



A Guide to SST Implementation and other Changes in Utah's Sales and Use Tax Laws

Utah State Tax Commission



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Some Streamlined Sales Tax legislation is now in effect, while other portions have been delayed.

See inside for details.



This booklet replaces the SST booklet you received in May, 2004.



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Summary

Streamlined Sales Tax (SST) legislation, as passed in the 2003 and 2004 Utah General Legislative Sessions, was set to take effect on July 1, 2004. On June 28, 2004, the Legislature met in a special session, voting to delay the effective date of several key components of the SST legislation for one year. This booklet is designed to explain the changes that go into effect July 1, 2004, as well as explain the changes that have been delayed until July 1, 2005. This is a **replacement** for the booklet titled "A Guide to Changes in Utah's Sales and Use Tax Laws" that was mailed from the Tax Commission in May of this year. Please read this booklet thoroughly so you understand which changes will affect your business this year, and which will take effect in 2005.



» When and how will these changes affect my business?

SST Changes effective July 1, 2004

- Continue to charge sales tax based on the point of sale (business location). The sourcing change from point of sale to point of delivery has been delayed until July 1, 2005.
- Out-of-state voluntary filers will continue to collect and remit sales tax at Utah's lowest common rate, which is 5.75 percent.
- The TC-61 return and schedules will replace TC-71 forms for periods starting on or after July 1, 2004. The TC-61 forms have been slightly modified from the previously released versions to reflect the delayed implementation of point of delivery sourcing.
- Resort Communities Tax will be part of the combined rate and will be filed on the TC-61 forms.
- Monthly filers will calculate seller discount by multiplying the tax due by 1.31 percent.
- Online filing eligibility has been expanded.
- Electronic exemption certificates will be valid if they contain the same information reported on Tax Commission form TC-721, Exemption Certificate.

SST Changes delayed until July 1, 2005, include:

- Point of delivery sourcing (sales tax rate determined by where the customer receives the goods or services).
- Changes to the definition of purchase/sales price that includes delivery charges, installation, and repairs.

- Changes in the calculation of bad debt on repossessed property.
- New definitions for drugs, durable medical equipment, mobility enhancing equipment and prosthetic devices.
- Direct pay permits, direct mail exemption certificates, and multiple points of use (MPU) exemption certificates.
- Taxability matrix.

» Where can I get more information?

This booklet contains a broad overview of the changes to Utah sales and use tax law due to recent legislation.

In addition to this booklet, you can find SST and general sales tax information on the Internet.

- **tax.utah.gov/sst**: The Tax Commission's SST webpage has information specific to Utah's implementation of SST legislation.
- **tax.utah.gov**: From the Tax Commission's main website you can find sales tax publications, Tax Commission rules and links to other resources, including Utah Code.
- **streamlinedsaletax.org**: The official SST website offers more information about the multi-state effort.

You can also send specific questions by email to sstmaster@utah.gov.

If you don't have Internet access, feel free to call (801) 297-2200 or 1-800-662-4335 (outside of the Salt Lake area).

Free Training

Return preparation classes for the new sales and use tax return and schedules (TC-61 series) will be available in August and October of

2004. Specific dates, times and locations will be posted in the near future at tax.utah.gov/sst/training.html.

Part 1: New and existing laws effective as of July 1, 2004

1. Tax Determination

Nexus

(No change)

Nexus means a business entity has established a direct or representational presence within a particular state. This presence gives the state the right to require a seller to pay or collect and remit certain taxes.

All sellers with Utah nexus are required to collect and remit Utah sales and use tax and are subject to the changes to Utah laws outlined in this booklet.

Point of Sale Sourcing

(No change until July 1, 2005)

Sourcing is defined as attributing a sale to a specific taxing jurisdiction in order to determine the tax rate to charge.

Point of sale sourcing will remain in effect through June 30, 2005. For sellers with one or more fixed places of business, this means sales will continue to be sourced at the place of business where the sales occur, regardless of whether the goods are delivered. For sellers with a non-fixed place of business (e.g. vending machine operators, mobile tool companies, etc.), sales will continue to be sourced to where the sales take place. If a business sells merchandise that is shipped from outside Utah direct to a consumer in Utah, and if the seller engages in business in Utah (has nexus), then the sale is sourced to the location of the purchaser.

Out-of-State Voluntary (Non-Nexus) Filers

(No change until July 1, 2005)

Utah law will continue to allow businesses that have no legal requirement to collect Utah sales and use taxes to collect sales tax at Utah's lowest common rate, which is 5.75 percent. All businesses that collect Utah sales and use tax must file a return to report and remit collected tax.

Notice of Tax Rate Changes

(Change effective July 1, 2004)

The Tax Commission will provide sellers with advance notice of rate changes by publishing the information on its website at tax.utah.gov/sales/rates.html. This site contains a list of rate changes and the current tax rate chart. The rate chart contains all taxing jurisdictions with the corresponding county/city code and combined sales tax rate, along with the county/city code that is used for TC-61 Schedule PSD.

Tax rates and jurisdictional boundaries may change only at the beginning of a calendar quarter, and will be posted 60 days prior to the effective date. Failure to receive notice does not relieve a seller of the obligation to collect sales and use tax at the correct rate.

