



## Self-Review – Physicians

### Q: What is use tax?

**A:** Use tax is a tax on the purchase of items used or consumed in Utah on which sales tax was not already paid. Any item brought into Utah, the purchase of which would normally be subject to sales tax in Utah, and on which no sales tax was paid, creates a use tax liability, which the purchaser has the responsibility of reporting and paying to the Utah State Tax Commission.

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

**A:** Use tax applies to both businesses and individuals. All purchasers that have not paid sales tax on taxable items used in Utah are required to pay use tax. Purchasers with annual purchases subject to use tax resulting in **less than a \$400 use tax liability** may report the use tax on either an Individual Income Tax Return (form TC-40) or a Corporation Franchise/Income Tax Return (form TC-20), whichever applies.

Purchasers with annual purchases subject to use tax resulting in **more than a \$400 use tax liability** must become licensed for use tax and pay the tax on a Sales and Use Tax Return (form TC-62S or TC-62M). See **Checklist & Questionnaire** sheet.

### Q: What is tangible personal property?

**A:** Tangible personal property is 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, but does **not** include real property. Purchases of tangible personal property are subject to sales and use tax.

Products transferred electronically, that would be considered taxable tangible personal property if transferred in some other way, are also subject to sales and use tax.

### Q: What is real property?

**A:** Real property is any right, title, estate or interest in land, including all structures on the land. Real property includes built-in appliances such as furnaces and air conditioning systems. Purchases of real property are not subject to sales and use tax.

### Q: What if I was charged another state's sales tax on some purchases?

**A:** Purchases of tangible personal property for which sales and use tax was paid to another state are exempt from Utah use tax, except if the tax was computed at a lower tax rate than the Utah rate. In that case the purchaser must pay the difference. No adjustment or credit is allowed if the tax paid was computed at a higher tax rate than the Utah rate.

### Q: What if my organization is a hospital or a similar medical facility, rather than a medical practice? What if I am only an employee?

**A:** If you are an entity that is exempt from sales and use tax on its purchases, such as a government agency or a religious or charitable organization, provide the legal name of the entity when filling out Section C of the **Summary**, which you should complete and return. You will not be required to review your purchases.

If you are a medical facility that makes taxable purchases of equipment and supplies, you must review your purchases for any potential use tax liability. See the **Instructions** page. If a careful review shows sales and use tax was always paid or reported properly, please state so in Section C of the **Summary** under "Other" and provide your sales and use tax account number if applicable.

If you are an employee and not personally responsible for your medical practice's purchases, please provide the name of the legal entity that purchases the goods consumed in your practice.

### Q: What if the organization received multiple letters? What if multiple organizations received a single letter?

**A:** If letters were sent to various physicians or companies that purchase goods together, you should report any tax due under the name of the entity responsible for purchasing. You must also return a completed **Summary** page for each entity or individual that received a self-review letter. For those that will not be reporting sales and use tax, fill out Section C of the **Summary**, including the name and Letter ID (from the cover letter) of the entity that will report the tax.

If an association of physicians' practices received a single letter, but each practice is responsible for making its own purchases, each practice needs to complete its own self-review.