Shops
Pub 25 – Sales and Use Tax General Information
Pub 35 – Sales Tax Guidelines for Public and Private Elementary and Secondary Schools
Pub 37 – Business Activity and Nexus in Utah
Pub 38 – Doing Business in Utah
Pub 40 – Personal Liability for Unpaid Sales, Fuel and Withholding Taxes
Pub 42 – Sales Tax Information for Sales, Installation and Repair of Tangible Personal Property Attached to Real Property
Pub 45 – Sales Tax Information for Nurseries, Florists, Landscapers and Related Industries
Pub 53 – Sales Tax Information for Health Care
Pub 54 – Sales Tax Information for Public Utilities
Pub 55 – Sales Tax Information for Restaurants
Pub 56 – Sales Tax Information for Lodging Providers
Pub 58 – Utah Interest and Penalties
Pub 62 – Sales Tax Information for Telecommunications Service Providers
Pub 64 – Sales Tax Information for Computer Services Providers

Information Online

Utah State Tax Commission Website
tax.utah.gov
This site has links to:
• Forms and publications
• Current and past sales tax rates
• Internal Revenue Service
• Utah Counties (business license, property tax)
• Multistate Tax Compact
• Other States’ Revenue Departments

State of Utah Website
utah.gov
This site has links to:
• Workforce Services (unemployment)
• Labor (worker’s compensation)
• Commerce (corporations, DBA registration)
Sales and Use Tax General Information

Introduction
This publication provides basic sales and use tax information. It includes Utah tax law and Tax Commission rules, but is not all-inclusive. Future law or rule changes may change this publication.

Utah Tax Code
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Matthew Bender & Co., Inc.
Attn: Customer Support
1275 Broadway
Albany, NY 12204-2694
1-800-562-1197

You can get Utah Code, Title 59, Revenue and Taxation, at no charge at le.utah.gov/Uta

Starting a New Business
If you are starting a new business, see Publication 38, Doing Business in Utah, at tax.utah.gov/forms.

Buying a Business — Liability
Check the status of all taxes before you buy a business. Keep enough of the purchase money to cover any unpaid taxes until the former owner gives you a Tax Commission receipt showing that all taxes have been paid, or a certificate showing no taxes are due.

If taxes are still due 30 days after you purchase the business, you will be personally liable for the former owner’s unpaid sales taxes. See Utah Code §59-12-112.

What is Sales and Use Tax?
Sales and use taxes are transaction taxes. This means the transaction is taxed, not the actual goods or services. The buyer is the actual taxpayer.

Sales and use taxes are trust fund taxes because the seller holds the tax in trust for Utah until paid to the Tax Commission. The funds may not be used for any other purpose.

Sales tax and use tax have the same exemptions and tax rates. Either sales tax or use tax applies to any transaction — not both.

Sales Tax
Sales tax is applied to retail sales and leases of tangible personal property, products transferred electronically, and certain services. The seller collects sales tax from the buyer and pays it to the Tax Commission monthly, quarterly or annually using form TC-62PC, Sales Tax Payment Coupon. See Utah Code §59-12-103 and Rules R865-12L, R865-19S and R865-21U.

Use Tax
Use tax is applied to purchases of tangible personal property, products transferred electronically, and certain services when sales tax is due but not collected by the seller. A buyer without a sales tax account pays use tax to the Tax Commission on form TC-40, Individual Income Tax Return. Examples of use tax due include:
• using items from resale inventories;
• buying goods or services tax-free for personal or business use (advertising supplies, office or shop equipment, computer hardware and software, office supplies, etc.); and
• buying products from unlicensed, out-of-state sellers.

Sales Tax License
Every seller with an established presence in Utah (see Nexus Filers, below) must have a Utah Sales Tax License. You can apply for a license online at tap.utah.gov (Tax Commission only) or osbr.utah.gov (multiple Utah agencies), or by submitting form TC-69, Utah State Business and Tax Registration (Tax Commission only). Sales tax licenses are not transferable.

Businesses that typically must register for a sales tax license include:
• retailers selling tangible goods, products transferred electronically or services
• wholesalers purchasing resale inventory
• manufacturers
• leasing companies
• consumers such as professional firms and construction contractors

**Nexus Filers**

Nexus means a business has established a physical or economic presence in Utah, or is related to a business with a physical presence in Utah.

You have a physical presence in Utah if you:

1. have or use an office, distribution house, sales house, warehouse, service enterprise or other place of business in Utah;
2. maintain a stock of goods or inventory in Utah;
3. regularly solicit orders in Utah, even if the orders are not accepted in Utah (unless your Utah activity is only advertising or solicitation by mail, e-mail, the Internet, telephone etc.);
4. regularly deliver property in Utah other than by common carrier or U.S. mail; or
5. regularly lease or service property located in Utah.

You have an economic presence in Utah if, during the year or the prior year, you:

1. have more than $100,000 of sales in Utah; or
2. have more than 200 sales in Utah.

A seller also has nexus in Utah if:

1. a. the seller has more than 10 percent interest in a related seller, or
   b. a related seller has more than 10 percent interest in the seller, or
   c. a related seller wholly owns the seller; and
2. a. the seller sells the same or very similar line of products as the related seller under the same or a very similar business name, or
   b. the related seller’s place of business or one of its in-state employees is used to advertise, promote or assist sales by the seller.

See Publication 37, *Business Activity and Nexus in Utah.*

Sellers with a physical presence, economic presence, or a related business in Utah must collect and pay sales tax and file returns.

You must file sales tax returns every period, even when you have no tax liability.

**Voluntary Sellers**

Non-nexus sellers do not have to register or collect Utah sales tax. However, they may voluntarily register to collect Utah sales tax at the combined sales tax rate for the delivery location.

When a seller does not collect sales tax on taxable sales, the buyer must pay use tax on purchases brought into Utah for storage, use or consumption.

**How to Add an Outlet**

Notify the Tax Commission immediately if you add an outlet to an existing account. You can add an outlet at tap.utah.gov, or use form TC-69B, *Additional Business Location for a Sales Tax Account.*

**How to Close an Outlet**

Notify the Tax Commission immediately if you close a Utah outlet. You can close an outlet at tap.utah.gov, or use form TC-69C, *Notice of Change for a Tax Account.* The closed outlet will no longer appear on your pre-printed sales tax return.

**How to Close a Sales Tax Account**


If you need help closing your account, call Taxpayer Services at 801-297-2200 or 1-800-662-4335 ext. 2200.

If you do not inform the Tax Commission that you closed your business, we may assess an estimated tax, including late penalties and interest.
Definitions (Utah Code §59-12-102)

**Delivery Charges**
Charges for preparation and delivery to a location chosen by a buyer of tangible personal property, products transferred electronically or services. Delivery charges include (but are not limited to): transportation, shipping, postage, handling, crating and packing.

Purchase price and sales price of tangible personal property do not include delivery charges if stated separately. The delivery charge does not include the cost of transportation to the seller (typically called “freight-in”).

**Fabrication Charges**
Charges to fabricate tangible personal property. Fabrication charges are taxable and must be included in the sale price before tax is calculated.

See Tax Commission Rule R865-19S-51

**Grocery Food**
Substances sold for ingestion or chewing by humans for taste or nutrition. Grocery food does not include alcoholic beverages, tobacco or prepared food.

Grocery food includes items sold without eating utensils by a food maker (other than a bakery and tortilla maker), items sold singly and unheated by weight or volume, and bakery items (bagel, bar, biscuit, bread, bun, cake, cookie, croissant, danish, donut, muffin, pastry, pie, roll, tart, torte or tortilla). A container or packaging used to transport food is not considered an eating utensil provided by the seller.

Note: The term “grocery food” used in Tax Commission forms and publications means “food and food ingredients” as defined by Utah Code §59-12-102.

See also the Prepared Food definition below.

**Installation Charges**
Charges for permanently installing tangible personal property to real property.

Purchase price and sales price of tangible personal property do not include an installation charge if stated separately.

Installation charges do not include labor charges for repair, renovation, manufacturing or fabrication. Real property sales are nontaxable. When tangible personal property or products transferred electronically become part of the underlying realty upon installation, the purchase and install transaction is considered a real property transaction. The contractor is the final consumer and must pay sales and use tax on the purchase of materials converted to real property.

**Prepared Food**
1. Food sold in a heated state or heated by a seller.
2. Two or more food ingredients mixed or combined by a seller for a single sale.
3. Food sold with an eating utensil provided by the seller (plate, knife, fork, spoon, glass, cup, napkin, straw, etc.).

Prepared food does not include:
- food that a seller only cuts, repackages or pasteurizes; or
- raw eggs, raw fish, raw meat or raw poultry, or a food containing these items if the Food and Drug Administration advises buyers to cook the items to prevent food borne illness.

**Products Transferred Electronically**
Audio, video and data that are not delivered on physical storage media (CD, DVD, diskette, tape, etc.).

Examples include:
- Music
- Reading material
- Ring tones
- Movies

**Purchase Price and Sales Price**
The total value for which tangible personal property, products transferred electronically or services are sold, leased or rented.

Purchase price and sales price include:
- the seller’s cost of the tangible personal property, products transferred electronically or services;
- the seller’s expenses, including:
  - the cost of materials,
• labor cost,
• service cost,
• interest,
• a loss,
• the cost of transportation to the seller, and
• tax (including federal excise tax) imposed on the seller; and
• charges by the seller for any service necessary to complete the sale.

Purchase price and sales price do not include:
• delivery charges;
• installation charges;
• cash discounts or discount terms offered to buyers;
• coupons that are not reimbursed by a third party; or
• the following, if separately stated on an invoice, bill of sale or similar document given to the buyer:
  a. the amount of a trade-in;
  b. interest, financing and carrying charges for credit extended on the sale of tangible personal property, products transferred electronically or services; and
  c. a tax or fee legally imposed directly on the buyer.

**Real Property**
Any right, title, estate or interest in land, including all structures on the land.

Real property includes construction materials that lose their separate identity as personal property once incorporated into the real property. These include lumber, bricks, nails and cement used to build structures on the land, as well as fixtures such as furnaces and built-in air conditioning systems.

**Repair Charges**
Charges for labor and parts to repair, renovate or clean tangible personal property or to repair products transferred electronically. Repairs or renovations of tangible personal property do not include installing or removing prewritten computer software.

