

# Utah State Tax Commission Tax and Revenue



# Utah State Tax Commission

- Monthly webinars of various tax topics.
- Ability to access the recording and presentation after the event.
- Free to all attendees.



# Utah State Tax Commission Monthly Webinars

[tax.utah.gov/training/webinars](https://tax.utah.gov/training/webinars)

## Tax Webinars & Videos

Each month, the Tax Commission holds live public webinars on various tax topics, with access to the recording after the event. We'll also add other training items here as needed. The links will appear below as they're available.



All webinars are held on the third Thursday of each month and begin at **10:00 a.m.**

### Restaurants and Facilitators - Grocery Food Items

When: **August 15, 2024**

Time: **10:00am, Mountain Time**

Description: Join us to talk about common sales tax questions and requirements for restaurant's and grocery sellers that sell food or food ingredient items. We will also discuss the requirements for restaurant's that facilitate their sales through a third party.

[Join Live](#)

### Upcoming Webinars

**September 19, 2024** – Retirement Tax Topics and Credits

**October 17, 2024** – Lodging Transient Room Tax

**November 21, 2024** – General Pass Through Entity Topics – SALT

**December 19, 2024** – Construction Industry Sales Tax Exemptions

Information presented in past webinar recordings is current as of the date of the recording and may not reflect legislative and other subsequent changes. For the most up-to-date information, please refer to our [Forms and Publications](#) and our [Recent Info and Tax Law Changes](#) page.

Category/Tax Type

Date	Title	Category/Tax Type	Links
Jul 18, 2024	Health Benefit Plan Credit	Individual Income Tax Credit	<a href="#">MP4</a>   <a href="#">PDF</a>
Jun 20, 2024	Sales Tax Refund Process	Sales Taxes	<a href="#">MP4</a>   <a href="#">PDF</a>
May 16, 2024	Military Income Common Topics and Credits	Income tax	<a href="#">MP4</a>   <a href="#">PDF</a>
Apr 18, 2024	How to determine the correct sales tax rate	Sales Taxes	<a href="#">MP4</a>   <a href="#">PDF</a>
Mar 21, 2024	Utah Child/Dependent Tax Information	IncomeTax	<a href="#">MP4</a>   <a href="#">PDF</a>
Mar 4, 2024	FTA Podcast: Customer Experience with Mike Lee	Customer Experience	<a href="#">External Video Link</a>
Feb 15, 2024	Marketplace Facilitators and Sellers	Sales Tax	<a href="#">MP4</a>   <a href="#">PDF</a>
Jan 18, 2024	What's New for the 2023 Income Tax Filing Season	Income tax	<a href="#">MP4</a>   <a href="#">PDF</a>
Dec 21, 2023	Sales Related Taxes and Fees	Sales Taxes	<a href="#">MP4</a>   <a href="#">PDF</a>
Nov 16, 2023	Withholding Taxes and W-2 Filing	Withholding Tax	<a href="#">MP4</a>   <a href="#">PDF</a>
Oct 19, 2023	Sales Tax Treatment of Real Property vs Tangible Personal Property vs Tangible	Sales Tax	<a href="#">MP4</a>   <a href="#">PDF</a>



# Restaurants, Facilitators and Grocery Food Tax



# **Sales and Restaurant Tax For a Restaurant**







# What is a Restaurant?



A restaurant is any retail establishment whose primary business is selling prepared food or drink items for immediate consumption.

- “Retail establishment” means a single outlet, whether or not at a fixed location.
- “Primary business” means the source of more than 50 percent of the revenues at the retail establishment.



# Food and Food Ingredients

[59-12-102\(53\)](#)

- (53) (a) "Food and food ingredients" means substances:
- (i) regardless of whether the substances are in:
    - (A) liquid form;
    - (B) concentrated form;
    - (C) solid form;
    - (D) frozen form;
    - (E) dried form; or
    - (F) dehydrated form; and
  - (ii) that are:
    - (A) sold for:
      - (I) ingestion by humans; or
      - (II) chewing by humans; and
    - (B) consumed for the substance's:
      - (I) taste; or
      - (II) nutritional value.



# Food and Food Ingredients

[59-12-102\(53\)](#) (continued)

(b) "Food and food ingredients" includes an item described in Subsection (99)(b)(iii).

(c) "Food and food ingredients" does not include:

- (i) an alcoholic beverage;
- (ii) tobacco; or
- (iii) prepared food.





# What is Prepared Food

[59-12-102\(99\)](#)

(99) (a) "Prepared food" means:

(i) food:

- (A) sold in a heated state; or
- (B) heated by a seller;

(ii) two or more food ingredients mixed or combined by the seller for sale as a single item; or

(iii) except as provided in Subsection (99)(c), food sold with an eating utensil provided by the seller, including a:

- (A) plate;
- (B) knife;
- (C) fork;
- (D) spoon;
- (E) glass;
- (F) cup;
- (G) napkin; or
- (H) straw.