Effective Date of Tax Rate Changes

(Change effective July 1, 2004)

The effective date of rate changes for billing statements covering a period starting before and ending after the statutory effective date is as follows:

- For a **rate increase**, the new rate applies to the seller's first billing period starting on or after the effective date.
- For a **rate decrease**, the new rate applies to the seller's bills issued on or after the effective date.

2. Filing Information

Filing Frequency

(No Change)

Utah's filing requirements for annual, quarterly, and monthly filers will not change. Threshold amounts, filing frequency and due dates remain the same.

Return and Schedule Changes

(Change effective July 1, 2004)

TC-61 and Schedules PS and PSD will replace the TC-71 forms and Schedules A, B/D and C for periods beginning on or after July 1, 2004 for all sellers. Starting July 1, 2004, Utah sellers will receive both schedules (PS and PSD) in the mail with their pre-printed returns. The TC-61 Schedule PS will print on the reverse side of the return. The TC-61 Schedule PSD will be included as a separate page. Receiving these schedules is **not** necessarily an indication that a seller is required to file the schedules. Refer to the form instructions on pages 19–21 for an explanation of who is required to file Schedule PS and Schedule PSD. Also, see pages 15–18 of this booklet for copies of the forms.

Exception: Annual filers will use the TC-71 and TC-71R for the filing period January–December 2004.

The following taxes (combined rate taxes) are reported and paid on the TC-61 return and schedules.

Figure 1

Taxes Reported and Paid on TC-61
State Sales & Use Tax
Local Option Sales & Use Tax
County Option Sales & Use Tax
Town Option Sales & Use Tax
Resort Communities Tax
Public Transit Tax
Highways Tax
Arts and Zoo Tax
Rural Health Care Facilities Tax

In addition to these taxes, local governments have the option of imposing other sales-related taxes and fees as shown in Figure 2. If local governments choose to adopt these taxes and fees, they are levied at the same time sales and use taxes are levied.

The forms for related taxes and fees have been re-numbered to match Utah's new return, form TC-61, but will remain separate returns. For example, form TC-71W is now TC-61W, etc.

Figure 2

Taxes and Fees Reported and Paid on Separate Returns
Municipal Energy Sales & Use Tax (TC-61E)
Motor Vehicle Rental Tax (TC-61F or FV)
Tourism (Restaurant) Tax (TC-61F or FV)
Tourism (Short-Term Leasing) Tax (TC-61F or FV)
Transient Room Tax (TC-61T)
Waste Tire Recycling Fee (TC-61W)

Resort Communities Tax

(Change effective July 1, 2004)

The resort communities tax will now be reported and paid on the TC-61 return and schedules. **All** sales within a resort community are subject to the resort tax, except sales of:

- a motor vehicle, aircraft, watercraft, modular home, manufactured home or mobile home, or
- sales that qualify for a specific sales tax exemption under Utah Code §59-12-104.

Sales subject to resort tax include:

- single items, including those costing \$2,500 or more (unless included in the previous categories), and
- goods purchased tax free by a seller and consumed in the normal course of business.

Seller Discount

(Change effective July 1, 2004)

Vendor discount has been renamed "seller discount" and is calculated by monthly filers on line 11 of the TC-61 return. The vendor discount worksheet has been replaced by a fixed percentage rate that applies to all the taxes in the combined rate. Seller discount is calculated by multiplying the tax due amount by 1.31 percent.

Annual and quarterly filers are not eligible for the seller discount.

Online Filing

(Change effective July 1, 2004)

For 2004, only annual filers with multiple locations or annual filers required to file additional returns for sales-related taxes, such as tourism, transient room, etc., are excluded from online filing.

All other filers are eligible to file their Sales and Use Tax Return and schedules online using the Tax Commission's secure web-based filing system at utah.gov/salestax. Sellers that qualify to file online can access the system using the account number and PIN that are pre-printed on their return. There is no cost to file online. All sales-related taxes (TC-61F, FV, T and W) will still need to be filed on paper forms.

Payment can be made online using the Tax Commission's web-based payment system, PaymentExpress. A service charge applies to PaymentExpress transactions.

EFT Filers

(No change)

Filers who are required to pay by Electronic Funds Transfer (EFT) should not use the Tax Commission's web-based payment system (PaymentExpress) for

current returns. Payments made online by credit card or electronic check do not meet EFT filing requirements. Sellers required to pay by EFT that use the online payment system for current returns will lose their seller discount. However, EFT filers may pay past-due liabilities online using PaymentExpress.

EFT filers may use the following website to pay by EFT: <https://www.iglobalaccess.com/Cool-ICE/default.asp?Category=taxpayer&Service=logon>.

Paper Filers

(No change)

Sellers have the option of filing their returns on the Tax Commission's pre-printed paper forms. Sellers may also use substitute forms for the sales tax return and schedules if they receive prior approval from the Tax Commission. Refer to Publication 99, *Guidelines for Using Substitute and Copied Tax Forms*.

Sellers filing electronically or using substitute forms who no longer wish to receive paper returns should check the "Stop Receiving Paper Forms" box on form TC-61. Checking this box does not relieve a seller of the obligation to file and pay sales and use tax.

3. Taxability

Purchase Price/Sales Price

(No change until July 1, 2005)

Purchase price/sales price means the amount paid or charged for tangible personal property or any other taxable transaction, excluding only cash discounts taken or any excise tax imposed on the purchase price by the federal government.

