

## USU Sales Tax

### **Why does USU pay sales tax?**

Sales tax is a consumer liability. When USU is the seller and the consumer is subject to sales tax, USU is required to collect and hold the sales tax in trust for the State of Utah. Once a month USU pays the collected sales tax to the Utah State Tax Commission.

When USU is the consumer, USU is exempt from sales tax in the State of Utah.

### **What is generally subject to sales tax?**

Sales tax is applied to tangible personal property, equipment rental, ticket sales, products transferred electronically, etc. Sales tax is calculated on the product sales price. Sales tax is not calculated on non-product charges such as services, shipping, etc.

### **What is subject to sales tax at USU?**

USU is exempt from charging sales tax for the following type of functions:

- ❖ Fundraisers (occasional occurrence)
- ❖ Selling Student Products (occasional occurrence)
- ❖ Instructional Videos
- ❖ Materials required for a specific course

Example of exempt sales:

- Occasional student club fundraisers
  - USU Ceramics Guild Chili Bowl Sale
  - Student club food sales on the TSC patio
- Extension Sites selling extension material books/pamphlets

USU must charge sales tax if any of the following criteria is met:

- ❖ Food sales held on a regular basis available to the general public
- ❖ Retail sales held on a regular basis available to the general public
- ❖ Online presence facilitating sales
- ❖ Admissions/Memberships (many events may be exempt – contact the Controller's Office for specific events)

Examples of taxable sales:

- ORC Equipment rental
- Museum gift shop sales
- Greenhouse sales
- Dining Services food sales
- Departmental online store sales of department specific USU merchandise

### What is the process if a customer claims to be tax exempt?

A sales tax exemption to a customer can ONLY occur if that group/individual provides a copy of their Utah Sales Tax Exemption Certificate (Form TC-721 or Form TC-721G) or official documentation indicating an agreement between the Utah State Tax Commission and the other party. It is the customer's responsibility to prove tax exemption status.

### Sales tax rate definitions – Standard, Restaurant, Transient, and Grocery

\*Rates below for Logan as of 2/15/2023. All sales tax rates vary by city and county.

Standard – Admissions and tangible personal property such as clothing, supplies, etc. Standard is the default tax rate. Transactions that fall in the standard category are subject to the sales and use tax rate.

Logan example: Sales and use rate is 7%

Restaurant – Prepared food that has two or more ingredients mixed or combined by seller for a single sale, heated food, food sold with an eating utensil. Transactions that fall in the restaurant category are subject to the restaurant tax rate and the sales and use tax rate.

Logan example: Restaurant rate is 1% plus sales and use rate of 7% = 8%

Transient – Accommodations in hotels, inns, etc. Transactions that fall in the transient category are subject to the transient tax rate and the sales and use tax rate.

Logan example: Transient rate is 5.57% plus sales and use rate of 7% = 12.57%

Grocery – Unheated packaged food, fresh fruit, and other grocery store food items. Transactions that fall in the grocery category are subject to the grocery tax rate.

Grocery example: Grocery rate is 3% statewide

### How to record taxable revenue in Banner?

Record total sales price plus sales tax in the appropriate revenue account code. See attached list for all taxable account code options.

Generic taxable revenue account codes (highlighted in green on attached list):

- ❖ Standard: 563400 "Non-Departmental Sales – Taxable"
- ❖ Restaurant: 563403 "Restaurant Sales"
- ❖ Transient: 563408 "Room Charges-Trans"
- ❖ Grocery: 563485 "Grocery Food – Taxable"
- ❖ Standard: 563900 "Ticket Sales – Recreation & Enter"

## **CONTROLLER'S OFFICE**

COLLEGE ACCOUNTING

Reference Material

The Controller's Office will calculate the liability owed to the state, based on the revenue recorded in taxable account codes and reduce department revenue by the tax due in account code 564500 as a contra revenue.

The above is a basic guideline for sales tax. There will be exceptions and special circumstances not addressed in this document.

### Sales Tax Roles and Responsibilities

#### **College and Department, Business Services Personnel**

- ❖ Collect applicable sales tax on all taxable transactions and/or be aware that sales revenue will be reduced by applicable sales tax liability.
- ❖ Ensure all taxable sales are posted to the appropriate revenue account code. If the indices in your department/college use a cash clearing account for deposits, the Controller's office recommends processing a transmittal, data load, or journal entry to record revenue daily.
- ❖ Maintain a working knowledge and understanding of all sales activities transpiring within your department/college, including special events for which your department/college is a registered vendor.
- ❖ Communicate special event sales tax responsibilities to appropriate USU personnel. For example, the individual that registered for the event, the individual managing the booth, etc.
- ❖ Notify the Controller's Office of any new taxable activity promptly.

