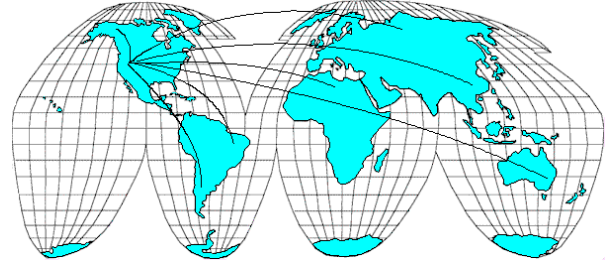




U.S. Customs Imports



Q: What is Use Tax?

A: Use tax is a tax where sales tax was due but not charged. It applies to purchases of tangible personal property and for certain services. In cases where a seller does not charge sales tax, the purchaser is responsible to report and remit the tax. Use tax applies to both businesses and individuals.

Q: Why is there such a thing as use tax?

A: The main purpose of the use tax is to protect in-state retailers against unfair competition from out of state sellers that do not collect sales taxes. All states that collect sales taxes also collect use taxes.

Q: I thought the seller already collected the sales tax.

A: Taxes, tariffs, duties etc. paid to other countries or United States Customs is not sales tax. Sales tax paid to other states is a credit for Utah use tax. If you paid some kind of sales tax, provide a receipt or invoice identifying it as a Utah or other state's sales tax.

Q: Who is required to pay use tax and how is it to be paid?

A: All purchasers that have not paid sales tax on items used in Utah are required to pay use tax.

Purchasers with annual purchases subject to use tax report and remit the use tax on either an Individual Income Tax Return (Form TC-40 line 31) or a Corporation Franchise/Income Tax Return (Form TC-20 Schedule A line 26).

Alternatively, if you import a large amount of items (such as for resale), you may become licensed to pay the tax on a Sales and Use Tax Return.

Q: How do I become licensed for use tax?

A: To become licensed for use tax, you must complete Form TC-69, Utah State Business and Tax Registration.

Apply online at
https://tap.tax.utah.gov/TaxExpress/_/

A PDF version of the form is found on our website at
<http://www.tax.utah.gov/forms/current/tc-69.pdf>.

Q: What if my purchases are intended for resale?

A: Purchases of merchandise for resale are exempt from sales and use tax if the purchaser has a valid sales tax account.

If any or all of the imported items listed on the Purchases Subject to Use Tax worksheet you received were purchased for resale, indicate your sales tax number in your response to this letter, and provide documentation that the items purchased were intended for resale. Documentation may include invoices showing the sale of those items, or of similar items.

If purchases intended for resale are later used by the purchaser, they must be reported on Line 4 of the Sales and Use Tax Return (Form TC-62S or TC-62M).

Note: Real property contractors who convert tangible personal property into real property are considered consumers, and their purchases of construction materials and other items of tangible personal property are generally subject to sales and use tax.

Q: When I went through Customs I was told that my merchandise is exempt from tariffs. Why is the Utah State Tax Commission now trying to collect use tax on the exempt merchandise?

A: Many people confuse state tax with federal tariffs. An item exempt from tariffs is not necessarily exempt from Utah sales and use tax.

Q: When I went through Customs I paid the applicable tariffs on my merchandise. Isn't that double taxation?

A: Again, state taxes and federal tariffs are unrelated. If you purchase items for use in Utah without paying sales tax, use tax is due regardless of any federal tariffs paid.

References may be found in Administrative Rules R865-21U-1, R865-21U-6, and R865-19S-58, and in Utah Code Section 59-12-107. These references and other supplemental research sources may be found on at tax.utah.gov.