Delivery Charges

If shipment of tangible personal property occurs before the passage of title (F.O.B. destination), the cost of delivery or transportation is part of the sales price and is subject to tax, regardless of whether the cost of the item and the delivery charges are separately stated on the invoice.

If shipment of tangible personal property occurs after the passage of title (F.O.B. origin), the delivery charges may be excluded from the purchase price if all of the following conditions are met:

1. shipment takes place by common carrier;
2. title passes before transportation (F.O.B. origin or shipping point);
3. charges are the actual cost of shipping these particular goods by common carrier; and
4. the transportation charges are listed separately on the invoice.

If an invoice does not indicate an F.O.B. designation, and a common carrier is used, it is assumed the terms are F.O.B. origin.

Installation Charges

Amounts paid or charged for labor to install tangible personal property in connection with other tangible personal property are subject to tax. Separately stated charges for labor to install personal property to real property are not subject to tax, regardless of whether the personal property becomes part of the real property.

Repair Charges

Charges for **labor** to repair, renovate, wash, or clean tangible personal property are subject to sales tax. Charges for **labor** to service, repair or renovate items of personal property that are attached to real property so as to be considered real property are not subject to sales tax. However, **parts** or **materials** used in the repair are taxable and must be separately stated on the invoice or the entire charge for labor and parts is taxable.

Trade fixtures, equipment, or machinery permanently attached to real property shall be treated as real property while so attached, but shall revert to personal property when severed from the real property. Charges for **labor** and **parts** used to service, repair, or renovate real property are not subject to tax. For

real property **repairs**, the contractor is considered to be the user of the materials and is responsible for paying sales and use tax.

Document Fees

Document preparation fees assessed in conjunction with the retail sale of a motor vehicle are not subject to sales tax if they satisfy both of the following conditions:

1. fees must be separately identified and segregated, and
2. fees may not be included in the total sales price upon which sales tax is calculated and collected.

State-mandated fees and taxes assessed in conjunction with the retail sale of a motor vehicle are not subject to sales tax and must be separately identified and segregated on the invoice.

Coupons and Rebates

- Coupons for which a seller is reimbursed by a third party, such as a manufacturer or distributor, do not reduce the amount subject to sales tax. The amount subject to sales tax is the sales price of the item before the value of the coupon has been deducted.
- Manufacturer rebates on sales of motor vehicles are considered as a discount and the taxable amount is the net amount paid by the customer after deducting the rebate. If the manufacturer's rebate is certain at the time of sale, tax should be charged only on the net amount of the sale; otherwise, tax is charged on the total before the rebate credit, and then later refunded to the customer when proof of rebate is given to the dealer for his file.
- An in-store coupon or a coupon issued by a seller for which no reimbursement by a third party is received is considered a reduction in the sales price. The taxable amount is the net amount paid for the item after deducting the value of the in-store coupon.

Towing Services

All separately itemized charges for towing services will continue to be excluded from purchase/sales price.

Bad Debt/Repossessions

(No change until July 1, 2005)

Bad debts may be claimed only by a seller. A seller is entitled to a sales tax adjustment for returned checks and bad debts. Nontaxable amounts, such as cash back to the customer and exempt charges, must be deducted from the total amount of the returned check or bad debt amount to arrive at the net write-off amount. The amount of the adjustment to be claimed on the sales tax return is determined by dividing the net write-off amount by one (1) plus the tax rate adopted in the community at the time of sale.

Sales tax credit for repossession is allowable on the basis of the original amount subject to tax, less down payment and any amount recovered or payments made. Credit for tax on repossession is allowed only to the selling dealer or vendor. This does not preclude arrangements between the dealer or vendor and third party financial institutions wherein sales tax credits for repossession by financial institutions may be taken by the dealer or vendor who will in turn reimburse the financial institution. For more details, see Tax Commission Rule R865-19S-20.

Rounding Rule

(No change)

Sellers compute the tax due on a transaction by either total invoice or single item and apply the rounding rule to the aggregated state and local taxes. Sales tax computed must be carried to the third decimal place, and the tax must be rounded to a whole cent by rounding up to the next cent whenever the third decimal place is greater than four.

4. Exemptions

Handling of Exemptions

(Change effective July 1, 2004)

Exempt purchases of manufacturing equipment, normal operating replacements, and semiconductor fabricating or processing materials will be reported on line 13 of TC-61. The lines for reporting exempt purchases by ski resorts and agricultural producers have been removed; however, they remain valid exemptions.

A purchaser may claim an exemption electronically if the seller obtains from the purchaser the same standard information that is required on Utah State Tax Commission form TC-721, Exemption Certificate. Purchasers and sellers are allowed to use substitute forms if they contain the same information as Utah

State Tax Commission form TC-721. A purchaser is not required to provide a signature to claim an exemption from tax unless a paper exemption certificate is used.

Exemptions No Longer in Effect

(Change effective July 1, 2004)

1. Purchases on or after July 1, 2004, of hand tools with a unit price of more than \$250 that are used primarily in a Utah farming operation may no longer be purchased tax free with an exemption certificate. The purchaser may claim the sales and use tax paid as a refundable income tax credit on a Utah income tax return.

2. Sales to persons within Utah of tangible personal property (e.g., construction materials) that are subsequently shipped out of state pursuant to a contract, and that become part of real property located outside Utah, are no longer exempt. However, real property contracts signed prior to July 1, 2004, but completed after that date remain exempt.