Repair charges for parts are subject to sales tax unless the part is exempt under Utah Code §59-12-104. Repair charges for labor are subject to sales tax unless the personal property being repaired is exempt under §59-12-104. The determination of whether repair labor is exempt from sales tax is based on the personal property being repaired, not on whether the parts used in the repair are exempt.

For charges to repair, renovate or clean real property or tangible personal property permanently attached to real property, see Publication 42.

**Restaurant**
A retail establishment whose business is the sale of food and beverages for immediate consumption. The definition of restaurant does not include theaters, but does include dinner theaters. See Utah Code §59-12-602.

**Exception:** In counties that impose the tourism tax, it does not apply to food sales from deli areas, pizza take-out counters or salad bars within a grocery store or convenience store whose primary business is the sale of fuel or food not prepared for immediate consumption. These sales are exempt from the tourism tax even if the store has seats or stools for customers. However, if a grocery or convenience store has a full-service restaurant, the tourism tax is due on sales in that restaurant.

**Tangible Personal Property**
Property that can be seen, weighed, measured, felt or touched, or is perceptible to the senses in any manner. Tangible personal property includes electricity, water, gas, steam and prewritten software.

**Tangible Personal Property Permanently Attached to Real Property**
A special classification of tangible personal property.

Tangible personal property is considered permanently attached to real property if:

1. the attachment is essential to use the tangible personal property, and
2. the tangible personal property will remain attached over its useful life.

This includes an accessory attached to tangible personal property, if it is needed to operate the tangible personal property and is attached solely for that purpose.
The classification is further supported if removal would largely damage either the tangible personal property or the real property. The permanently attached tangible personal property keeps its classification even if it is temporarily detached for onsite repair or renovation.

The permanently-attached classification does not include:
1. movable tangible personal property attached for convenience, stability, or for an obviously temporary purpose;
2. tangible personal property that is detached for offsite repair or renovation; or
3. a dishwasher, refrigerator, freezer, microwave, stove, washer, dryer or similar appliance.

**Transient Room**
Accommodations in hotels, motels, inns, trailer courts, campgrounds, tourist homes and similar stays of less than 30 consecutive days. *Transient room* does not include meeting rooms.

**Sales-based Tax Rates and Types**
Tax rates vary from one community to another, depending on the taxes each community imposes. Find tax rates online at tax.utah.gov/sales/rates.

**Determining Tax Rate (Point-of-Sale Sourcing)**
*Sourcing* means assigning a sale to a taxing jurisdiction to determine the sales tax rate. Sales are sourced by transaction type.

**Chart 1: General Sourcing Rules**

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Source to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptions</td>
<td></td>
</tr>
<tr>
<td>Retail sale of tangible personal property in Utah (including vending machine operators and sellers who sell from mobile inventory)*</td>
<td>Selling’s fixed place of business (whether or not the goods or services are delivered)</td>
</tr>
<tr>
<td></td>
<td>Location where inventory is warehoused for vending machine operators and sellers who sell from mobile inventory</td>
</tr>
<tr>
<td></td>
<td>Sales at special events (fairs, swap meets, races, etc.) are sourced to the event location.</td>
</tr>
<tr>
<td></td>
<td>Retail sale of taxable services in Utah when seller also sells tangible personal property*</td>
</tr>
<tr>
<td></td>
<td>Seller’s fixed place of business OR customer’s location (seller’s preference)</td>
</tr>
<tr>
<td></td>
<td>If the seller sells tangible personal property on the same invoice as the service, the transaction must be sourced to the seller’s fixed place of business.</td>
</tr>
<tr>
<td></td>
<td>Sales at special events (fairs, swap meets, etc.) are sourced to the event location.</td>
</tr>
<tr>
<td></td>
<td>Retail sale of taxable services in Utah when seller does not sell any tangible personal property*</td>
</tr>
<tr>
<td></td>
<td>Customer’s location</td>
</tr>
<tr>
<td></td>
<td>Retail sale of tangible personal property or taxable services from outside Utah*</td>
</tr>
<tr>
<td></td>
<td>Buyer’s location (the place the buyer receives the service or property)</td>
</tr>
<tr>
<td></td>
<td>Retail sale of admissions</td>
</tr>
<tr>
<td></td>
<td>Location of activity or event (regardless of ticket purchase location)</td>
</tr>
<tr>
<td></td>
<td>Retail sale of prewritten computer software where there is no transfer of a copy of the software to the buyer</td>
</tr>
</tbody>
</table>

See Publication 64

Lease or rental of tangible personal property* (other than motor vehicles, semi-trailers, trailers 10,000 pounds or less, and aircraft)
Location the customer receives the goods or services for down payment and first payment
Location of the item for subsequent payments
If there are no recurring payments:
  • source to the location the customer receives the goods or services.
  • source to the customer’s location if shipped from outside the state to a Utah customer.
Lease or rental of motor vehicles, semitrailers, trailers 10,000 pounds or less, and aircraft
Customer’s location (address) for all payments, including down and first payments
If there are no recurring payments, source to the seller’s fixed place of business.

*Including products transferred electronically.
See Utah Code §§59-12-211, 59-12-212, 59-12-213 and 59-12-214.

**Tax Rate Changes**
Tax rates and jurisdictional boundaries can change quarterly. The Tax Commission posts these changes 60 days before the effective date. Check tax rates regularly at tax.utah.gov/sales/rates.

**Rate Changes During Billing Cycles**
When the sales tax rate changes during a billing cycle, it is applied differently depending on whether the rate increases or decreases:
  • If the tax rate *increases*, the new rate applies to the first billing period starting on or after the effective date.
  • If the tax rate *decreases*, the new rate applies to the first billing statement payment rendered (sent) on or after the effective date.

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**Example 1: Rate INCREASE**
Payments for a 36-month vehicle lease are due on the 15th day of each month. After the lease went into effect, the sales tax rate increased, effective October 1. The October 15 payment is for the billing period beginning September 16, which was before the new rate went into effect. The October 15 payment is taxed at the old (lower) rate, even though the payment is made after the new rate went into effect. The November 15 payment will be for the period beginning October 16 and will be taxed at the new (higher) rate.

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**Example 2: Rate DECREASE**
Using Example 1 above, instead of an increase there was a tax rate decrease effective October 1. The billing statement for the October 15 payment is sent on September 16. Although the payment is due October 15, it is taxed at the old (higher) rate because the billing statement was sent before the new (lower) rate went into effect. All future bills will be taxed at the new rate.

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**Combined Sales Tax Rate**
The taxes listed in Chart 2 are included in the combined sales tax rate and are filed on the sales tax return (TC-62S or TC-62M). The combined sales tax rate is applied to all taxable transactions, except as noted in the chart.

**Chart 2: Taxes in the Combined Rate**

<table>
<thead>
<tr>
<th>Tax</th>
<th>Imposed By</th>
<th>Rate</th>
<th>Exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Sales and Use</td>
<td>State</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.7085%

The state sales tax rate for grocery food is 1.75 percent. These transactions are also subject to local option and county option and results in a total combined rate on grocery food of 3 percent throughout Utah.

The state sales tax rate for residential fuel is 2 percent which results in a combined rate 2.785 percent less throughout Utah.

Local Option
County, city or town
1.00%
None

County Option
County
0.25%
None

Resort Communities
City or town
Up to 1.60%

Grocery food sales. Sales of motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes are exempt from resort communities tax, but are subject to the remaining portion of sales and use tax. This exemption does not apply to trailers, off-highway vehicles, snowmobiles, truck-mounted campers, etc.

Rural Health Care County, city or town Up to 1.00% Grocery food sales

Public Transit
County, city or town
Up to 0.30%
Grocery food sales
Public Transit, Airport Facility or State Highway Projects
County, city or town
0.25%
Grocery food sales

Highways
City or town Up to 0.30%
Grocery food sales

Recreational Facilities and Botanical, Cultural and Zoological Organizations
County, city or town
0.10%
Grocery food sales

Town Option
Town
Up to 1.00%
Grocery food sales

City or Town Option City or town Up to .20%
Grocery food sales

Mass Transit Fixed Guideway
County
Up to 0.30%
Grocery food sales
County Option Transportation
County
Up to 0.25%
Grocery food sales
State Correctional Facility Sales and Use Tax
City or town
Up to 0.50%
Grocery food sales. Sales of motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes are exempt from the state correctional facility tax. This exemption does not apply to trailers, off-highway vehicles, snowmobiles, truck-mounted campers, etc.

Supplemental State Sales and Use
State
Up to 0.05%
Grocery food sales
County of the Second Class Airport, Highway and Public Transit
County, city or town
Up to 0.25%
Grocery food sales
County Option Highways and Public Transit
County
0.25%
Grocery food sales