#### **Controller's Office**

- ❖ Calculate and record sales tax liability for each index based on revenue recorded in taxable revenue account codes monthly.
- ❖ Submit required sales tax forms and remit sales tax liability to the Utah State Tax Commission monthly.
- ❖ Maintain a working knowledge and understanding of laws governing sales tax.
- ❖ Communicate all tax rate adjustments to the college and department offices.
- ❖ Assist college and department offices with all sales tax questions or concerns.

## Taxable Sales at Special Events

### **What is a special event?**

The Utah State Tax Commission defines a "Special Event" as a one-time event or an event that runs for six months or less where sales are being made. Examples of such events are fairs, food shows, auctions, etc. USU examples of these events are the Cache Valley Cruise-In and the Farmer's Market.

### **What are USU's sales tax responsibilities for special events?**

When USU is a vendor at any special event, we are required to complete and submit the *Temporary Sales Tax License and Special Return* (Form TC-790C). Form TC-790C is due to the Tax Commission within ten business days after the close of the event.

Form TC-790C is required to be filed even if USU did not sell taxable merchandise. For example, if USU is only handing out pamphlets we still have to file the form with the state because we were registered as a vendor at the event.

Failure to file by the tenth business day deadline results in a state estimated tax liability, interest charges, penalties, and other fees.

### **How does USU receive this form?**

When a USU employee or USU student registers for one of these events, the event organizer is required to submit the list of vendors to the Tax Commission. Form TC-790C is then mailed to each vendor registered for the event.

Occasionally, a representative from the Tax Commission will attend the event and issue Form TC-790C on site.

### **What are the Department responsibilities for special events?**

- ❖ Ensure that USU is registered as a vendor for the event.
- ❖ Complete, sign, and date Form TC-790C within three business days.
- ❖ Save a copy of Form TC-790C for department records.
- ❖ Send Form TC-790C to Stacy Larmore in the Controller's Office for processing and submission include an index for the sales tax liability payment.

For all questions, please contact Controller's Office:

Stacy Larmore, College Accounting Accountant III    Gina Hooten, Financial Analysis Manager

435-797-1370  
[stacy.larmore@usu.edu](mailto:stacy.larmore@usu.edu)

435-797-1072  
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**CONTROLLER'S OFFICE**

COLLEGE ACCOUNTING

Reference Material

<u>Account</u>	<u>Title</u>	<u>Type of Tax</u>
563400	Non-Departmental Sales - Taxable	Standard
563403	Restaurant Sales	Restaurant
563408	Room Charges-Trans.	Transient
563485	Grocery Food - Taxable	Grocery
563900	Ticket Sales - Recreation and Enter	Standard
563402	Chemicals	Standard
563405	Photocopies-Taxable	Standard
563409	Internet Copies-Taxable	Standard
563410	Lab Supplies	Standard
563412	Prepress Nondept-Tax	Standard
563414	Taxable-Cheese	Grocery
563416	Glassware	Standard
563418	Press	Standard
563420	Paper	Standard
563422	Special Order Suppli	Standard
563423	Taxable-Meats	Grocery
563425	Bindery	Standard
563429	Catering Taxable	Restaurant
563433	Taxable-Cones	Restaurant
563434	Material Sales-Taxbl	Standard
563435	Taxable-Half Gallon	Grocery
563436	Art Supplies-Taxable	Standard
563437	Books-Taxable	Standard
563441	Copy Center #3	Standard
563444	Milk-Glass	Restaurant
563446	Taxable - Sherbet	Grocery
563447	Out-Catering Taxable	Restaurant
563448	Taxable-Gift Boxes	Standard
563450	Taxable-Yogurt	Restaurant
563452	Merchandise-Taxable	Standard
563455	Snack Bar-Taxable	Restaurant
563456	Ice Cream-Cups	Restaurant
563460	Rentals	Standard
563469	Guest Baskets	Standard
563470	ICE CREAM-BULK	Grocery
563471	Meal Plans Taxable	Restaurant
563472	E-STORE SALES-TAXABLE	Standard
563473	APPLE CIDER-TAXABLE	Grocery
563474	PLANTS-TAXABLE	Standard
563484	Holiday-Taxable	Standard
563486	Retail Sales	Standard
563489	YOGURT-5 POUND	Grocery
563490	Dining Svcs-Standard Sales	Standard
563492	Concessions-Taxable	Restaurant