

Human Services Sales Tax Guidance

03-008.00

Effective Date: April 21, 2016

Revised Date: April 21, 2016

Department of Human Services Sales Tax Guidance

This sales tax guidance is issued in addition to the existing Utah tax law and Tax Commission rules and is not meant to be all-inclusive.

1.0 What is Sales and Use Tax?

1.1 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 (Utah State Tax Commission Pub 25).

2.0 General Sales Tax Rule

2.1 As a State agency, we do not pay sales tax. This includes purchasing card payments. Divisions are responsible to avoid payment of sales tax. If there is a sales tax payment problem, the applicable Division is responsible to work with the entity for repayment. The Division may contact the Bureau of Finance if there are questions or concerns.

3.0 Employee Reimbursements

3.1 Employee reimbursements should be avoided that would cause a sales tax payment concern. Lodging tax paid by the employee and reimbursed by the agency is not tax exempt (Utah State Tax Commission Pub 70). Contact the Bureau of Finance for questions involving taxes related to lodging reimbursement.

4.0 Unavoidable Sales Tax

4.1 If an unusual circumstance occurs where it is not practical to avoid paying sales tax, the circumstance must be documented with the payment support including adequate Division management written approval. The Division is responsible to avoid a concern for federal participation. If there is a problem, contact the Bureau of Finance.

4.2 **If a provider or client is involved:** Divisions may pay sales tax for reimbursement payment to a provider or client where it is not practical to avoid the tax. For this circumstance, the Division is responsible to avoid a concern for federal participation. The Division is also responsible to be aware of the significance of the sales tax payments. If payments are significant, the Division should work with the Bureau of Finance to establish process for obtaining sales tax reimbursement.

5.0 Sales Tax Exemption Information for Divisions

5.1 Use the current sales tax exemption form with the applicable sales tax exemption number. Do not use for specific Department purposes the sales tax exemption form which lists State Purchasing as the purchaser.

5.2 Form TC-721G “Exemption Certificate for Governments & Schools” Information

5.2.1 The TC-721G found on the finance.utah.gov forms page is the form to use to provide to the vendor.

5.2.2 The Division is responsible to complete the TC-721G as indicated on the form and check the box for “UTAH STATE GOVERNMENT.” The Division individual responsible for authorizing the purchase may be the authorized signature on the form.

5.2.3 The office of the individual completing the form is responsible for keeping copies of the completed forms as appropriate. (Tax Commission guidance is at least 3 years per Pub 25)

6.0 Sales Tax Exemption Information for Purchasing Card Holders

6.1 If a purchasing card holder encounters an issue where a vendor will not accept the updated form, contact the Bureau of Finance at 801-538-4105.

7.0 Additional Sales Tax Information

7.1 Additional information about sales tax can be found at tax.utah.gov

7.2 Utah State Tax Commission Publications

7.2.1 Pub 70 (Revised 11/15): *Sales Tax Information for Utah State and Local Government Agencies*

7.2.2 Pub 25 (Revised 09/15): *Sales and Use Tax General Information*