**Related Taxes and Fees**
The following sales-related taxes and fees are filed on separate returns or electronically:

**Chart 3: Related Taxes and Fees**

<table>
<thead>
<tr>
<th>Tax</th>
<th>Imposed By</th>
<th>Rate</th>
<th>Applies To</th>
<th>Discount</th>
<th>Reported On</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Transient Room</td>
<td>State</td>
<td>0.32%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 consecutive days</td>
<td>6%</td>
<td>TC-62T</td>
</tr>
<tr>
<td>County Transient Room</td>
<td>County</td>
<td>Up to 4.25%</td>
<td>Tourist home, hotel, motel or trailer court rental for less than 30 consecutive days</td>
<td>None</td>
<td>TC-62T</td>
</tr>
</tbody>
</table>
Municipal Transient Room
City or town
Up to 1.5%
Tourist home, hotel, motel or trailer court rental for less than 30 consecutive days
Cities and towns that meet certain requirements may impose an additional transient room tax
None
TC-62T
Tourism Transient Room
Salt Lake County
Up to 0.5%
Tourist home, hotel, motel or trailer court rental for less than 30 consecutive days
None
TC-62T
Motor Vehicle Rental
State
2.50%
Short-term leases and rentals (less than 30 days) of motor vehicles, unless the vehicle:
• temporarily replaces a motor vehicle being repaired under a repair or insurance agreement,
• is registered for a gross laden weight of 12,001 or more pounds, or
• is a moving van for personal household goods
None
TC-62L
Short-term Leasing
County
Up to 7.0%
Short-term leases and rentals (less than 30 days) of motor vehicles, unless the vehicle:
• temporarily replaces a motor vehicle being repaired under a repair or insurance agreement,
• is registered for a gross laden weight of 12,001 or more pounds, or
• is a moving van for personal household goods
1%
TC-62L
Restaurant
County
Up to 1.0%
Food, food ingredients and prepared food sold by a restaurant
None
TC-62F
911 Emergency
Services Charge
State
$0.71 per access line
Local exchange service switched access line, radio communication access line, voice-over-Internet-protocol (VoIP)
1.5%
Electronically
Radio Network Charge to fund the public safety communications network
State
$0.18 per access line
Local exchange service switched access line, radio communication access line, voice-over-Internet-protocol (VoIP)
None
Electronically
Unified statewide 911 Emergency Service Charge
State
$0.09 per access line
Local exchange service switched access line, radio communication access line, voice-over-Internet-protocol (VoIP)
1.5%
Electronically
Municipal Telecom License Tax
City or town
Up to 3.5%
Charges for telecommunications services
None
Electronically
Municipal Energy Sales and Use Tax
City or town
Up to 6.0%
Sales of natural gas and electricity
1%
TC-62E
Prepaid Disposable Phones and Prepaid Disp. Phone Minutes
State
3.3% of transaction amount
Sales of prepaid disposable cell phones and disposable cell phone minutes.
3%
TC-62W
Waste Tire Fee
State
$1.00 per tire
Sales of new tires with a rim size up to 24½ inches. Sales tax exemptions do not apply to the fee.
The fee does not apply to used tires, bicycle tires, tires attached to human-propelled devices, or tires sold and delivered out of Utah.
2.50%
TC-62W
Other Information
The following miscellaneous taxes and fees may also apply to certain sellers. Contact the Tax Commission for more information.

- Motor fuel, aviation fuel, and special fuel taxes
- Lubricating oil fee
- Beer, cigarette and tobacco products taxes
- Royalty payment on unprocessed brine shrimp eggs
- Multi-channel audio and video tax
- Sexually explicit business and escort service tax

Sales and Use Tax Exemptions
Utah law provides some exemptions from sales and use tax. See Utah Code §59-12-104 for more information.

Exemption Certificates
When an exemption certificate is required, the buyer must provide the seller with the exemption information in one of two ways:

   A buyer needs to provide a signature when using a paper certificate.

2. Electronically
   If the exemption information is provided electronically, all the information required on the paper form must be included.

   A seller can accept exemption certificates at face value. A seller is not liable for improper exemptions unless the seller takes part in claiming a fraudulent exemption.

   Sellers must keep exemption certificates in their records as documentation. A seller may use a certificate on file for its customers’ future purchases. A buyer must notify the seller if a certificate on file is cancelled, modified or limited.

Types of Exemptions
There are three types of sales tax exemptions, based on:

1. Entity (exemption certificate required for sales to an exempt entity)
2. Use (exemption certificate required)
3. Product (exemption certificate not required)

Entity-Based Exemptions
An entity-based exemption is determined by who buys or sells the product.

Some common exemptions are:

- Sales to a public transit district or a subcontractor of a public transit district, if the tangible personal property is clearly identified and installed or converted to real property owned by the public transit district.
- Sales to United States government agencies.
- Sales to entities exempt from state taxes by federal law.
- Sales to Utah state and local government agencies (see Publication 56 for lodging-related sales).
- Sales of construction materials to most Utah government agencies — only if installed by the agencies’ employees.
   Construction materials bought by or for public elementary and secondary schools are exempt from sales tax. The construction materials must be clearly identified and segregated, and they must be installed or converted to real property owned by the school. See Rule R865-19S-23.
   To qualify for this exemption, the purchase must be made with the government agency’s funds. A purchase does not qualify for this exemption if a government employee makes the purchase with personal funds, even if the government agency reimburses the employee.
- Sales to U.S. government employees traveling on official business, if they present one of the following:
  - a complete and signed form TC-721G, Exemption Certificate for Governments, Foreign Diplomats & Schools;
  - a check from the government agency;
  - a purchase order; or
• a voucher.
Sellers must keep proof that the purchase qualifies for the exemption, such as a copy of the government check, purchase order, voucher or signed form TC-721G.

• Sales made to or by:
  • a local agency on aging;
  • a senior citizen center owned by a county, city or town; and
  • a senior citizen center that contracts with a local agency on aging.

• Purchases by certain enrolled members of Native American tribes (including the tribe itself), if:
  • the member has a tribal card showing a Federal Bureau Number;
  • the purchased item is delivered to the enrolled tribal member’s own reservation (in the case of the Ute Indian Tribe, the item must be purchased on or delivered to tribal trust lands within the Uintah and Ouray reservations); and
  • in the case of sales to the tribe itself, the buyer must present a purchase order, exemption certificate, or similar evidence of tribal identity.

Sales made off the reservation to enrolled members of the tribe are taxable. They are exempt from tax only if the seller (or a licensed common carrier) delivers the purchased item(s) to the reservation.

• Sales to foreign diplomats. The U.S. State Department and the American Institute in Taiwan grant a tax exemption to eligible foreign officials assigned to the United States. Tax exempt foreign officials and government offices are issued a Tax Exemption Card, valid nationwide. The card lists the person’s name, photograph, mission employed by, expiration date and identification number.

The exemption cards are used at point-of-sale for exemption from state and local sales, restaurant and lodging/occupancy taxes. These cards DO NOT exempt taxes on utilities, gasoline or vehicle purchases (see Publication 5 for more information about vehicle purchases and Publication 66 for more information about gasoline purchases). The type of exemption is shown by an eagle, owl, deer or buffalo on the bottom corner of the card. The items exempted are listed on the back of the card.

Sellers must keep a copy of the card or a valid exemption certificate as proof of the exempt sale.

For more information on the Tax Exemption Program, see the Office of Foreign Missions (OFM) web site, state.gov/ofm/tax, or contact the OFM San Francisco regional office at 415-744-2910.

• Sales of feed, seed, baling ties, etc. to commercial farms.

• Sales of tangible personal property and products transferred electronically for primary use in farming operations. Also, charges for labor, parts and supplies to repair and maintain off-road agricultural machinery.

• Sales of electricity and fuel for industrial use as defined in Utah Code §59-12-102.

• Sale or lease of semiconductor fabricating, processing, research or development materials.

• Sales relating to schools and fundraising (see Publication 35).

• Sales to religious or charitable institutions.
  • If the purchase is $1,000 or more, the buyer takes the exemption at the point of sale.
  • If the purchase is less than $1,000, the buyer claims the exemption by submitting form TC-62N, Utah Sales Tax Refund Request, to the Tax Commission.
  • If a public utility makes the sale to a religious or charitable institution, the exemption must be taken at the point of sale.
  • If a contract exists between the seller and the religious or charitable institution, the buyer may take the exemption at the point of sale regardless of the dollar amount of the sale.

To be eligible for the exemption, the organization must be exempt under IRC Section 501(c)(3) and have a sales tax exemption number from the Tax Commission. Submit form TC-160 to get a tax exemption number.

• Sales of construction materials to a religious or charitable institution, or to a contractor buying for a religious or charitable institution.

• Sales of aircraft, boat and river-running tours.
  • Amounts paid for aircraft tours are exempt if the craft enters a federal airway (designated by the Federal Aviation Administration) during the tour.
  • Amounts paid for boat tours, scenic cruises, and similar services are exempt from tax if the waters of the tour or cruise are used as highways for interstate commerce.

For more information, see Rule R865-19S-113.
• Sales of grocery food, prepared food or alcoholic beverages by a church or a charitable institution, if the items are not available to the general public.

• Sales of grocery food, prepared food or alcoholic beverages by a higher education institution, if the items are not available to the general public and are prepaid as part of a student meal plan offered by the institution.

• Sales of grocery food, prepared food or alcoholic beverages provided at a medical or nursing facility for inpatient meals. See Rule R865-19S-61.

• Sales to or by a Utah aircraft maintenance, repair and overhaul provider to maintain, repair, overhaul or refurbish a fixed-wing turbine-powered aircraft that is not registered in Utah.

Use-Based Exemptions
A use-based exemption is determined by the buyer’s use of the product.

The following are exempt:

• Sales of certain vehicles for exclusive use outside of Utah.

• Products purchased for resale in the regular course of business, either in their original forms or as ingredients or components of a manufactured or compounded product.

• Sales for resale or lease. The lease of tangible personal property and products transferred electronically is also exempt if it meets all of the following conditions:
  • the property is part of a sale-leaseback transaction,
  • sales or use tax was paid on the initial purchase of the property, and
  • the leased property will be capitalized and the lease payments will be accounted for as payments made under a financing arrangement.

• Purchases of tangible personal property and products transferred electronically when sales and use tax is paid to another state, unless the other state’s tax rate is lower than Utah’s rate. When the tax rate is lower than Utah’s rate, the buyer must pay the difference. No adjustment or credit is allowed if the other state’s tax rate is greater than Utah’s rate.

• Purchases or leases of machinery, equipment, repair or replacement parts or materials (except office equipment and supplies) used or consumed:
  • by a qualified manufacturing facility or scrap recycler to produce an item sold as tangible personal property.
  • used in a Utah mining production process or research and development, by a business described in NAICS 212, Mining (except Oil and Gas) or NAICS 213113, Support Activities for Coal Mining.
  • by a qualified web search portal facility or medical laboratory for the operation of the establishment.

• Purchases or leases of machinery, equipment and normal operating repair or replacement parts, with an economic life of three or more years, used in Utah to perform qualified research.

• Purchases of construction materials used to construct a new or expanding life science research and development facility in Utah. The facility must be owned, leased or rented by a life science establishment, and research and development must take place in at least 51 percent of the total area of the facility. The construction materials must be clearly identified, segregated and installed or converted to real property. Life science establishments are described in NAICS 33911, 334510 and 334517.

• Charges for labor to repair or renovate tangible personal property or products transferred electronically, if the personal property being repaired is exempt under Utah Code §59-12-104.

• Sales of parts used in the repair or renovation of the following exempt tangible personal property:
  • tools or equipment used exclusively under an aerospace or electronics industry contract with the United States government;
  • tangible personal property and products transferred electronically used or consumed primarily and directly in farming operations;
  • snow-making equipment, ski slope grooming equipment, and passenger ropeways;
  • Sales of non-returnable containers, labels, bags, shipping cases and casing to a manufacturer, processor, wholesaler or retailer for use in packaging tangible personal property for resale.