# What is Prepared Food

[59-12-102\(99\)](#) (continued)

(b) "Prepared food" does not include:

(i) food that a seller only:

- (A) cuts;
- (B) repackages; or
- (C) pasteurizes;

(ii) (A) the following:

- (I) raw egg;
- (II) raw fish;
- (III) raw meat;
- (IV) raw poultry; or
- (V) a food containing an item described in Subsections (99)(b)(ii)(A)(I) through (IV); and

(B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the Food and Drug Administration's Food Code that a consumer cook the items described in Subsection (99)(b)(ii)(A) to prevent food borne illness; or



# What is Prepared Food

## 59-12-102(99) (continued)

- (iii) the following if sold without eating utensils provided by the seller:
  - (A) food and food ingredients sold by a seller if the seller's proper primary classification under the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget, is manufacturing in Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla Manufacturing;
  - (B) food and food ingredients sold in an unheated state:
    - (I) by weight or volume; and
    - (II) as a single item; or
  - (C) a bakery item, including:
    - (I) a bagel;
    - (II) a bar;
    - (III) a biscuit;
    - (IV) bread;
    - (V) a bun;
    - (VI) a cake;
    - (VII) a cookie;
    - (VIII) a croissant;
    - (IX) a danish;
    - (X) a donut;
    - (XI) a muffin;
    - (XII) a pastry;
    - (XIII) a pie;
    - (XIV) a roll;
    - (XV) a tart;
    - (XVI) a torte; or
    - (XVII) a tortilla.
- (c) An eating utensil provided by the seller does not include the following used to transport the food:
  - (i) a container; or
  - (ii) packaging.



# What is a Restaurant?

Examples of restaurants include:

- Full-service dining
- Fast food
- Coffee shops
- Cafeterias
- Luncheonettes
- Soda fountains
- Catering facilities
- Clubs and taverns
- Sidewalk vendors
- Food concessions in malls



# What is a Restaurant?



## Restaurants do not include:

- Retail establishments whose primary business is selling fuel or food items for off-premise, but not immediate consumption.
- Theaters that sell food.
  - A theater is an indoor or outdoor location for the presentation of movies, plays or musicals, but does not include a dinner theater.
  - The food sales at dinner theaters or concerts is subject to the restaurant tax.
  - Food courts, even if near a theater, are considered restaurants and are subject to the restaurant tax.





# Multiple Lines of Business at One Location

If a retail establishment has more than one line of business, the one that generates the highest revenues is the primary business.

Example:

- A candy store sells both loose candy for immediate consumption and prepackaged boxes of candy.
- Its loose candy sales account for 20 percent of its overall revenue, and the boxed candy sales are 80 percent.
- This store is not considered a restaurant and the restaurant tax does not apply to its sales of loose candy for immediate consumption.





# Multiple Retail Establishments at One Location

A single seller with multiple lines of business at one location is operating multiple retail establishments if:

1. The lines of business are not usually regarded as a single retail establishment, OR
2. There are other factors showing the lines of business should be treated separately.

Example:

- A stadium owner charges admission to an event and also sells prepared food at a concession stand inside the stadium.
- The concession stand operation is considered a separate line of business, so the concession stand is a restaurant and its sales are subject to the restaurant tax.
- Any ticket sales for events are considered a separate retail establishment and are not subject to the restaurant tax.



# Multiple Retail Establishments at One Location

- If you sell food or beverages for immediate consumption, but are not sure if the business is a restaurant for purposes of this tax, you must collect the restaurant tax unless you get an exemption from the Tax Commission. Send your request to:

- Tax & Revenue Functional Area  
Taxpayer Resources Unit  
Utah State Tax Commission  
210 North 1950 West  
Salt Lake City, Utah 84134



# Restaurant Tax

[§59-12-603](#)

In **addition** to sales tax, all county governments have imposed a tourism (restaurant) tax of 1 percent on food and alcoholic beverage sales by restaurants.

In Taxpayer Access Point (TAP), you must add the restaurant tax account before you file your returns. Restaurants must collect both the sales tax and restaurant tax portions on their food and alcoholic beverage sales, as well as report the sales separately on the sales tax returns and restaurant tax returns

You may find the tax rate for your location at [tax.utah.gov/sales/rates](https://tax.utah.gov/sales/rates)



# Restaurant Tax

## The following are subject to both sales and restaurant tax:

- corkage
- set ups
- required gratuities
- charges for room service meals and beverages
- credit card charges built into total bill

## The following are not subject to restaurant tax:

- restaurant sales of items other than food and beverages, such as souvenir T-shirts
- equipment rental
- use of flowers and decorations
- sales of ice carvings for banquets

See Utah Code [§59-12-602](#) and [§59-12-603](#).



# Restaurant Operations

A restaurant must pay sales or use tax on purchases of:

- items for advertising, such as matchbooks and complimentary menus,
- utensils and supplies (disposable products are exempt); and
- ingredients for meals furnished free to employees. (would be at a 3% grocery food tax rate)

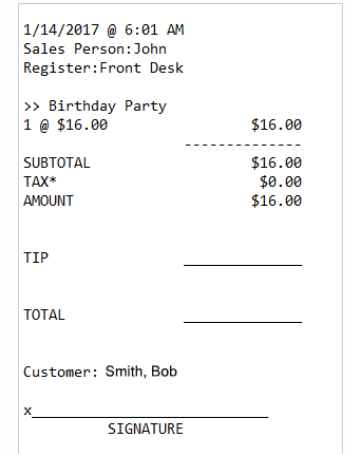
Restaurant tax applies to prepackaged food sales if a restaurant sells the prepackaged foods as incidental to its prepared food sales.