Definitions of Exempt Items (No change until July 1, 2005)

1. The definition of medicine includes insulin, syringes, oxygen, stoma supplies, and any other medicine prescribed for the treatment of human ailments by a person authorized to prescribe treatments and dispensed on a prescription filled by registered pharmacists or supplied to a patient by a physician, surgeon, or podiatric physician. Medicine does not include any auditory, prosthetic, ophthalmic or ocular device or appliance, or any alcoholic beverage.

2. The definition of home medical equipment or supplies includes items that a licensed physician prescribes or authorizes in writing as necessary for the treatment of a medical illness or injury or to mitigate an impairment resulting from illness or injury. To qualify for this exemption, the items must:
 - be used exclusively by the person for whom they are prescribed to serve a medical purpose; and
 - be eligible for payment under Title XVIII or XIX of the Social Security Act.

Interstate Commerce Exemption

(No change)

Interstate commerce laws are not changing under SST. Unless a business has **nexus** in another state, the business is not responsible to collect and remit sales tax to that state. Please refer to Tax Commission Rule R865-19S-44 and Publication 37 for more details.

5. Other Legislative Changes

These changes are a result of 2004 Utah legislation.

Energy-Related Equipment and Machinery

Effective July 1, 2004, leases or purchases of certain machinery or equipment for the following facilities are exempt if used to create or expand the operations of the following:

1. renewable energy production facilities (biomass, hydroelectric, geothermal, solar or wind),
2. waste energy production facilities (waste material that would be placed in a landfill or refuse pit if not used to generate electricity, such as tires, waste coal or oil shale), and
3. facilities that produce fuel from biomass energy (material from a plant or tree, or other organic matter, such as slash-and-burn from forests, animal waste, methane, aquatic plants, and agricultural products).

Film, Television and Video

Effective July 1, 2004, purchases, leases or rentals of machinery or equipment by a motion picture or video production company classified with NAICS Codes 512110 or 51219 are exempt if the machinery or equipment is primarily used in the production or postproduction of the following media for commercial distribution:

- motion pictures,
- television programs,
- movies made for television,
- music videos,
- commercials and documentaries, or
- media similar to those listed above as determined by administrative rule.

Purchases, leases or rentals of machinery and equipment primarily used in the production or postproduction of the following media remain subject to tax:

- live musical performances,
- live news programs, or
- live sporting events.

Sexually Explicit Business and Escort Service Tax

Effective July 1, 2004, a tax is imposed on a sexually explicit business equal to 10 percent of amounts paid or charged for:

- admission fees,
- user fees,
- retail sales of tangible personal property,
- sales of food and food ingredients or prepared food,
- sales of any beverage, and
- any services.

This is in addition to any applicable sales tax and/or tourism tax on food or beverages.

The tax is also imposed on an escort service equal to 10 percent of amounts paid or charged by the escort service for any transaction that involves providing an escort to another individual.

This tax is reported on a separate Tax Commission return that is due either quarterly or monthly as determined by a business' sales tax filing frequency. If the business is not required to have a sales tax license, the filing frequency for this return is quarterly.

Multi-Channel Video or Audio Service

Effective July 1, 2004, amounts paid or charged for multi-channel video or audio service provided by a multi-channel video or audio service provider are no longer subject to sales and use tax. However, effective the same date, a tax is imposed on the purchaser equal to 6.25 percent of amounts paid or charged for multi-channel video or audio service provided by a multi-channel video or audio service provider. This tax is reported on a separate Tax Commission return that is due quarterly.

Multi-channel video or audio service providers include:

- cable operators,
- CATV providers,

- multi-point distribution providers,
- MMDS providers,
- SMATV operators,
- direct-to-home satellite service providers, or
- DBS providers.

Steel Mills

The exemption for sales or leases of rolls, rollers, refractory brick, electric motors or other replacement parts used in the furnaces, mills or ovens of a steel mill has been extended to June 30, 2014.

911 System (Municipal Telecommunications)

Effective July 1, 2004, a 13-cent state fee per line per month is imposed on telephone services for unified statewide E-911 emergency services. At the same time, local governments are authorized to increase the local levy on telephone services for 911 emergency services from a maximum of 53 cents per line per month to a maximum of 65 cents per month. In 2006, the 13-cent state E-911 emergency service fee will be reduced to eight cents. The return is filed with the Tax Commission on a monthly basis.

6. Forms and Publications

For filing periods beginning on or after July 1, 2004, sellers must use the new TC-61 forms and schedules.

Sellers filing a late return or an amended return for periods beginning prior to July 1, 2004, must use the old TC-71 forms and schedules.

The Tax Commission will maintain the TC-71 series of forms for a limited period of time.

Use of the incorrect forms will delay the processing of your returns and payments.

Utah State Tax Commission forms and publications are available online at tax.utah.gov/forms. Sellers without Internet access may call the Tax Commission's automated forms line at (801) 297-6700 or 1-800-662-4335, ext. 6700 to request forms by mail.

Most sales tax forms may be filled out online, printed, and submitted by mail.

Find the current TC-61 forms and instructions on pages 15-21.

Part 2: Laws effective beginning July 1, 2005

The changes and information contained in the following sections will become effective on July 1, 2005.

