USU Sales Tax Training

Why does USU pay sales tax?

Sales tax is a consumer liability. If a purchaser is subject to sales tax, USU is required to hold the tax in trust for Utah until paid to the Utah State Tax Commission. As the purchaser, USU is exempt from sales tax.

What is subject to sales tax?

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

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

Standard – 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 6.85%

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 6.85% = 7.85%

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 6.85% = 12.42%

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 account code list. 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.

For all questions, please contact Controller’s Office:

Stacy Larmore, College Accounting Accountant II
435-797-1370
stacy.larmore@usu.edu

Gina Hooten, Financial Analysis Manager
435-797-1072
gina.hooten@usu.edu
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 10 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 10 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.
- Make sure Form TC-790C has been received from the Tax Commission.
- Complete, sign, and date Form TC-790C within 3 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:

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stacy.larmore@usu.edu

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gina.hooten@usu.edu
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.