You must also collect sales tax on the sales price of any meal tickets or coupons you sell.





# Tips and Gratuities



Tips, gratuities and other service charges **are** subject to tax if they are included as a line item on a customer's bill that the customer must pay.

These charges are not taxable **ONLY IF** the front of the bill includes a statement ,in the same size font as the charge - that the charge is voluntary and may be increased or decreased by the customer.

Any charges subject to sales tax are also subject to restaurant tax.







# Alcoholic Beverages



Alcoholic beverage sales **are** subject to sales tax when sold in restaurants, taverns and clubs.

- The sales price of an alcoholic beverage is also subject to the 1 percent restaurant tax when sold by restaurants, taverns and clubs.



# Cover Charges

- Cover charges to enter a restaurant, tavern, club or similar establishment **are** subject to sales tax as an admission, but **are not** subject to restaurant tax.





# Private Organizations



A member of a private organization is either an equity or non-equity member.

- A. An equity member directly or indirectly (by voting for the club's board of directors) sets the level of dues. Membership dues paid by equity members **are not** subject to sales tax.
- B. A non-equity member does not set the level of dues. Membership dues paid by non-equity members **are** subject to sales tax as admissions or user fees.

Country clubs often set a minimum patronage amount for purchases of food at the club. If a member does not purchase the minimum amount of food in a given time period, the member is charged the difference between the minimum patronage amount and the amount of food actually purchased.

Minimum patronage amounts charged to:

- **equity members** are part of the dues and **ARE NOT** subject to sales tax.
- **non-equity members** are part of the dues and **ARE** subject to sales tax.





# Sales From Mobile Inventory



- Mobile businesses that sell prepared food or drink items (food trucks, taco carts, hot dog stands, etc) are required to collect and remit sales tax and restaurant tax.
- Sales of mobile inventory are sourced to the location of where the items are warehoused - If inventory is not warehoused in a physical location, it will be based on the location of where the truck is parked when not being used.



**\* Sales made at a special event will be sourced to the location of the special event**



# Special Events



A one-time event, or an event that runs for 6 months or less held at a location other than a seller's usual place of business.

Special Events fall under a variety of situations including:

<b>Sporting Events</b>	<b>Auctions</b>
<b>State and County Fairs</b>	<b>Swap Meets</b>
<b>Festivals</b>	<b>Conventions</b>
<b>Antique Shows</b>	<b>Hobby Shows</b>
<b>Gun Shows</b>	<b>Concerts</b>
<b>Food Shows</b>	<b>Seasonal Stands in Malls</b>
<b>Art Shows</b>	<b>Farmers Markets</b>
<b>Auctions</b>	<b>Other Similar Events</b>





# Special Events

- A seller participating in a special event(s) is required to obtain a Temporary Sales Tax License and Special Return. **The tax rate charged is calculated at the tax rate where the event is being held.**
- Tax collected at the event is reported and remitted on the temporary license.
- If a seller has a permanent Sales and Use Tax license, they still must obtain a Special Event License and return for each event they participate in.
- To prevent double payment of tax, a seller would report all sales tax paid at a special event on their Sales Tax return. [Form TC-62, line 6.](#)



**Seller must file a temporary license/return and remit full payment either the last day of the event or within 10 days after the event closes.**



# Special Events License

To register for a Special Event temporary license call:  
**801-297-6303** or **800-662-4335 ext. 6303**

Email: [specialevent@utah.gov](mailto:specialevent@utah.gov)

[tax.utah.gov/sales/specialevents](http://tax.utah.gov/sales/specialevents)



# Restaurants Using Facilitators



# Restaurants Using Facilitators



- As of **July 1, 2020**, facilitators taking orders and collecting payments for restaurants (such as DoorDash, Uber Eats, Grubhub and similar businesses) are no longer required to report and pay Utah sales and restaurant taxes.
- Restaurants are responsible for reporting and paying these taxes passed to them from the facilitators on all sales after **July 1, 2020**.



# Restaurants Using Facilitators Self-Review Project

- Project started in March 2023
  - [tax.utah.gov/selfreview](https://tax.utah.gov/selfreview)
  - Restaurants Using Facilitators
- Letter packet sent to over 7,500 restaurant accounts
  - Letter explaining the project, referring to the FAQ sheet, and instructing them to fill out the Reply form
  - Reply form
  - FAQ sheet



# Restaurants Using Facilitators Self-Review Project

- Reply form
  - Do they use facilitators?
  - Have they included the facilitator sales with their in-house sales on their own returns?
  - Asked them to review their records and report all unreported facilitator sales in the next reporting period.