1. Future Tax Determination

Change to Point of Delivery Sourcing

The point of delivery is where a purchaser takes possession of tangible personal property or makes first use of a service, whichever comes first. The sales tax rate to charge will be determined by the point of delivery.

For example, if a purchaser receives goods at the business location of a seller, the location of the transaction is the business location of the seller. The sale is sourced to the address of the business. If the seller delivers the goods to his or her customer, the location of the transaction is where the business delivers the goods (i.e., where the customer receives the goods). Receipt or receipt does not include possession of goods by a shipping company on behalf of the purchaser.

The purchaser's nine-digit ZIP code determines the location of a transaction when goods or services are delivered. If a nine-digit ZIP code is located within two or more jurisdictions, the seller should collect and report tax at the jurisdiction with the lowest rate that is applicable anywhere in the nine-digit ZIP code area.

Exclusions from Point of Delivery Sourcing

1. Tangible personal property contracts signed prior to July 1, 2005, but completed after that date are not subject to the point of delivery sourcing rules (e.g., furniture sold before July 1, 2005, but delivered on or after July 1, 2005).
2. The SST Agreement provides states with the option of allowing florists to continue to tax transactions at the point of sale. Utah florists will continue to collect and report transactions based on point of sale through Dec. 31, 2005.
3. The switch to point of delivery sourcing for annual filers will not take effect until Jan. 1, 2006.

Utah's Future General Sourcing Rules

The sourcing rules shown in Figure 3 (page 9) will go into effect July 1, 2005.

2. Future Filing Information

Forms and Filing Requirement Changes

Due to the change from point of sale to point of delivery sourcing, all sellers that make deliveries, mail, or ship goods to purchasers will be required to fill out TC-61 Schedule PS **and** TC-61 Schedule PD, in addition to the TC-61 return. The TC-61 Schedule PS will still be used to report the point of sale. The current TC-61 Schedule PSD will be changed to TC-61 Schedule PD, and will be used to report and calculate tax due based on point of delivery. You can view the forms and instructions that will be used for periods starting on or after July 1, 2005 at tax.utah.gov/sst.

TC-61 Schedule PS

The Utah Legislature inserted a clause into Streamlined Sales Tax legislation to protect and preserve the 1 percent funding base of all local governments within Utah. This means that although a sale is taxed at the point of delivery, the 1 percent local tax will continue to be distributed to Utah's local jurisdictions based on the point of sale. Information on TC-61 Schedule PS makes this possible.

This schedule does not require any tax calculations on the part of the seller. The seller is only reporting the amount of taxable sales at the locations where they occur.

Figure 3

Future General Sourcing Rules	
Category of Transaction	Location of Transaction (Sourcing)
<p>Retail Sale of:</p> <ul style="list-style-type: none"> • Tangible Personal Property (includes electronic or digital goods) • Taxable Services • Transportation Equipment (aircraft, trains, railcars, motor carriers, trailers, semi-trailers, and passenger buses operating under federal certification and engaged in interstate commerce) <p>Lease or Rental of:</p> <ul style="list-style-type: none"> • Transportation Equipment 	<p>Utah Code §§59-12-207.1, 59-12-207.2, 59-12-207.3</p> <ol style="list-style-type: none"> (1) When received by purchaser at business location of seller, sale sourced to that business location. (2) When not received at business location, sale sourced to location where received by purchaser, including digital goods received electronically. (3) If (1) or (2) do not apply, sourced to address of purchaser from seller's business records. (4) If (1), (2) or (3) do not apply, sourced to address of purchaser obtained during consummation of transaction. (5) If (1), (2), (3), or (4) do not apply, sourced to address from which property was shipped, from which electronic goods were first available for transmission by a seller, or from which a service was provided.
<p>Retail Sale of:</p> <ul style="list-style-type: none"> • Manufactured Homes • Modular Homes • Mobile Homes • Motor Vehicles or Aircraft that are not Transportation Equipment (see definition above) • Watercraft <p>Lease or Rental of:</p> <ul style="list-style-type: none"> • Tangible Personal Property (includes electronic or digital goods) • Taxable Services • Manufactured Homes • Modular Homes • Mobile Homes • Watercraft 	<ol style="list-style-type: none"> (1) If sold by a dealer, sourced to business location of the dealer. (2) If sold by person other than a dealer, sourced to street address of registration. (3) If not required to be registered, sourced to street address where the purchaser of the property resides. <ol style="list-style-type: none"> (1) If there are no recurring periodic payments, sourced the same as a retail sale of tangible personal property. (2) If lease or rental requires recurring periodic payments, down payment and first payment are sourced the same as a retail sale of tangible personal property. Subsequent periodic payments are sourced to primary property location.
<p>Lease or Rental of:</p> <ul style="list-style-type: none"> • Motor Vehicles or Aircraft that are not Transportation Equipment (see definition above) 	<ol style="list-style-type: none"> (1) If there are no recurring periodic payments, sourced the same as retail sale for tangible personal property. (2) If lease or rental requires recurring periodic payments, down payment and each recurring payment is sourced to primary property location.