• Purchases of lists or databases used to address direct mail.

• Purchases or leases by a telephone service provider of equipment, machinery or software that have a useful economic life of one or more years and are used for the following telecommunication purposes:
  • enabling or facilitating,
  • 911 service,
• maintenance or repair,
• switching or routing, or
• transmission.

• Purchases of property from another state that is brought into Utah, only if the property is:
  1. used for business,
  2. first used outside Utah,
  3. not a vehicle, and
  4. not rented or leased.

• Purchases of certain consumable items by short-term lodging providers, only if the items are:
  1. used by guests,
  2. included in the full sales price of the lodging, and
  3. not listed separately on the invoice.

See Publication 56.

• Purchases or leases of items used to create prepared food, only if:
  1. the ownership of both the seller and the buyer are the same, and
  2. either the seller or the buyer paid Utah sales tax prior to making the sale.

• Purchases of machinery and equipment by amusement, gambling and recreation industries (NAICS Subsector 713), only if:
  1. the machinery or equipment has an economic life of three or more years,
  2. the machinery or equipment will be used by payers of admissions or user fees, and
  3. at least 51 percent of the buyer’s sales revenue for the previous calendar quarter came from admissions or user fees.

• Purchases of machinery and equipment, or normal operating repair or replacement parts, only if the machinery:
  1. is used by an electronic financial payment service (NAICS Code 522320), and
  2. has an economic life of three or more years.

**Product-Based Exemptions**
A product-based exemption is determined by the type of product. An exemption certificate is not required.

The following are exempt:

• Isolated or occasional sales, if the sale is made by a person who does not typically sell that type of product. This exemption does not apply to sales of products for resale or to the sale of a vehicle or vessel that must be titled or registered in Utah.

• Purchases of prescription drugs. A drug is defined as a compound, substance or preparation that is used to diagnose, cure, mitigate, treat or prevent disease, or to affect the structure or function of the human body. Food, dietary supplements, alcoholic beverages and prosthetic devices are not considered drugs. Sales of drugs are exempt from sales and use tax only if the buyer presents a prescription.

• Sales or rentals of durable medical equipment, including replacement and repair parts. Sales or rentals of durable medical equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

• Sales or rentals of mobility-enhancing equipment to help a person with limited mobility move from one place to another. Sales or rentals of mobility-enhancing equipment are exempt from sales and use tax only if the buyer presents a prescription for the equipment.

• Sales of prosthetic devices, including repair and replacement parts. Eyeglasses and contact lenses are not prosthetic devices. Sales or rentals of prosthetic devices are exempt from sales and use tax only if a prescription is required for the device or it is purchased by a hospital or medical facility.

• Sales of disposable home medical equipment or supplies that cannot withstand repeated use. Sales of disposable home medical equipment or supplies are exempt from sales and use tax only if the buyer presents a prescription for the equipment or supplies. The equipment and supplies must be eligible for payment under Title XVIII, federal Social Security Act or the state plan for medical assistance under Title XIX, federal Social Security Act.

• Forty-five percent of the sales price of a new manufactured home, and 100 percent of the sales price of a used manufactured home.

• Fees for unassisted amusement devices, such as arcade games.
• Sales of unassisted carwashes, and unassisted dry cleaning and laundry services.

• Interstate sales delivered by common carrier or by the seller to a place outside Utah. The licensed seller or retailer must keep a copy of the bill of lading, freight bill, form TC-757 or other proof of out-of-Utah delivery. If the property is delivered within Utah to a buyer, the tax applies, even if the buyer takes the property out of Utah. See Rule R865-19S-44.

• Sales of motor fuels and special fuels subject to Utah fuel excise tax.

• Sales of hay.

• Exclusive sale of seedling plants, or garden, farm or other agricultural produce, if sold during the harvest season by the producer, an employee of the producer, or by a member of the producer’s immediate family. If the producer sells any other product, tax is due on all sales.

• Sales of telephone service charged to a prepaid telephone calling card.

• Sales of newspapers or newspaper subscriptions.

• Sales of water in a pipe, conduit, ditch or reservoir.

• Room and trailer space rentals for 30 consecutive days or more.

• Sales of currency or coinage that is legal tender of the United States or of a foreign nation.

• Sales of an ingot, bar, medallion or decorative coin containing at least 50 percent gold, silver or platinum that is not legal tender of any nation.

• Admissions to higher education athletic events.

• Sales of textbooks, if:
  1. the textbook is required for a higher education course,
  2. the seller is not a bookstore owned by an institution of higher education,
  3. the buyer is enrolled in a course offered by an institution of higher education, and
  4. at least 51 percent of the seller’s sales for the previous calendar quarter are sales of textbooks for a higher education course.

A Utah institution of higher education means: Dixie State University, Salt Lake Community College, Snow College, Southern Utah University, University of Utah, Utah System of Technical Colleges, Utah State University, Utah Valley University, Utah State University Eastern, Weber State University.

Sellers must keep records to verify these conditions for each sale. Additionally, a seller’s records must include exemption certificates (TC-721) showing the buyer is enrolled in courses offered by an institution of higher education.

• Sales of fuel cells (see Utah Code §54-15-102).

• Charges for database access if the primary purpose is to access information from the database. The exemption does not include purchases of digital audioworks, digital audio-visual works or digital books.

Calculating Sales Tax

Taxable Transactions

Sales and leases of tangible personal property, products transferred electronically, and certain services are taxable to the final consumer. The following transactions are taxable unless an exemption applies:

• Retail sales or purchases of tangible personal property and products transferred electronically within Utah.

• The storage, use or consumption in Utah of tangible personal property and products transferred electronically.

• Rentals and leases of tangible personal property and products transferred electronically, if:
  • the location of the product is in Utah;
  • the lessee took possession of the product in Utah; or
  • the product is stored, used or otherwise consumed in Utah.

• Labor to repair, renovate and clean tangible personal property and products transferred electronically. This includes maintenance agreements.

• Labor to repair, upgrade or maintain products transferred electronically. This includes maintenance agreements.

• Laundry and dry cleaning services when the labor is not performed by the buyer.
• Admission or user fees for theaters, movies, operas, museums, planetariums, shows, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, jeep tours, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity. User fees include access charges for videos, video games, television programs and cable or satellite broadcasts, if that access occurs anywhere other than the buyer’s home.

• Use of assisted amusement devices when the device or ride is not operated by the buyer.

• Assisted cleaning or washing of tangible personal property if the cleaning or washing labor is not performed by the buyer.

• Stays at tourist homes, hotels, motels, campgrounds, trailer courts and similar accommodations usually rented for less than 30 consecutive days.

• In-state telecom services.

• Meals (prepared food) at restaurants or other eating places.

• Sales for commercial use of gas, electricity, heat, coal, fuel-oil or other fuels. (Sales of these items for industrial use may qualify for an entity-based exemption.)

• Sales for residential use of gas, electricity, heat, coal, fuel-oil or other fuels. These products are taxed at the state rate of 2 percent plus any applicable local and/or public transit tax.

• Sales of grocery food. Taxed statewide at the rate of 3 percent. (Sales of prepared food are taxed at the full combined rate.)

• Sales of prepaid telephone calling cards, including vending machine sales of prepaid telephone calling cards, if the card can be used for in-state calls.

• Sales of memberships that entitle the buyer to discounted or free merchandise or services that are subject to sales tax. For example:
  1. Memberships that let card holders enter a warehouse and buy merchandise free of additional markup.
  2. Video memberships that let members rent videos at a reduced price.

All purchases made with these membership cards are subject to sales tax at the time of purchase unless an exemption applies.

• Sales of products transferred electronically, if a physical copy of the product would be taxable. For example, the purchase of a music CD is taxable, so downloaded music is also taxable. For more information, see the Additional Information section.

**Taxes and Fees Imposed on the Seller**

Municipalities may impose and collect a license fee or tax, other than taxes imposed under the Utah Sales and Use Tax Act, as allowed by law. You must include city-imposed taxes (other than taxes imposed under the Utah Sales and Use Tax Act) in the taxable sales you report on your Utah Sales and Use Tax Return.

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**Example:** A seller makes a $100 sale in a city that has imposed a 2 percent gross receipts tax on revenues. City and state taxes are calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable sales</td>
<td>$100.00</td>
</tr>
<tr>
<td>City-imposed tax @ 2%</td>
<td>2.00</td>
</tr>
<tr>
<td>Amount subject to state and local taxes</td>
<td>$102.00</td>
</tr>
<tr>
<td>Combined sales tax rate @ 6.125%</td>
<td>x.06125</td>
</tr>
<tr>
<td>State and local sales taxes paid to the state</td>
<td>$6.25</td>
</tr>
<tr>
<td>Transaction total (cost of item plus taxes)</td>
<td>$108.25</td>
</tr>
</tbody>
</table>

---

**Payments by Gold or Silver Coin**

If you agree to accept gold or silver coin in payment for a purchase, you must state in your books and records and on any invoice all of the following:

1. The purchase price of the item in gold or silver coin and in dollars.
2. The amount of sales tax due in gold or silver coin and in dollars.
3. The tax rate that applies to the purchase.
4. The date of the purchase.
You must use the most current London fixing price for the type of coin used to determine the tax due in dollars.

Filing and Reporting Requirements

Accounting Methods

Sellers must use accrual basis accounting to report sales and use tax (see exceptions below). Report all sales and use tax on goods sold and consumed during a filing period on the return for that filing period (see Filing Frequency).

You may only use cash basis reporting if one of the following circumstances applies:

- a sale includes delivery or installation of tangible personal property at a location OTHER THAN the seller’s place of business (the seller must state the delivery or installation on the invoice), or
- a buyer who converts tangible personal property into real property chooses to report use tax on a cash basis — only if the buyer is not required to pay use tax on a monthly basis.

Returns

Every sales and use tax account must file a Sales and Use Tax Return for each filing period. Depending on the nature of your business, your return is either form TC-62S or form TC-62M. If you file TC-62M, you must also file schedules with your return (see Forms and Schedules, below).

If you are liable for sales-related taxes (transient room, restaurant, motor vehicle rental, waste tire, etc.), you must file a separate return for each separate type of tax or fee.

Only file once for each filing period.