# Restaurants Using Facilitators

If you are a restaurant that uses facilitators of your sales such as DoorDash, GrubHub, Uber Eats, Slice, or any other service like them, then we recommend the following:

1. **Service Provider Monthly Sales Reports** - Look at the monthly sales reports provided by your service provider. The sales before taxes and tips is the taxable sales amount. DO NOT USE THE AMOUNT THEY DEPOSIT IN YOUR BANK.
2. **Look back 3 years** - Look back through your sales records and see if you have included the sales made through these service providers on all your sales tax **and** restaurant tax returns for the past three years.





# Restaurants Using Facilitators

(Continued)

**3. Catch up** - If you have not reported these sales on your returns, then add up all the sales made through service providers over the past three years and report this catch up amount on your next period's return.

Sales Tax Return: report them on line 6 of your sales tax return. Include a comment that these are restaurant facilitator sales from beginning to ending dates.

Restaurant Tax Return: There is not an adjustment line on this return, so you will also add the catch up total to the amounts you are reporting on your restaurant tax return.

**4. Continue reporting** - Going forward, include the sales from these service providers with your regular in-house sales on your sales tax **and** restaurant tax returns.



# Grocery Food Sales



# Grocery Food Sales

The term “grocery food” used in Tax Commission forms and publications means “food and food ingredients” as defined by Utah Code §59-12-102(53)

(53) (a) "Food and food ingredients" means substances:

(i) regardless of whether the substances are in:

- (A) liquid form;
- (B) concentrated form;
- (C) solid form;
- (D) frozen form;
- (E) dried form; or
- (F) dehydrated form; and

(ii) that are:

(A) sold for:

- (I) ingestion by humans; or
- (II) chewing by humans; and

(B) consumed for the substance's:

- (I) taste; or
- (II) nutritional value.

(b) "Food and food ingredients" includes an item described in Subsection (99)(b)(iii).

(c) "Food and food ingredients" does not include:

- (i) an alcoholic beverage;
- (ii) tobacco; or
- (iii) prepared food.



# Grocery Food Sales



The statewide grocery food sales tax rate is 3 percent.

- This tax rate is broken down as follows
  - 1.75 % Utah state tax
  - 1.00 % Local sales tax
  - 0.25% County option tax
- 2023 SJR 10 – November 2024 - referendum to vote on a change to the Utah Constitution to remove the requirement that all state income tax dollars fund education and children and individuals with disabilities
  - 2023 HB 54 - If the SJR 10 referendum passes it will eliminate the 1.75% Utah state sales tax on grocery foods.



# Grocery Food Sales

Grocery food sales will be reported on line 8b if you have a single location or schedules AG or JG if you have multiple locations or non fixed locations

Sales and Use Tax Return

Current Filing Requirements Taxable Sales Detail

**Tax Calculation** [Help](#)

8a. Non-food and prepared food

Sales  
0.00

Tax rate  
0.0725

Sales tax  
0.00

8b. Grocery food

Sales  
0.00

Tax rate  
0.0300

Sales tax  
0.00

9. Total tax  
0.00

You will file the following schedule(s) with this return:

Schedule A Sales of NON-FOOD and PREPARED FOOD from fixed Utah locations

Schedule AG Sales of GROCERY FOOD from fixed Utah locations

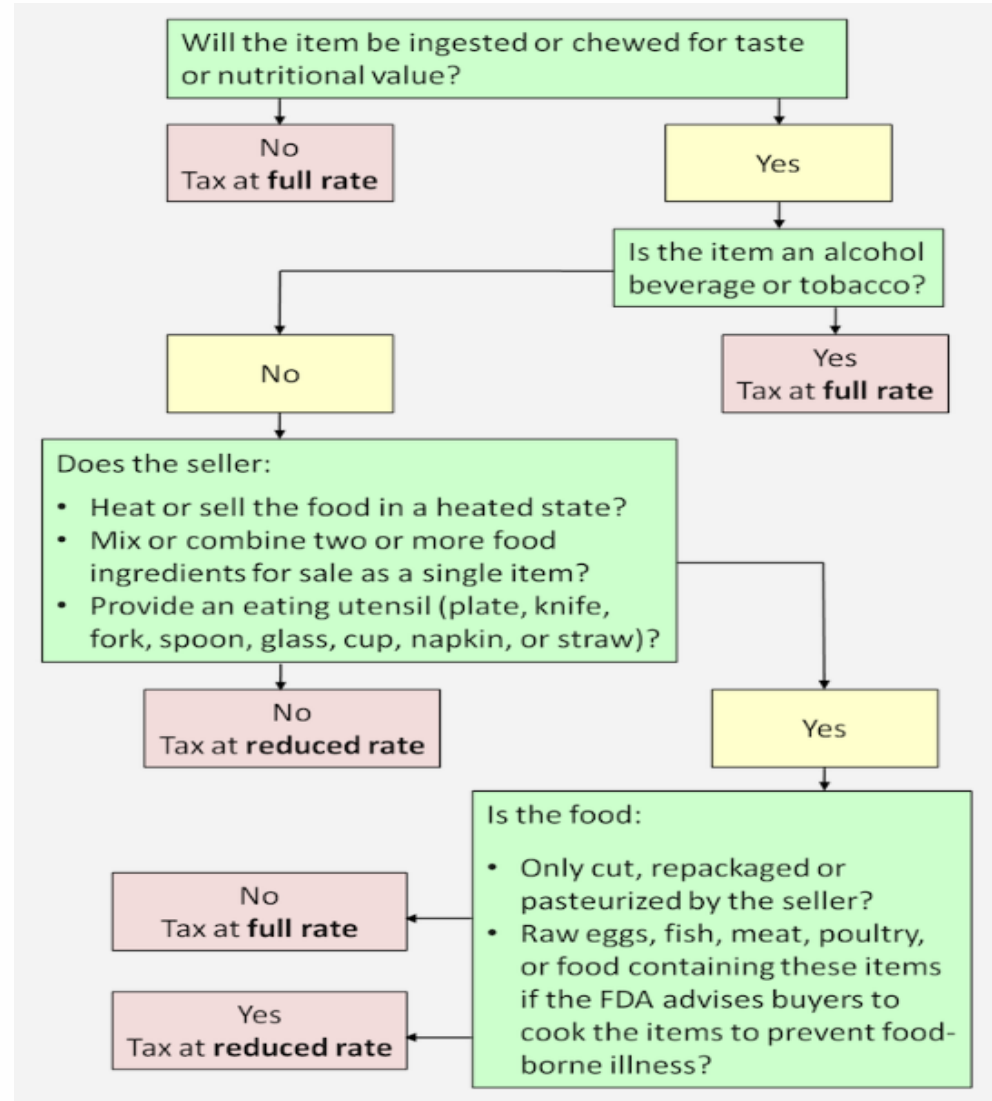
Schedule J Sales of NON-FOOD and PREPARED FOOD from places other than fixed Utah location