The following sellers are required to complete form TC-61 Schedule PS **and** Schedule PD:

- A seller that delivers goods or services from either a fixed place or non-fixed place of business in Utah, or ships goods directly from out-of-state to Utah consumers.
- A seller that has more than one fixed location or a seller that stores, uses, or consumes tangible personal property at various places in Utah other than a fixed place of business (e.g. construction contractors).
- A seller that sells goods exempt from resort tax.
- A seller that has direct pay transactions (see definition on page 12).
- A seller that has direct mail transactions (see definition on page 13).
- A vending machine operator, a multi-level marketing company with a signed agreement, or a purchaser using a Multiple Points of Use (MPU) Exemption Form (see definition on page 13).
- A seller that performs taxable services at the customer's location.
- A leasing company.
- A utility or telecommunications provider.

NOTE:

A seller that does not fit into any of the previous categories should not complete the TC-61 Schedule PS, even though the schedule is printed on the reverse side of the TC-61. Also, the seller should not complete or submit the TC-61 Schedule PD. The seller should only complete the TC-61 return.

TC-61 Schedule PD

All sellers that are required to fill out TC-61 Schedule PS **must** also fill out TC-61 Schedule PD. On Schedule PD, filers will record sales in the jurisdiction where goods are delivered. The tax due amount will be calculated on Schedule PD, just as it is on the current Schedule PSD.

Resources and Tools

ZIP+4 Databases

The Tax Commission will maintain a database that contains all of the tax rates for all locations within Utah. The database will be available in a flat file format or web-based application. See the Tax Commission's website, tax.utah.gov/taxrate, for a link to the database.

Flat File Format

- The file ties each ZIP+4 and each five-digit ZIP code to a jurisdiction and tax rate.
- The file is available on a CD or may be downloaded from the Tax Commission's website.
- Users have the option to select all or select only those counties that they would like to download.
- Instructions and system requirements are provided.
- The file is updated quarterly.

Web-Based Application

- Users may look up tax rates and corresponding jurisdictions by entering the nine-digit ZIP code (ZIP+4), five-digit ZIP code, or address and city of their customer's delivery location.
- The system will return a standardized address (when the taxpayer has included an address), the jurisdiction code and the appropriate tax rate.

Sellers that rely on the Tax Commission's rate databases are not liable for failing to collect and remit the proper tax if the tax rate at which the seller collected was derived from the databases.

Sales and Use Tax Rate Chart

The Tax Commission publishes a sales and use tax rate chart quarterly. This chart contains all taxing jurisdictions with the corresponding county/city code and combined sales tax rate, along with the county/city code that is used for TC-61 Schedule PD. This chart is found at tax.utah.gov/sales/rates.html or can be requested by calling the Tax Commission. A paper copy of this rate chart is a good resource for businesses without Internet access.

Out-of-State Voluntary (Non-Nexus) Filers

Non-nexus businesses that volunteer to collect and pay Utah sales and use taxes will be required to charge the full combined rate (including resort tax, if it applies) for the jurisdiction where goods are delivered. All businesses that collect Utah sales and use tax must file a return to report and remit collected tax.

Online Filing

All filers, including annual filers, will be eligible to file the TC-61 return and schedules online.

Annual Filers

Annual filers will be required to file the TC-61 return and schedules based on point of sale for filing period January–December 2005. For filing period January–December 2006, annual filers will be required to use point of delivery sourcing.

3. Future Changes in Taxability

The following changes to definitions and taxability take effect on July 1, 2005.

Tangible Personal Property

Tangible personal property means personal property that may be seen, weighed, measured, felt, touched, or is in any manner perceptible to the senses. Tangible personal property includes electricity, water, gas, steam, prewritten software, and digital and electronic goods.

An exemption for sales of water in a pipe, conduit, ditch, or reservoir has been adopted to address the change in definition.

Purchase Price/Sales Price

Purchase or sales price means the total amount paid or charged for tangible personal property or services that are sold, leased or rented. The purchase or sales price will include:

- the seller's cost of the tangible personal property or services sold.
- expenses of the seller: materials, labor, service cost, interest, loss, transportation, or a tax imposed on the seller.
- charges by the seller for any service necessary to complete the sale.
- delivery charges (see explanation below).
- installation charges (see explanation below)
- repair charges (see explanation below).

The purchase or sales price does not include a discount in the form of cash, term or coupon that is allowed by a seller and taken by a purchaser on a sale that is not reimbursed by a third party.

The purchase or sales price does not include the following if separately stated on the invoice:

- trade-ins,
- credit extended for interest, finance, or carrying charges, or
- a tax or fee legally imposed directly on the consumer.

Delivery Charges

Any charges by a seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services, including, but not limited to, transportation, shipping, postage, handling, crating and packing, are included in the purchase price. Freight charges in connection with the sale of tangible personal property are included in the amount subject to sales tax regardless of the F.O.B. designation.

Delivery charges are only subject to tax if the sale is a taxable transaction. Delivery charges are exempt if the sale is exempt.

Installation Charges

Charges for labor to install an item of tangible personal property that remains tangible personal property are included in the amount subject to tax. The following examples illustrate this point:

- An installer sets up a piece of equipment, screws it into the floor and hard wires it into the building's electrical system. Because the equipment remains tangible personal property, the installation charges are taxable.
- A seller sells and installs a satellite dish. The dish is installed by affixing it to the customer's home and running wire into the house. Although the satellite dish is connected to real property, it remains tangible personal property and charges for labor to install the dish to real property are taxable.
- A seller sells and installs insulation on above ground pipes. Because the above ground pipes are considered tangible personal property, the charges for the insulation and installation are taxable, even if separately stated on the invoice.
- A seller sells and installs kitchen cabinets in a home. The cabinets become real property. The charges for selling and installing the cabinets are not taxable. However, the seller is considered a real property contractor and is responsible for paying sales and use tax for the materials used in building and installing the cabinets.