Returns are due the last day of the month following each filing period. When a due date falls on a weekend or legal holiday, the return is due the next business day.

Paper Returns

The Tax Commission mails personalized returns to every seller (unless a seller asks not to receive paper returns). However, you must file returns and pay taxes by the due date, even if you don’t receive a return. Get blank forms and schedules online at tax.utah.gov/forms.

Online Sales Tax Return

You may file your Sales and Use Tax Returns and schedules online at tap.utah.gov.

Filing Frequency

Your filing frequency depends on your yearly sales tax liability:

- If your sales tax liability is less than $1,000 per year, you may file annually.
- If your sales tax liability is between $1,000 and $50,000 per year, you may file quarterly.
- If your sales tax liability is $50,000 or more, you must file monthly.

The Tax Commission will set your filing frequency and notify you if it changes.

You will file the following at the same time you file your sales tax return:

- Municipal energy sales and use tax
- Municipal telecom license tax
- Lubricating oil recycling fee
- Waste tire recycling fee
- Multi-channel video and audio service tax
- 911 emergency services charge
- Radio network charge to fund the public safety communications network
- Unified statewide 911 emergency service charge
- Disposable cell phone fee

Forms and Schedules

What to File
TC-62S, *Sales and Use Tax Return, Single Place of Business* — For sellers with one fixed Utah location. TC-62S filers do not need to file schedules.

TC-62M, *Sales and Use Tax Return, Multiple Places of Business* — For all other sellers, including those with multiple Utah business locations, no Utah location, or no fixed place of business. Sellers file TC-62M if they need to report:

- vending machine sales with multiple inventory locations,
- sales in Utah from a non-fixed place of business,
- sales exempt from the resort tax in a resort community,
- sales exempt from the state correctional facility tax in Salt Lake City,
- sales of tangible personal property or products transferred electronically that are sent into Utah by sellers outside of Utah.

TC-62M filers must also file one or more of the following schedules:

- **Schedule A**, for sales of non-food and prepared food from multiple fixed Utah business locations, based on the seller’s location.
- **Schedule AG**, for sales of grocery food from multiple fixed Utah business locations, based on the seller’s location.
- **Schedule J**, for sales of non-food and prepared food reported based on the customer’s location, products shipped to customers in Utah, or tangible personal property or products transferred electronically at a location other than a fixed place of business.
- **Schedule JG** for sales of grocery food reported based on the customer’s location.
- **Schedule X** for sales exempt from the resort communities tax or the state correctional facility tax.

### Seller Discount

Monthly sales tax filers may take a seller discount equal to 1.31 percent of the combined sales tax. Monthly tourism tax filers may take a seller discount equal to 1 percent of the tourism short-term leasing tax adopted by the county. Sellers of grocery food may take the seller discount of 1.31 percent as if they had collected tax at the full combined rate. Quarterly and annual filers may not take the seller discount.

### Goods Consumed by the Seller

Items consumed by the seller are subject to use tax on the amount of the seller’s cost, not the potential sales price. Items consumed by the seller include:

- items taken from inventory and used by the seller,
- samples given away for advertising, and
- products consumed by employees without payment.

When you buy products from local businesses for storage or use, you must pay tax at the time of purchase. For example, office supplies and equipment (such as cash register tapes, returnable containers and furniture) are taxable at the point of sale.

A seller may purchase tax-free grocery bags, sacks and other non-returnable packaging material that go out the door with the customer.

No tax is due on items discarded because of spoilage, broken packaging and similar incidents, because they are not consumed by the seller.

The purchase of printed advertising inserts is taxable unless the inserts contain the name and publication date of the newspaper distributing the inserts and are included in and distributed with the newspaper. See Rule R865-19S-65.

Report use tax on your *Sales and Use Tax Return*.

### Employee Incentives and Discounts

If a seller’s employees earn credit (dollars or points) toward purchases of its goods or services as part of an incentive program, the dollar value of the credit is included in the total sales price. Employee incentive program credit is not an employee discount.

Employee discounts that are not reimbursed by third parties are discounts that are not included in the sales price.

### Bad Debts

Only a seller may claim bad debts. A seller may take a sales tax adjustment for bad debts. You must deduct nontaxable amounts (such as cash back to the customer and exempt charges) from the total amount of the bad debt amount to arrive at the net write-off amount.

To find the amount of the adjustment you may claim on your *Sales and Use Tax Return*, divide the net write-off \((W)\) by one (1) plus the local combined sales tax rate \((R)\) at the time of sale.

\[
W ÷ (1 + R) = \text{adjustment}
\]
**Example:** A retailer has a net write-off of $100. The combined sales tax rate in the retailer’s community is 6.5 percent. The retailer divides $100 by 1.065 to arrive at an adjustment claim of $93.90.

You may not take a credit for repossessed items other than motor vehicles. See Publication 5, *Sales Tax Information for Motor Vehicle/Marine Dealer/Body & Repair Shops*.

**Online Payments**

You can pay sales tax online at tap.utah.gov. You may use this service whether you file electronically or on paper. Online payments can be made by credit card (American Express, Discover or MasterCard) or electronic check (direct debit to a checking or savings account).

A convenience fee is applied to some payment methods to cover service costs. If a convenience fee is required, it is clearly listed before you complete the transaction. If you pay online, you must still file a separate return if one is due.

**Electronic Funds Transfer (EFT)**

If your annual sales tax liability is $96,000 or more, you must pay by Electronic Funds Transfer (EFT). Pay online by ACH debit at tap.utah.gov.

You can schedule EFT payments up to 130 days before the due date and the payment can be withdrawn from your account on the day you select.

You may also pay with ACH credit. See *Electronic Funds Transfer - EFT* at tax.utah.gov/billing/payments.

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**Caution:** Do not use other payment methods, such as credit cards, to pay current returns if you must pay by EFT. Other payment methods do not meet EFT filing requirements and you will lose your seller discount.

EFT filers may pay past-due liabilities with other payment methods.

**Penalties**

The penalty for failure to file a tax-due return by the due date is the greater of $20 or up to 10 percent of the unpaid tax, based on the date the return is filed. Failure to file a tax return includes filing a tax return without enough information for us to correctly distribute local tax revenues. We will add another failure-to-pay penalty, the greater of $20 or up to 10 percent of the tax balance, if the tax balance remains unpaid 90 days after the due date.

The penalty for failure to pay the full amount of tax due on a timely-filed return, or within 30 days of a notice of deficiency, is the greater of $20 or up to 10 percent of the tax due, based on the payment date. **Unpaid tax includes tax paid without a tax return.**

You will also lose the seller discount if you file your monthly return late or underpay the tax due.

Penalties are imposed at a graduated rate, based on the time period of the delinquency.

See Publication 58, *Utah Interest and Penalties*, online at tax.utah.gov/forms.

**Interest**

Interest is assessed from the original due date until the tax liability is paid in full. See Publication 58, *Utah Interest and Penalties*, online at tax.utah.gov/forms.

**Overpayments and Refunds**

You may file a claim for a credit or an overpayment refund within either three years from the return due date or two years of paying the tax to the Tax Commission, whichever is later. However, you may not file a claim for a credit or a refund on a tax deficiency that has been legally settled. If we deny your claim, you may file a **Petition for Redetermination**.

**Purchaser Refunds**

If you pay Utah sales tax to a seller and later find the purchase was taxed incorrectly, ask the seller to credit or refund the overpaid tax. If the seller is no longer in business or does not provide a credit or refund, you may request a refund directly from the Tax Commission using form TC-62PR, *Application for Purchaser Refund of Utah Sales Tax*. For more information, see tax.utah.gov/sales/refund-request.
Use Tax and Bad Debts
To claim a refund or credit for use tax and bad debts, amend the sales tax return the tax was reported on, or make an adjustment on your next sales tax return.

You must explain the legal basis for your refund. If amending by paper return, include your legal explanation plus supporting documents that verify the transaction(s) is not subject to sales tax. If amending electronically, explain your legal basis as prompted and provide supporting documents upon request.

If you have multiple business locations and/or a non-fixed location you must amend or adjust the appropriate return schedules for the location(s) where you originally reported the tax.

Seller Amendments and Adjustments
If you are a seller who has credited or refunded previously reported sales taxes, you may either amend the return(s) the taxes were originally reported on or claim an adjustment on your next sales tax return. If amending or adjusting on paper, include the following with your return:

1. Explanation of the changes
2. Documentation provided by the purchaser proving they were exempt from the tax (such as an Exemption Certificate)
3. Proof that you credited or refunded the tax to the purchaser
4. Adjustments only: calculation of adjustment amount (refunded tax divided by current period’s tax rate)
5. Adjustments only: schedule showing which period(s) the taxes were originally reported to the Tax Commission and, if multiple locations, the locations being adjusted

If amending or adjusting electronically, explain your basis as prompted and provide the above documents upon request.

If you have multiple business locations and/or a non-fixed location you must also amend or adjust the appropriate return schedules for the location(s) where you originally reported the tax.

Do not adjust your sales and use tax return to claim a credit for taxes paid to another seller. Instead, you must seek a refund from the seller or apply for a refund from the Tax Commission using form TC-62PR, Application for Purchaser Refund of Utah Sales Tax. (See Purchaser Refunds.)

Record Keeping Requirements
From Rule R865-19S-22
Every retailer, lessor or person doing business in Utah must keep complete records used to determine their sales and use tax liabilities. You must keep records for three years from the date you file your tax return. Your records must be available to the Tax Commission in their original format (paper or electronic).

Your records should:
• show all gross receipts from Utah sales or leases of tangible personal property, products transferred electronically, or services.
• show deductions and exemptions claimed on sales tax returns.
• show bills, invoices and similar proof of all tangible personal property and products transferred electronically bought for sale, consumption or lease in Utah.
• include original supporting documents (bills, receipts, invoices, cash register tapes, etc.) and all schedules or working papers used to prepare tax returns.

Note: It is a third degree felony to knowingly sell, buy, install, transfer, use or possess any automated sales suppression device or phantomware with the intent to defraud.

See additional record keeping requirements in Rule R861-1A-35.

Reminders
The information in this publication is only a summary and does not include all sales or use tax laws and rules.