Schedule JG Sales of GROCERY FOOD from places other than fixed Utah locations

Information regarding grocery food sales can be found by [clicking here](#)



# Grocery Food Sales Tax Flowchart





# Grocery Food Sales

## Examples of Grocery Food Items

Breath Mints	Raw Meat
Deli meats or salads sold by weight	Packaged candy
Donuts without utensils	Carton of eggs
Crushed ice	Gallon of milk
Nutritional supplements	Package of butter
Frozen foods	Raw fruits and vegetables

Food items will have a nutritional or supplement fact box on the package.

- Medications will have a drug fact box on the package – These **do not** qualify as a food item.

Nutrition Facts		
Serving Size 3/4 Cup (27g)		
	Cereal	With 1/2 Cup Skim Milk
<b>Amount Per Serving</b>		
<b>Calories</b>	90	130
Calories from Fat	10	10
	<b>% Daily Value</b>	
<b>Total Fat</b> 1g*	2%	2%
Saturated Fat 0g	0%	0%
Trans Fat 0g	0%	0%
<b>Cholesterol</b> 0mg	0%	0%
<b>Sodium</b> 190mg	8%	11%
<b>Potassium</b> 85mg	2%	8%
<b>Total Carbohydrate</b> 23g	8%	10%
Dietary Fiber 5g	20%	20%
Sugars 5g		
<b>Protein</b> 2g		
Vitamin A	0%	4%
Vitamin C	10%	15%
Calcium	0%	15%
Iron	2%	2%

Supplement Facts		
Serving Size 1 Tablet		
	Amount Per Serving	% Daily Value
Vitamin A (as retinyl acetate and 50% as beta-carotene)	5000 IU	100%
Vitamin C (as ascorbic acid)	60 mg	100%
Vitamin D (as cholecalciferol)	400 IU	100%
Vitamin E (as d-alpha tocopheryl acetate)	30 IU	100%
Thiamin (as thiamin mononitrate)	15 mg	100%
Riboflavin	17 mg	100%
Niacin (as niacinamide)	20 mg	100%
Vitamin B <sub>6</sub> (as pyridoxine hydrochloride)	2.0 mg	100%
Folate (as folic acid)	400 mcg	100%
Vitamin B <sub>12</sub> (as cyanocobalamin)	6 mcg	100%
Biotin	30 mcg	100%
Pantothenic Acid (as calcium pantothenate)	10 mg	100%

Drug Facts	
Active Ingredient (in each tablet)	Purpose
Chlorpheniramine maleate 2 mg	Antihistamine
<b>Uses</b> temporarily relieves these symptoms due to hay fever or other upper respiratory allergies:	
■ sneezing ■ runny nose ■ itchy, watery eyes ■ itchy throat	
<b>Warnings</b>	
Ask a doctor before use if you have	
■ glaucoma ■ a breathing problem such as emphysema or chronic bronchitis	
■ trouble urinating due to an enlarged prostate gland	
Ask a doctor or pharmacist before use if you are taking tranquilizers or sedatives	
When using this product	
■ You may get drowsy ■ avoid alcoholic drinks	
■ alcohol, sedatives, and tranquilizers may increase drowsiness	
■ be careful when driving a motor vehicle or operating machinery	
■ drowsiness may occur, especially in children	
■ If pregnant or breast-feeding, ask a health professional before use.	
Keep out of reach of children. In case of overdose, get medical help or contact a Poison Control Center right away.	
<b>Directions</b>	
adults and children 12 years and over	take 2 tablets every 4 to 6 hours; not more than 10 tablets in 24 hours
children 6 years to under 12 years	take 1 tablet every 4 to 6 hours; not more than 6 tablets in 24 hours
children under 6 years	ask a doctor
<b>Other information</b> store at 20-25° C (68-77° F) ■ protect from excessive moisture	
<b>Inactive ingredients</b> D&C yellow no. 10, lactose, magnesium stearate, microcrystalline cellulose, pregelatinized starch	