Repair Charges

Sales tax applies to charges for labor and parts to repair, wash or clean an item of tangible personal property. Trade fixtures, equipment, and machinery attached to real property remain tangible personal property while so attached and all charges associated with the repair are taxable.

If the item has been converted to real property, the charges for repair labor are not taxable. However, the repairperson is considered a real property contractor and is responsible for paying sales and use tax for items that are converted to real property upon installation.

Document Fees

Document preparation fees associated with the sale of an item will be subject to tax.

Manufacturer Rebates

Manufacturer rebates for which a seller is reimbursed by a third party do not reduce the amount subject to sales tax. The amount subject to sales tax is the sales price of the item before the value of the rebate has been deducted.

Repossessions

A sales tax credit for bad debt may not be taken on an item that has been repossessed.

4. Future Exemptions

New Exemptions

Drugs

A drug is a compound, substance or preparation, or a component of a compound, substance or preparation that is:

- recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, official National Formulary, or a supplement to their publications,
- intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, or
- intended to affect the structure or any function of the body.

Sales of drugs are exempt only if the drugs are sold by prescription or if they are purchased by a hospital or other medical facility.

Drug does not include food and food ingredients, a dietary supplement, an alcoholic beverage, or a prosthetic device.

Durable Medical Equipment and Supplies

Durable medical equipment is equipment that:

1. can withstand repeated use,
2. is primarily and customarily used to serve a medical purpose,
3. generally is not useful to a person in the absence of illness or injury,
4. is not worn in or on the body, and
5. is listed as eligible for payment under the Social Security Act.

Durable medical equipment includes parts used in the repair or replacement of the equipment. Sales or rentals of durable medical equipment are exempt only if the purchaser presents a prescription for the durable medical equipment. Examples of durable medical equipment include pumps used to recharge oxygen bottles, a hospital bed used in the home, etc.

Mobility Enhancing Equipment

Mobility enhancing equipment is equipment that is:

1. primarily and customarily used to provide or increase the ability to move from one place to another,
2. appropriate for use either in a home or a motor vehicle,
3. not generally used by persons with normal mobility, and
4. eligible for payment under the Social Security Act.

Mobility enhancing equipment includes parts used in the repair or replacement of the equipment. Mobility enhancing equipment does not include:

- a motor vehicle,
- equipment on a motor vehicle normally provided by the motor vehicle manufacturer,
- durable medical equipment, or
- a prosthetic device.

Sales or rentals of mobility enhancing equipment are exempt only if the purchaser presents a prescription for the mobility enhancing equipment. Examples of mobility enhancing equipment include wheelchairs, crutches, walkers, canes, etc.

Prosthetic Devices

A prosthetic device includes:

- parts used in the repair or renovation of a prosthetic device, or
- replacement parts for a prosthetic device.

Sales of prosthetic devices are exempt only if the purchaser presents a prescription for the device. A prosthetic device does not include corrective eyeglasses, contact lenses, or dental prostheses.

Handling of Exemptions

Direct Pay

A direct pay permit allows a seller to purchase taxable goods and services without payment of tax to the supplier at the time of purchase. The holder of the direct pay permit then determines the taxability and reports and pays the tax due directly to the Tax Commission. A seller must apply to the Tax Commission for a direct pay permit.

The permit may only be issued to a seller that:

1. is licensed in Utah,
2. is required to remit taxes monthly by EFT,
3. has a record of timely payment of taxes, and
4. has the ability to determine the appropriate location for each transaction.

The permit may not be used for the amounts paid or charged for:

- prepared food, and food and food ingredients, if purchased in the same transaction,
- lodging accommodations,
- admission or user fees,
- a motor vehicle, aircraft, watercraft, modular home, manufactured home, or mobile home,
- commercial use of fuel, or
- for the amounts paid to a common carrier, telephone service provider or telegraph corporation for all transportation, telegraph and telephone service (other than intrastate mobile telecommunications service and only to the extent permitted by federal law), which occur within the boundaries of this state.

The permit holder or purchaser must present the permit at the time of purchase. The tax is reported and paid at the time the permit holder's monthly sales tax return is due. The Tax Commission may revoke a direct pay permit at any time if the permit holder fails to comply with these provisions.

The seller who is presented with the permit at the time of purchase must retain records for a period of three years, which verify that the transaction was made using a direct pay permit.

Direct Mail

Direct mail is printed material delivered or distributed by U.S. mail or other delivery service to a mass audience or to addresses on a mailing list where the cost of the printed material is not billed directly to the recipients. Direct mail includes tangible personal property supplied directly or indirectly by a purchaser to a seller of direct mail for inclusion in a package containing the printed material. Direct mail does not include multiple items of printed material delivered to a single address.

The direct mail exemption allows a purchaser to purchase direct mail without payment of the sales tax to the seller at the time of the sale. The user of the direct mail exemption then determines the taxability and reports and pays the tax due directly to the Tax Commission.