1. You must collect sales tax on all taxable sales of tangible personal property, products transferred electronically and services to the final consumer.
2. You must file a Sales and Use Tax Return for every period, even when no tax is due.
3. You must notify the Tax Commission in writing if you change business locations or add or close sales outlets.
4. If you stop doing business, you must notify the Tax Commission in writing within 30 days of the final date you were required to collect sales tax.
5. You must keep your records for three years from the filing date of a return.

6. Records are subject to audit by the Tax Commission.

7. Sales tax licenses are not transferable.

8. Goods purchased tax-free but used or consumed by you or your company must be reported on the Sales and Use Tax Return. You must pay use tax on goods you or your company consume.

9. You must keep exemption certificates from your exempt customers to prove nontaxable sales.

10. You must document out-of-state sales with a bill of lading or other proof of shipment. The terms of the sale must require shipment of the property across Utah’s borders by the seller.

11. Round tax up to the next whole cent whenever the third decimal place is greater than four.

Additional Information

Bundled Transactions
A bundled transaction is the retail sale of two or more separate products that are sold for one combined price. If any part of the bundled transaction is subject to tax, the entire transaction is taxed unless the seller keeps separate records of the tax-exempt portion of the transaction.

Carwashes
Assisted carwashes are subject to sales and use tax. A carwash is assisted if the labor to clean or wash is primarily performed by a carwash employee. Assisted carwashes that only include the cleaning or washing of a vehicle’s exterior are exempt from sales tax.

A business location that sells both assisted (including washing or cleaning of the vehicle interior) and unassisted carwashes must collect tax on all its sales unless those assisted and unassisted sales are recorded separately.

Example 1
A customer buys a carwash and the car is washed by machines. This is an unassisted carwash and is not subject to sales tax.

Example 2
A customer buys a machine carwash, but a carwash employee vacuums the interior and cleans the inside windows. This is a taxable assisted carwash and is subject to sales tax.

Example 3
As a fundraising activity, a scout troop offers to dry cars coming out of a carwash. The scouts are not paid by the carwash, so their labor is not a factor in whether the carwashes are assisted or unassisted.

Cigarette, Tobacco and E-Cigarette Products
A business selling cigarettes and/or tobacco products or e-cigarette products must be licensed for each selling location. Apply on form TC-69. See more information in Pub 65, Tax Information for Cigarettes, Tobacco Products and Electronic Cigarette Products. Get forms and pubs online at tax.utah.gov/forms.

Cigarette tax is paid by buying stamps from the Tax Commission. Only registered and bonded businesses may buy, receive and affix stamps. Cigarette stamps must be affixed to each package within 72 hours of receipt of the package. Any cigarette pack without a Utah stamp is subject to a $25 penalty and confiscation.

Tobacco products tax is due from the first buyer within Utah. A retail store must be registered and bonded if it buys directly from an out-of-Utah source not collecting the tax. Pay the tobacco products tax with form TC-553, due the last day of the month following each calendar quarter.

Consumers buying cigarettes or tobacco products online must pay the sales tax and cigarette or tobacco products tax on form TC-720C.
The sale of cigarettes and/or tobacco products is subject to state and local sales tax. The amount subject to sales tax includes the cigarette tax or the tobacco products tax.

**Coupons**
Coupons for which a seller is reimbursed by a third party (such as a manufacturer or distributor) do not reduce the sales amount subject to tax. The taxable amount is the sales price of the item before the value of the coupon is deducted.

An in-store coupon issued by the seller is considered a reduction in the sales price. The taxable amount is the amount paid for an item after deducting the value of the in-store coupon.

**Coupon Books, Gift Cards and Gift Certificates**
The sale of coupon books is taxable. Collect sales tax on the sales price when the books are sold. Buying paper for the books and the printing of the books are resale purchases exempt from tax.

The sale of gift cards and gift certificates is not taxable. Treat the cards and certificates like cash and collect sales tax on taxable transactions. Buying card stock or paper to make the card or certificate is taxable.

**Direct Mail**
A direct mailer may either pay sales tax directly to the printer or give the printer a signed exemption certificate (form TC-721). Direct mail is not exempt from sales tax. An exemption certificate simply shifts who is responsible to report and pay the tax. By using an exemption certificate, the direct mailer reports the tax on its Sales and Use Tax Return rather than the printer collecting the tax.

**Food Stamps and WIC**
Sales of food paid with federal food stamps or Women, Infants and Children (WIC) coupons are exempt from sales and use tax.

**Money Order, Fax and Photocopy Charges**
Money order fees and charges to send a fax are not subject to sales tax. Photocopy charges and charges to receive a fax are taxable.

**Newspapers and Postage**
Sales of newspapers and postage stamps are exempt from sales tax.

To qualify as a newspaper, a publication must:
• be published daily or weekly,
• be printed for circulation among the general public,
• contain matters of general interest,
• report on current events, and
• not create a book when multiple issues are put together.

Sales of tabloids (e.g., *Enquirer, Star, Globe*) and magazines (e.g., *Newsweek, Ladies Home Journal, Time*) are taxable.

**Premiums and Gifts**
A premium or gift given away with the sale of a taxable product is part of that sale, and the purchase of the premium or gift by the seller is not taxable.

Items given away without requiring a special purchase and items given away as advertising are consumed by the seller. The seller must pay tax on the seller’s cost of those items.

**Returnable Containers**
Deposits on returnable containers, bottles, pallets and drums are subject to tax. When containers are returned for refund of the deposit, sales tax should be refunded. Bottle deposits are exempt from tax when purchased with food stamps or Women, Infants and Children (WIC) coupons.

**Returned Merchandise**
A customer who receives credit for returned merchandise is entitled to a refund of the sales tax. If a customer is given a partial refund or allowance, the customer is entitled to a refund of sales tax on the portion of the original sales price refunded.

**Special Events**
A special event is a one-time event or an event that runs for six months or less where taxable sales occur. Sales tax is collected on taxable transactions at special events. A seller who participates in a special event must register for a temporary sales tax license, even if the seller has a current sales tax license.

For more information or to get a temporary sales tax license, call 801-297-6303 or toll free 1-800-662-4335, ext. 6303, or email specialevent@utah.gov.

Third-party Drop Shipping
In third-party drop shipping, a customer buys tangible personal property or products transferred electronically from a business that does not have the item in stock. The business buys the items from a wholesaler who sends it directly to the customer.

There are two separate transactions in third-party drop shipping. The first transaction, between the customer and the business, is subject to tax. The second transaction, between the business and the wholesaler, is exempt from tax as a purchase for resale.

If the business has a Utah sales tax license, it must collect and pay the sales tax. If the business is not required to have a Utah sales tax license, it does not have to collect the tax. However, the customer must report and pay the tax directly to the Tax Commission.

Trade-in on Manufactured Homes
Utah Code §59-12-104 provides an exemption of 45 percent of the sales price of a new manufactured home and 100 percent of the sales price of a used manufactured home.

When there is a trade-in, calculate the sales price subject to the exemption as follows:

1. Subtract the trade-in amount from the full sales price. The difference is the net sales price.
2. Multiply the net sales price by the allowed exemption (45 or 100 percent) to determine the exempt amount.
3. Subtract the exempt amount from the net sales price. This is the portion of the net sales price subject to sales tax.

Example: A dealer accepts a trade-in at a value of $8,000 against the purchase of a new manufactured home valued at $60,000. The calculation is:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original sales price</td>
<td>$60,000</td>
</tr>
<tr>
<td>Less trade-in amount</td>
<td>- 8,000</td>
</tr>
<tr>
<td>Net sales price</td>
<td>$52,000</td>
</tr>
<tr>
<td>Portion of net sales price exempt from tax ($52,000 x .45)</td>
<td>$23,400</td>
</tr>
<tr>
<td>Portion of net sales price subject to sales tax ($52,000 - $23,400)</td>
<td>$28,600</td>
</tr>
</tbody>
</table>

Vending Machine Sales
Sales of tangible personal property from vending machines are taxable. Vending machine sales of items that cannot be ingested, such as cigarettes or novelty toys, are taxed at the full combined rate.

Vending machine sales of prepared food, such as sandwiches or slices of pizza, are also taxed at the full combined rate. For vending machine sales of grocery food, such as packs of gum or bags of pretzels, the statewide combined rate is 3.0 percent.

Tax is included in the vended price. To find the dollar amount of sales without tax, divide the sales by one (1) plus the combined tax rate in the community where the vending machine is located. For example:

- Where the combined rate is 6.0 percent, divide by 1.060.
- Where the combined rate is 6.125 percent, divide by 1.06125.
- Where the combined rate on grocery food is 3.0 percent, divide by 1.030.

A seller of food, beverage and dairy products for $1 or less may choose to pay tax on 150 percent of the seller’s cost (including incoming freight costs) rather than on the sales price. When this option is taken, the taxable amount (150 percent of cost) must be reported on the Sales and Use Tax Return as goods consumed.

If the vending machine is owned and serviced by a vending machine company, the vending machine company is responsible for the tax.

Videos and DVDs
Rentals of videotapes and DVDs are taxed as sales of tangible personal property.
Sales tax publications provide general guidance only. They do not contain all sales or use tax laws or rules. If you need additional information, call 801-297-7705 or 1-800-662-4335, ext. 7705 (outside the Salt Lake area), or email taxmaster@utah.gov.

Forms

The following forms are available at tax.utah.gov/forms/ or by calling the Tax Commission automated forms order hot-line at 801-297-6700 or toll free 1-800-662-4335 ext. 6700.