# Non Grocery Food Items



## Examples of Non Grocery Food Items

Chicken meal deal	Fountain drinks
Dry and block Ice	Toothpaste
Over the counter medications	Garden seeds
Pet food	Rock salt
Childs meal	Deli sandwich





# Bakery Food Items



Bakery items include the following if you sell them **without** providing eating utensils taxed at the grocery food rate:

Bagels	Bars	Biscuits
Bread	Buns	Cakes
Cookies	Croissants	Danishes
Donuts	Muffins	Pastries
Pies	Rolls	Tarts
Tortes	Tortillas	







# Bakery Food Items



## Examples:

1. You own a bakery and sell donuts. You do not provide utensils so the food is taxed at the reduced rate.
2. You own a restaurant and sell a customer some of your rolls. These are grocery food items . Because the sale occurs in a restaurant, restaurant tax applies on the transaction.
  - If you sell the rolls **with utensils**, the rolls are prepared food taxed at the full combined rate plus restaurant tax.
  - If you sell the rolls **without utensils**, the rolls are grocery food taxed at the lower rate plus restaurant tax.



# Deli Inside of a Grocery Store



Prepared food is:

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

Prepared food is not:

- food that a seller only cuts, repackages, or pasteurizes
- raw eggs, raw fish, raw meat, raw poultry, or a food containing these items if the Food and Drug Administration (FDA) advises buyers to cook the items to prevent food borne illness.



# Deli Inside of a Grocery Store

## Examples:

You own a store with a self-serve salad bar and deli. You provide eating utensils for both the salad bar and deli. Your customer:

- Makes a salad at the salad bar. You weigh and price it at the cash register. This is prepared food taxed at the full rate. If you do not provide utensils, the salad is grocery food taxed at the lower rate (because it is unheated and sold by weight).
- Buys fried chicken and a pound of sliced cheese at your deli. The fried chicken is prepared food taxed at the full rate. The sliced cheese is grocery food taxed at the lower rate because it was only cut and repackaged.
- Buys a pound of potato salad you made in your deli. The potato salad is prepared food taxed at the full rate. If you do not provide utensils, the potato salad is grocery food taxed at the lower rate (because it is unheated and sold by weight as a single item).







# Bundled Transactions



The retail sale of two or more separate products sold for one combined price.

- If any part of the bundled transaction is taxable, the entire transaction is taxed (unless the seller keeps separate records of the tax-exempt part of the transaction).

Example:

You prepare and sell a fruit basket in a wicker basket as one item. The fruit is grocery food, but the wicker basket is not.

- Sales of two or more grocery food and non-food items combined products sold for one price are bundled transactions.
- You collect the full combined sales tax rate at your location on the whole fruit basket.



# What Tax Rate?



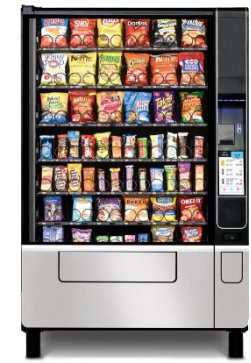
## Examples:

1. You sell milk and bread to a customer. These items are grocery food so you collect tax at the grocery food rate (3 percent) at checkout.
2. You sell milk, bread and clothing in one transaction. The milk and bread are grocery food, but the clothing is not. You collect tax at the grocery food rate (3 percent) on the grocery food and the combined sales tax rate at your location for the clothing.
3. You sell a combo meal that includes a sandwich, chips and drink.
  - The combo meal is prepared food sold for one price as a bundled transaction. You collect the full combined sales tax rate at your location (plus the restaurant tax).





# Vending Machine Sales



Vending machine sales are taxable at either the full rate for prepared food and non-food items or the reduced rate for food and food ingredients. Use the formula below to calculate the taxable sales:

## Vending Machine Sales

**Total proceeds / Tax rate = Taxable sales**

- For example, if the tax rate is 6.125 percent and proceeds are \$550.00, the taxable sales are \$518.26. (\$550 divided by 1.06125 = \$518.26)

**Optional method:** When the vended price of food or drink is \$1 or less, you may choose to pay tax on 150 percent of the purchase price and treat the sale itself as exempt. See Tax Commission Rule R865-19S-74.



# Vending Machine Sales



Answer the following four questions to determine the sales tax rate for a vended item:

- What is the item? Vended items that cannot be ingested (nail clippers, combs, toys, etc.) are taxed at full rate.
- Is the item heated by the seller? In part, prepared food is “sold in a heated state or heated by a seller.” If heated, the vended item is prepared food and taxed at the full rate.
- Does the seller make utensils available to the buyer? A purchase is prepared food taxed at the full rate if you provide tables & chairs, condiments, a microwave, or utensils (plate, knife, fork, spoon, glass, cup, napkin, or straw) in the area near the vending machines.
- Does the item have two or more food ingredients mixed by the seller? In part, prepared food is sold “with two or more food ingredients mixed or combined by the seller.”



# Vending Machine Sales



## Examples:

- Pack of gum from a vending machine – grocery food taxed at lower rate
- Bag of chips or can of soda – grocery food taxed at lower rate
- Pre-mixed cup of hot chocolate – prepared food taxed at full rate
- Slice of pizza you heat – prepared food (preheated) taxed at full rate
- Slice of pizza your customer heats – prepared food (two or more ingredients mixed by the seller) taxed at full rate
- Sandwich – prepared food (two or more ingredients mixed by the seller) taxed at full rate
- Vitamins and Food Supplements - Vitamins and food supplements are grocery food taxed at the lower rate.





# Taxability Charts

[tax.utah.gov/sales/food-rate](http://tax.utah.gov/sales/food-rate)

## Product List: Food versus Non-Food Matrix

Product Description	Food	Non-Food/ Prepared Food	Comments
Breath Mints	x		Nutritional or supplemental fact box on label means item is food. Drug fact box on label means item is not food.
Chicken meal deal		x	Example: 8 pieces/salad/rolls
Deli meats by weight	x		Cut and repackaged by seller
Deli salad by size or weight	x		If utensils* are not available in the area
Deli salsa by size or weight	x		Made in the store
Deli sandwich by weight		x	If made by seller
Donuts without utensils*	x		If utensils* are not available in the area
Hot French bread	x		
Ice, block		x	Ice sold in blocks or dry ice is used for cooling and is not food
Ice, crushed	x		Ice sold by a food retailer in cubes or crushed can be ingested for taste
Ice, dry		x	Ice sold in blocks or dry ice is used for cooling and is not food
Meat/cheese platter, set price		x	
Meat/cheese platter, sold by weight		x	
MEDICATIONS, over-the-counter			
Antacids		x	Drug fact box on label means item is not food. Nutritional or supplemental fact box on label means item is food.

Mixed fruit tray, price per tray		x	
Mixed fruit tray, sold by weight		x	
Nutritional supplements	x		Nutritional or supplemental fact box on label means item is food. Drug fact box on label means item is not food.
Pam (non-stick spray for pans)	x		
Pet food		x	
Produce plastic bags or mesh bags with twist ties	x		Retailer buys tax exempt and builds into price of product
Pumpkin seeds	x		If packaged for eating
Rock salt		x	Rock salt is less pure and is commonly used for ice cream making
Salad bar sold by weight	x		If utensils* are not available in the area
Self-serve fountain drinks		x	16, 32, 48 oz. cups
Shiskabobs made in store	x		Raw meat
Store-dyed Easter eggs	x		
Sunflower seeds	x		If packaged for eating
Toothpaste		x	Drug fact box on label means item is not food. Nutritional or supplemental fact box on label means item is food.
Vaporizer/humidifier		x	Drug fact box on label means item is not food. Nutritional or supplemental fact box on label means item is food.
Vegetable garden seeds		x	
Vitamins	x		Nutritional or supplemental fact box on label means item is food. Drug fact box on label means item is not food.





# Taxability Charts

[tax.utah.gov/sales/food-rate](http://tax.utah.gov/sales/food-rate)

## Sales Tax: Full Rate and Reduced Rate Industry Chart

Effective January 1, 2007

Seller	Item	Sales Tax Rate	Restaurant Tax <sup>4</sup>
Grocery Store	Grocery food	Reduced	No
	Non-food items	Full	No
	Salads prepared by seller	Full <sup>1</sup>	No
	Salad bar with utensils	Full <sup>1</sup>	No
	Salad bar, no utensils	Reduced <sup>3</sup>	No
	Deli items (meat, salad) with utensils	Full <sup>1</sup>	No
	Deli items (meat, salad) no utensils	Reduced <sup>3</sup>	No
	Bakery items with utensils	Full <sup>1</sup>	No
	Bakery items no utensils	Reduced <sup>3</sup>	No
	Rotisserie items	Full <sup>1</sup>	No
	Restaurant inside grocery store	Full <sup>1,2</sup>	Yes
	Food court inside store	Full <sup>1,2</sup>	Yes
	Restaurant, stand alone	Prepared food	Full <sup>1,2</sup>
Grocery food		Reduced <sup>3</sup>	Yes
Candy bars, etc.		Reduced <sup>3</sup>	Yes
Edible Items Purchased in Restaurants	Purchase a pie, muffins, rolls, etc. from restaurant no utensils	Reduced <sup>3</sup>	Yes
	Purchase a pie, muffins, rolls, etc. from restaurant with utensils	Full <sup>1</sup>	Yes