TC-51 – Nexus Questionnaire
TC-55A – Claim for Refund of MV Fees or Sales Tax
TC-62S – Utah Sales and Use Tax Return, Single Place of Business
TC-62M – Sales and Use Tax Return, Multiple Places of Business
TC-62M Schedule A – Sales of Non-Food and Prepared Food from Fixed Utah Locations
TC-62M Schedule AG – Sales of Grocery Food from Fixed Utah Locations
TC-62M Schedule J – Sales of Non-Food and Prepared Food from Places Other Than Fixed Utah Locations
TC-62M Schedule JG – Sales of Grocery Food from Places Other Than Fixed Utah Locations
TC-62E – Municipal Energy Sales and Use Tax
TC-62F – Restaurant Tax Return
TC-62L – Motor Vehicle Rental Tax Return
TC-62N – Sales Tax Refund Request for Religious or Charitable Organizations
TC-62P – Instructions for Filing Refund Claims for Sales Tax Paid on Pollution Control Facilities
TC-62Q – Utah Sales Tax Sourcing Schedule
TC-62X – Sales Exempt from Impacted Communities Taxes
TC-62T – Transient Room Tax Return
TC-62W – Waste Tire Recycling Fee Return
TC-69 – Utah State Business and Tax Registration Application
TC-69B – Additional Business Locations for a Sales Tax Account
TC-73 – Sales Tax Exemption Contract
TC-85 – Agreement for Remitting through Electronic Funds Transfer (EFT)
TC-160 – Application for Sales Tax Exemption for Religious and Charitable Institutions
TC-553 – Tobacco Products Tax Return
TC-719 – Sales Tax Exemption Affidavit for Authorized Interstate Carriers
TC-720 – Order for Cigarette Revenue Stamps, or TAX for Products Imported for Use, Storage or Consumption
TC-721 – Exemption Certificate
TC-721A – Sales and Use Tax Exemption Affidavit for Exclusive Use Outside Utah
TC-721G – Exemption Certificate for Governments, Foreign Diplomats & Schools
TC-721NR – Sales Tax Exemption Certificate for Non-Utah Retailers Accepting Delivery of Merchandise in Utah
TC-738 – Petition for Redetermination
TC-757 – Affidavit of Out-of-State Delivery
TC-762 – Lease/Rental Sales Tax Affidavit

Sales Tax Publications

The following publications are available at tax.utah.gov/forms/ or by calling the Tax Commission forms order hot-line at (801) 297-6700 or 1-800-662-4335 ext. 6700.

Pub 5 – Sales Tax Information for Motor Vehicle/Marine Dealer/Body & Repair Shops
Pub 25 – Sales and Use Tax General Information
Pub 35 – Sales Tax Guidelines for Public and Private Elementary and Secondary Schools
Pub 37  – Business Activity and Nexus in Utah
Pub 38  – Doing Business in Utah
Pub 40  – Personal Liability for Unpaid Sales, Fuel and Withholding Taxes
Pub 42  – Sales Tax Information for Sales, Installation and Repair of Tangible Personal Property Attached to Real Property
Pub 45  – Sales Tax Information for Nurseries, Florists, Landscapers and Related Industries
Pub 43  – Sales Tax Information for Sales, Installation and Repair of Tangible Personal Property Attached to Real Property
Pub 46  – Sales Tax Information for Nurseries, Florists, Landscapers and Related Industries
Pub 53  – Sales Tax Information for Health Care
Pub 54  – Sales Tax Information for Public Utilities
Pub 55  – Sales Tax Information for Restaurants
Pub 56  – Sales Tax Information for Lodging Providers
Pub 58  – Utah Interest and Penalties
Pub 62  – Sales Tax Information for Telecommunications Service Providers
Pub 64  – Sales Tax Information for Computer Services Providers

Information Online

Utah State Tax Commission Website
tax.utah.gov
This site has links to:
• Forms and publications
• Current and past sales tax rates
• Internal Revenue Service
• Utah Counties (business license, property tax)
• Multistate Tax Compact
• Other States’ Revenue Departments

State of Utah Website
utah.gov
This site has links to:
• Workforce Services (unemployment)
• Labor (worker’s compensation)
• Commerce (corporations, DBA registration)
General Information

Active members of the U.S. Armed Forces, including those serving in combat zones, and their spouses receive special tax benefits. This publication explains those benefits as they apply to Utah income tax.

Residency issues addressed in this publication are effective for tax years beginning with 2018.

Definitions

Non-resident Service Member. A service member who is a resident of another state, even if the service member is stationed in Utah.

Non-Utah Active Duty Military Wages. Active duty income received for military service which is not sourced to Utah, reported on form W-2.

Service Member. An active duty member of the U.S. Armed Forces, including those serving overseas or in a combat zone. This includes National Guard members who are called to active service by the President of the United States or the Secretary of Defense for a period of more than 30 consecutive days and supported by federal funds.

Spouse of a Service Member. The spouse of an active duty member of the U.S. Armed Forces. If the spouse is also a military service member, then the spouse is entitled to the tax benefits of a service member.

State of Residence. The state of legal residence the military has recorded as a service member’s tax home, regardless of where the service member is stationed or deployed.

U.S. Armed Forces. Commissioned officers, warrant officers and enlisted personnel in all regular and reserve units under control of the Secretaries of Defense, Army, Navy, Air Force and the Coast Guard. Does not include members of the U.S. Merchant Marine or the American Red Cross.
Residency
Federal law defines the residency of service members and their spouses. See 50 U.S.C. 4001(a).

Service Member
For Utah income tax purposes, a service member's residency is their state of residence as recognized by the U.S. Department of Defence. See 50 U.S.C. 4001(a)(2).

Service Member’s Spouse
For income tax purposes, a service member’s spouse may choose to:
1. use their natural state of residency, or
2. use the service member’s state of residence.
The spouse may choose the service member’s state of residence even if the spouse does not live in that state.

Utah-taxable Income
Utah treats military pay the same as the IRS. All income included in federal adjusted gross income is automatically included in Utah income. Income that is exempt from federal taxation is also exempt for Utah purposes.

Utah Resident Service Members and Spouses
Utah residents must file a Utah income tax return if they are required to file a federal income tax return. All of a Utah resident's income is taxable in Utah. A Utah resident with other sources of income taxed by another state may claim a credit for those taxes on their Utah return. See Utah form TC-40S.

Nonresident Service Members
A nonresident service member does not pay Utah income tax on active duty military pay even if earned while stationed in Utah.
Nonresidents must file a Utah income tax return only if they have Utah-taxable income. Examples include non-military wages earned in Utah, income from rentals or sales of property in Utah, and Utah investment income. See Utah Code §59-10-117.

To file a Utah individual income tax return as a nonresident service member:
1. Include your non-Utah active duty military wages on Line 8 of the Utah TC-40 return.
2. Report your non-Utah active duty military wages on Utah form TC-40A, Part 2, using subtraction code 82.
3. Report your non-Utah active duty wages on Utah form TC-40B lines 1 and 32 in Column B-Total.

Nonresident Spouses
All income of a service member’s nonresident spouse is exempt from Utah income tax ONLY IF:
1. the spouse and the service member are residents of the same state outside Utah;
2. the service member is in Utah under current military orders; and
3. the spouse is in Utah solely to be with the service member.

NOTE: A qualified nonresident spouse should file a federal W-4 form with their employer marked “Utah Only - Exempt military spouse” to end Utah withholding on their income.

When reporting a qualified nonresident spouse’s income:
1. Include all of the spouse’s income on line 8 of the Utah TC-40 return.
3. Report all of the spouse’s income on schedule TC-40B in Column B-Total. If the income was from a Utah source, also report it in the Utah column. Subtract the income included in each column on line 32.

One Spouse is a Utah Resident and the Other is a Nonresident
If one spouse is a full-year Utah resident and the other is a full-year non-resident, they may file married filing separate Utah income tax returns if they file a married filing joint federal return. A non-resident spouse is not required to file a Utah return unless the spouse has Utah income.

Use the Special Instructions, below, to file a married filing separate Utah return when you filed a married filing joint federal return.

DO NOT use the special instructions unless you meet all the following conditions:
1. You are a service member or the spouse of a service member.
2. You have filed a married filing joint federal income tax return.
3. You are a full-year resident.
4. Your spouse was not a Utah resident at any point during the year.

Special Instructions
1. Complete a federal return “as if” you were filing separately.

DO NOT file the “as if” return with the IRS. Use this return ONLY to complete these special instructions.

2. Determine your allocation percentage:
A. Adjusted gross income on your married filing joint federal return . ____________
B. Utah resident’s federal adjusted gross income only . ____________
   - For a full-year Utah resident spouse, federal “as if” adjusted gross income.
   - For a nonresident spouse who has Utah income and must file a Utah return, federal adjusted gross income.
C. Allocation percentage . ____________
   - divide line B by line A and carry to four decimal places)

3. Follow the line-by-line instructions in the Individual Income Tax book to complete Utah form TC-40, with the following exceptions:

   Box 1 Filing Status – Enter a “9.” This code is not shown on the return but is valid for this special calculation.
Line 4 Federal Adjusted Gross Income – Enter the federal “as if” adjusted gross income from the allocation percentage, above.

Line 5 Additions to Income – Multiply each addition to income by the allocation percentage, above. Enter the additions on TC-40A, Part 1, and carry the total to TC-40, line 5.

Line 7 State tax refund included on federal form 1040 – Multiply any state income tax refund on federal form 1040, Schedule 1, line 10 by the allocation percentage, above.

Line 8 Subtractions from Income – Except for codes 82 and 88, multiply each subtraction from income by the allocation percentage, above. Enter the subtractions on TC-40A, Part 2, and carry the total to line 8.

If filing for the service member:

a. Subtract the total military pay earned while not a Utah resident that was included in federal adjusted gross income on TC-40A, Part 2, using code 82.

b. Code 88 is not allowed.

Line 11 Utah personal exemption – Multiply the number of qualifying dependents from line 2c by the allocation percentage, above. Then multiply the result by $565.

Line 12 Federal standard or itemized deductions – Multiply the deduction claimed on your married filing joint federal income tax return by the allocation percentage, above.

4. Complete Utah form TC-40B using the amounts from your “as if” married filing separate federal return.

5. Complete the rest of the Utah return.

6. If filing a paper return, attach a copy of both your married filing joint federal return and your “as if” married filing separate federal return. You do not need to include federal 1040 schedules and supporting documents.

Service that Qualifies for a Filing Extension

Utah allows personnel serving in a combat zone or contingency operation the same filing extension allowed by the IRS. See IRS Publication 3, Armed Forces’ Tax Guide (irs.gov/publications/p3/index.html).

If you qualify for combat zone relief, you may notify us of your status through a special e-mail address: combatzone@utah.gov. Provide your name, stateside address, date of birth and date of deployment to the combat zone. You, your spouse or an authorized representative may make this notification.

The Tax Commission cannot provide tax account information by e-mail. Therefore, we will reply to any questions within two business days by regular mail to the address we have on record. We may provide general answers to questions regarding the status of individual combat zone updates via e-mail.

Signing Returns

You (and your spouse, if filing a joint return) must sign the return. You may also authorize someone to sign for you by granting a power of attorney.