Bagel/Donut Shop	Bagels, donuts with napkin	Full <sup>2</sup>	Yes
	Prepackaged container of cream cheese, milk or juice with utensils	Full <sup>1</sup>	Yes
	Prepackaged container of cream cheese, milk or juice no utensils	Reduced <sup>3</sup>	Yes
Convenience Store	Soft drinks in cooler	Reduced <sup>3</sup>	No
	Soft drinks from fountain	Full <sup>1,2</sup>	No
	In-store restaurant (sandwich shop, etc.)	Full <sup>1,2</sup>	Yes
	Grocery food	Reduced <sup>3</sup>	No
	Hot dogs, burritos, etc.	Full <sup>1</sup>	No
Pizza	Delivered to customer's location	Full <sup>1</sup>	Yes
	Consumed at pizza restaurant	Full <sup>1,2</sup>	Yes
	"Take & bake" cooked at home	Full <sup>1,2</sup>	No
Dinner Theater	All	Full <sup>1,2</sup>	Yes
Movie Theater	Fountain drinks	Full <sup>1,2</sup>	No
	Candy bars	Reduced	No
	Popcorn, etc.	Full <sup>1,2</sup>	No
Bakery, traditional	Grocery food	Reduced <sup>3</sup>	No
Medications	Non-prescription over-the-counter items such as aspirin, cough drops, etc. that are ingested or chewed. Please see <a href="#">Product Matrix</a> .	Full	No
	Prescription items that qualify as a <a href="#">drug</a>	Tax exempt	No



# Tax Commission Resources

## Contact Us

Practitioner Hotline	801-297-7790 or 1-800-662-4335 ext. 7790
Customer Service – payment processing & liens	801-297-2200 or 1-800-662-4335
Taxpayer Resources Unit – basic tax questions	801-297-7705 or 1-800-662-4335 ext. 7705
TAP Support	801-297-3996 or 1-800-662-4335 ext. 3996 Email: <a href="mailto:tapsupport@utah.gov">tapsupport@utah.gov</a>
Taxpayer Advocate Service	801-297-7562 or 1-800-662-4335 ext. 7562
Email	<a href="mailto:taxmaster@utah.gov">taxmaster@utah.gov</a>
<h2>Online Resources</h2>	
Tax Commission Website	<a href="http://tax.utah.gov">tax.utah.gov</a>
Forms and Publications	<a href="http://tax.utah.gov/forms">tax.utah.gov/forms</a>
Online Services (TAP)	<a href="http://tap.utah.gov">tap.utah.gov</a>
Sales and Use Tax Information	<a href="http://tax.utah.gov/sales">tax.utah.gov/sales</a>
Tax Training	<a href="http://tax.utah.gov/training">tax.utah.gov/training</a>
Social Media	X (formerly Twitter) : @UtahStateTax Instagram: - <a href="https://www.instagram.com/utahstatetaxcommission">utahstatetaxcommission</a> Facebook: Utah State Tax Commission



# Sales and Use Tax Workshops

[tax.utah.gov/training/workshops/sales-use-tax](https://tax.utah.gov/training/workshops/sales-use-tax)

We have four scheduled workshops throughout the year. Please use the email below to register and you will be sent information to access the workshop. Check the link above for future dates.

There is a link on this page to view the video of the previous workshop. We encourage you to attend on these dates so you will have opportunities to ask questions.

## Sales & Use Tax Workshop

[Click these links to view the recording of the July 17, 2024 Sales and Use Tax workshop and presentation slides \*\*Recording\*\* / \*\*PDF slides\*\*](#)

This free workshop helps new business owners understand the basics of Utah's sales and use tax, including:

- Licensing requirements
- Tax rates
- Filing returns
- Remitting tax
- The basics of what is taxable versus what is exempt

Registration is required—see below.

### Scheduled Dates

**Please note:** All workshops are currently only held online.

All workshops are taught from 9:00 a.m. to 11:30 a.m. GoTo Meetings are held online and you'll receive instructions when registering.

- Wednesday January 24, 2024
- Wednesday April 24, 2024
- Wednesday July 17, 2024
- Wednesday October 23, 2024

### Location

- Currently all workshops are online
- You will receive the link when registering.

### To Register

Email: [taxtraining@utah.gov](mailto:taxtraining@utah.gov)  
CPE Credits are not offered for workshops offered by the Tax Commission



# Sales Tax Check up

[tax.utah.gov/training/sales-tax-checkup](http://tax.utah.gov/training/sales-tax-checkup)

## Sales Tax Check Up



Register at [salestaxcheckup@utah.gov](mailto:salestaxcheckup@utah.gov)

Let us help with your sales and use tax reporting by conducting a Sales Tax Check Up. A tax examiner will visit you to educate you on how to properly account for and report your sales and use taxes. You will receive instructions specific to your business and accounting software regarding:

- Which report(s) to use to file sales and use tax returns
- What documentation is needed for exempt sales
- Identify transactions subject to sales or use tax
- What tax rates and correct taxing jurisdiction to use
- How to correctly accrue and report use tax
- What appropriate adjustments to make

Sales Tax Check Ups are meant to be educational only, and no tax assessments are made. A tax examiner can answer your specific questions. To register for a Sales Tax Check Up, contact us at [salestaxcheckup@utah.gov](mailto:salestaxcheckup@utah.gov).



**THANK YOU FOR VIEWING THIS WEBINAR**