Rules about filing Utah returns follow federal rules for a military spouse who is serving overseas, in a combat zone or in a qualified hazardous duty area, or is in missing status or incapacitated, or who died during the year. See IRS Publication 3 for details.

Where to Get Help

If you have other questions about Utah’s treatment of military personnel, please contact:

Utah State Tax Commission
210 N 1950 W
Salt Lake City UT 84134
801-297-7705, phone
1-800-662-4335, ext. 7705 (outside the Salt Lake area)
801-297-6357, fax
taxmaster@utah.gov

See filing examples online at incometax.utah.gov.

Find federal tax information in:

• Soldiers’ and Sailors’ Civil Relief Act of 1940, United States Code, Title 50, Section 573.

• Utah Service Members’ Civil Relief Act, Utah Code, Title 39, Chapter 7.
**General Information**

Active members of the U.S. Armed Forces, including those serving in combat zones, and their spouses receive special tax benefits. This publication explains those benefits as they apply to Utah income tax.

Residency issues addressed in this publication are effective for tax years beginning with 2018.

**Definitions**

- **Residency.** Exceptions to the regular Utah residency rules apply to service members and their spouses. See Residency, below.
- **Non-resident Service Member.** A service member who is a resident of another state, even if the service member is stationed in Utah.
- **Non-Utah Active Duty Military Wages.** Active duty income received for military service which is not sourced to Utah, reported on form W-2.
- **Service Member.** An active duty member of the U.S. Armed Forces, including those serving overseas or in a combat zone. This includes National Guard members who are called to active service by the President of the United States or the Secretary of Defense for a period of more than 30 consecutive days and supported by federal funds.
- **Spouse of a Service Member.** The spouse of an active duty member of the U.S. Armed Forces. If the spouse is also a military service member, then the spouse is entitled to the tax benefits of a service member.
- **State of Residence.** The state of legal residence the military has recorded as a service member’s tax home, regardless of where the service member is stationed or deployed.
- **U.S. Armed Forces.** Commissioned officers, warrant officers and enlisted personnel in all regular and reserve units under control of the Secretaries of Defense, Army, Navy, Air Force and the Coast Guard. Does not include members of the U.S. Merchant Marine or the American Red Cross.

**Residency**

Federal law defines the residency of service members and their spouses. See 50 U.S.C. 4001(a).

**Service Member**

For Utah income tax purposes, a service member’s residency for Utah income tax purposes is the state of legal residency as recognized by the U.S. Department of Defense.

**Spouse of a Utah-resident Service Member’s Spouse**

For income tax purposes, a service member’s spouse may choose to:

1. use their natural state of residency, or
2. use the service member’s state of residence.

The spouse may choose the service member’s state of residence even if the spouse does not live in that state.

The spouse of a Utah-resident service member is a Utah resident for Utah income tax purposes, UNLESS:

1. the spouse is a non-resident and is legally separated or divorced from the service member on the last day of the year;
2. the spouse is a non-resident whose filing status is “married filing separately” on their federal income tax return for the year; or
3. the spouse is also a service member and their state of legal residency as recognized by the U.S. Department of Defense is not Utah.

**Spouse of a Nonresident Service Member**

The Utah resident spouse of a non-resident service member remains a Utah resident for Utah income tax purposes until they are no longer a Utah resident under Utah domicile law (see Utah Code §59-10-136).

The non-resident spouse of a non-resident service member is subject to Utah domicile law (see Utah Code §59-10-136) and may become a Utah resident for Utah income tax purposes, UNLESS:

1. the service member is in Utah under current military orders;
2. the spouse and the service member are residents of the same state outside Utah; and
3. the spouse is in Utah solely to be with the service member.
Utah-taxed Income
Utah treats military pay the same as the IRS. All income included in federal adjusted gross income is automatically included in Utah income. Income that is exempt from federal taxation is also exempt for Utah purposes.

Utah Resident Service Members and Spouses
Utah residents must file a Utah income tax return if they are required to file a federal income tax return. All of a Utah resident's income is taxable in Utah. A Utah resident's active duty military pay is only taxable in Utah. A Utah resident with other sources of income taxed by another state may claim a credit for those taxes on their Utah return. See Utah form TC-40S.

Nonresident Service Members
A nonresident service member does not pay Utah income tax on active duty military pay even if earned while stationed in Utah. Nonresidents must file a Utah income tax return only if they have Utah-taxable income. Examples include non-military wages earned in Utah, income from rentals or sales of property in Utah, and Utah investment income. See Utah Code §59-10-117.

To file a Utah individual income tax return as a nonresident service member:
1. Include your non-Utah active duty military wages on Line 8 of the Utah TC-40 return.
2. Report your non-Utah active duty military wages on Utah form TC-40A, Part 2, using subtraction code 82.
3. Report your non-Utah active duty wages on Utah form TC-40B lines 1 and 32 in Column B-Total.

Nonresident Spouses of Nonresident Service Members
All income of a nonresident service member’s nonresident spouse is exempt from Utah income tax ONLY IF: the spouse qualifies as a nonresident. See Spouse of a Nonresident Service Member under Residency, above, for qualifications.
1. the spouse and the service member are residents of the same state outside Utah;
2. the service member is in Utah under current military orders; and
3. the spouse is in Utah solely to be with the service member.
NOTE: A qualified nonresident spouse should file a federal W-4 form with their employer marked “Utah Only - Exempt military spouse” to end Utah withholding on their income.

When reporting a qualified nonresident spouse’s income:
1. Include all of the spouse’s income on line 8 of the Utah TC-40 return.
3. Report all of the spouse’s income on schedule TC-40B in Column B-Total. If the income was from a Utah source, also report it in the Utah column. Subtract the income included in each column on line 32.

One Spouse is a Utah Resident and the Other is a Nonresident
If one spouse is a full-year Utah resident and the other is a full-year non-resident, they may file married filing separate Utah income tax returns if they file a married filing joint federal return. The A Utah non-resident spouse is not required to file a Utah return unless the spouse has Utah income.

Use the Special Instructions, below, to file a married filing separate Utah return when you filed a married filing joint federal return.

DO NOT use the special instructions unless you meet all the following conditions:
1. You are a service member or the spouse of a service member.
2. You have filed a married filing joint federal income tax return.
3. You are a full-year resident.
4. Your spouse was not a Utah resident at any point during the year.

Review Residency, above, to make sure you understand your residency status.

Special Instructions
1. Complete a federal return “as if” you were filing separately.

DO NOT file the “as if” return with the IRS. Use this return ONLY to complete these special instructions.
2. Determine your allocation percentage:
A. Adjusted gross income on your married filing joint federal return .... __________

B. Utah resident’s federal adjusted gross income only .................... __________
   - For a full-year Utah resident spouse, federal “as if” adjusted gross income.
   - For a nonresident spouse who has Utah income and must file a Utah return, federal adjusted gross income.

C. Allocation percentage .................... __________
   - divide line B by line A and carry to four decimal places)

3. Follow the line-by-line instructions in the Individual Income Tax book to complete Utah form TC-40, with the following exceptions:
   
   Box 1  Filing Status – Enter a “9.” This code is not shown on the return but is valid for this special calculation.
   
   Line 4  Federal Adjusted Gross Income – Enter the federal “as if” adjusted gross income from the allocation percentage, above.
   
   Line 5  Additions to Income – Multiply each addition to income by the allocation percentage, above. Enter the additions on TC-40A, Part 1, and carry the total to TC-40, line 5.
   
   Line 7  State tax refund included on federal form 1040 – Multiply any state income tax refund on federal form 1040, Schedule 1, line 10 by the allocation percentage, above.
   
   Line 8  Subtractions from Income – Except for codes 82 and 88, multiply each subtraction from income by the allocation percentage, above. Enter the subtractions on TC-40A, Part 2, and carry the total to line 8.
   
   If filing for the service member:
   a. Subtract the total military pay earned while not a Utah resident that was included in federal adjusted gross income on TC-40A, Part 2, using code 82.
   b. Code 88 is not allowed.
   
   Line 11  Utah personal exemption – Multiply the number of qualifying dependents from line 2c by the allocation percentage, above. Then multiply the result by $565.
   
   Line 12  Federal standard or itemized deductions – Multiply the deduction claimed on your married filing joint federal income tax return by the allocation percentage, above.

4. Complete Utah form TC-40B using the amounts from your “as if” married filing separate federal return.

5. Complete the rest of the Utah return.

6. If filing a paper return, attach a copy of both your married filing joint federal return and your “as if” married filing separate federal return. You do not need to include federal 1040 schedules and supporting documents.

Utah Combat-related Death Tax Credit

For tax years beginning on or after Jan. 1, 2010, a military service member who dies as a result of military service in a combat zone may claim a nonrefundable tax credit equal to their tax liability in the year of death.


Service that Qualifies for a Filing Extension

Utah allows personnel serving in a combat zone or contingency operation the same filing extension allowed by the IRS. See IRS Publication 3, Armed Forces’ Tax Guide (irs.gov/publications/p3/index.html).

If you qualify for combat zone relief, you may notify us of your status through a special e-mail address: combatzone@utah.gov. Provide your name, stateside address, date of birth and date of deployment to the combat zone. You, your spouse or an authorized representative may make this notification.

The Tax Commission cannot provide tax account information by e-mail. Therefore, we will reply to any questions within two business days by regular mail to the address we have on record. We may provide general answers to questions regarding the status of individual combat zone updates via e-mail.

Signing Returns

You (and your spouse, if filing a joint return) must sign the return. You may also authorize someone to sign for you by granting a power of attorney.
Rules about filing Utah returns follow federal rules for a military spouse who is serving overseas, in a combat zone or in a qualified hazardous duty area, or is in missing status or incapacitated, or who died during the year. See IRS Publication 3 for details.

Where to Get Help
If you have other questions about Utah’s treatment of military personnel, please contact:

Utah State Tax Commission
210 N 1950 W
Salt Lake City UT 84134
801-297-7705, phone
1-800-662-4335, ext. 7705 (outside the Salt Lake area)
801-297-6357, fax
taxmaster@utah.gov

See filing examples online at incometax.utah.gov.

Find federal tax information in:
• Soldiers’ and Sailors’ Civil Relief Act of 1940, United States Code, Title 50, Section 573.
• Utah Service Members’ Civil Relief Act, Utah Code, Title 39, Chapter 7.