Multiple Points of Use (MPU)

If a business purchaser, who is not a holder of a direct pay permit, knows at the time of the purchase of a service, prewritten computer software delivered electronically, or a digital good, that it will be concurrently available for use in more than one location, the purchaser will:

1. deliver to the seller at the time of purchase, a Multiple Points of Use or MPU Exemption Form,

2. apportion the purchase price among each location in which the service, prewritten computer software delivered electronically, or digital good will be concurrently available for use, and
3. report and pay the tax at the time the purchaser's regularly filed sales tax return is due.

Example: A hardware store with several outlets purchases prewritten cashiering software for use in each outlet. Although this is a taxable transaction, the hardware store purchases the electronic goods tax free by submitting an MPU Exemption Form at the time of purchase. The form relieves the seller of all obligations to collect, pay and remit the tax. The hardware store apportions the purchase price among each location (TC-61 Schedule PD) in which the electronic goods will be concurrently available for use. The hardware store reports taxable sales on TC-61 Schedule PS, line D, and remits tax on the store's next sales tax return.

Taxability Matrix

To ensure the uniform application of sales tax on products and services common to all SST member states, each state is required to maintain a taxability matrix. The taxability matrix identifies how the common product or service is taxed in the state. The state's entries in the matrix will be provided and maintained in a database that is in a downloadable format. Sellers and service providers who rely on the data provided in the taxability matrix are relieved from having incorrectly charged and collected sales or use tax if the data provided in the matrix was incorrect.

Sellers should keep in mind that the taxability matrix is limited to the common products or terms that apply to all member states. For more detailed information about what is taxable (Utah Code §59-12-103) and what is exempt (Utah Code §59-12-104) in Utah, refer to Tax Commission Pub. 25, *Sales and Use Tax General Information*.

*The following forms and instructions are effective
for periods beginning on or after July 1, 2004.*



TC-61 Schedule PS – Point of Sale
Sales and purchases in Utah

Business Name:
Account Number:
Tax Period:

Sales and purchases from fixed places of business in Utah

1. Business Location	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases
A. Total taxable sales from fixed locations:		

Add total from A and all amounts in B & C.
Enter the total on line E.

NOTE: This amount must equal the "Total Net Taxable Sales and Purchases" reported on form TC-61 Schedule PSD and line 7 (Net taxable sales and purchases) on form TC-61.

Additional sales and purchases

B.	Sales in Utah from a non-fixed business location and/or delivered from out-of-state inventory by nexus companies	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases
	Beaver County	01-000	
	Box Elder County	02-000	
	Cache County	03-000	
	Carbon County	04-000	
	Daggett County	05-000	
	Davis County	06-000	
	Duchesne County	07-000	
	Emery County	08-000	
	Garfield County	09-000	
	Grand County	10-000	
	Iron County	11-000	
	Juab County	12-000	
	Kane County	13-000	
	Millard County	14-000	
	Morgan County	15-000	
	Piute County	16-000	
	Rich County	17-000	
	Salt Lake County	18-000	
	San Juan County	19-000	
	Sanpete County	20-000	
	Sevier County	21-000	
	Summit County	22-000	
	Tooele County	23-000	
	Uintah County	24-000	
	Utah County	25-000	
	Wasatch County	26-000	
	Washington County	27-000	
	Wayne County	28-000	
	Weber County	29-000	
C.	Sales to Utah delivered from non-nexus companies	33-000	
D.	This field will not be used until July, 2005	00-000	Enter total in the box below.
E.	Total Net Taxable Sales and Purchases for Schedule PS:		

**Utah State Tax Commission**210 N 1950 W • Salt Lake City, UT 84134 • www.tax.utah.gov**TC-61 Schedule PSD – Point of Sale Detail**

Sales and use tax calculation schedule

Business Name:**Account Number:****Tax Period:****PART 1: All sales except those in Part 2**

1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax	1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax
Beaver County	01-000		6.00%		Rich County	17-000		6.00%	
Beaver City	01-002		7.00%		Garden City	17-001		7.00%	
Box Elder County	02-000		6.00%		Salt Lake County	18-000		6.60%	
Brigham City	02-017		6.25%		Alta	18-003		8.10%	
Perry	02-086		6.25%		San Juan County	19-000		6.00%	
Snowville	02-100		7.00%		Monticello	19-009		6.50%	
Willard	02-120		6.25%		Sanpete County	20-000		6.00%	
Cache County	03-000		6.10%		Ephraim	20-008		6.25%	
Hyde Park	03-032		6.35%		Gunnison	20-014		6.25%	
Hyrum	03-033		6.35%		Sevier County	21-000		6.00%	
Logan	03-038		6.35%		Richfield	21-034		6.25%	
Millville	03-044		6.35%		Salina	21-035		6.25%	
North Logan	03-049		6.35%		Summit County	22-000		6.10%	
Providence	03-056		6.35%		Park City	22-030		7.35%	
Richmond	03-059		6.35%		Snyderville Basin Transit	22-900		6.35%	
River Heights	03-060		6.35%		Tooele County	23-000		6.00%	
Smithfield	03-062		6.35%		Erda	23-017		6.25%	
Nibley	03-098		6.35%		Grantsville	23-023		6.25%	
Cache Valley Transit	03-900		6.35%		Lakepoint	23-030		6.25%	
Carbon County	04-000		6.00%		Tooele City	23-048		6.25%	
Price	04-035		6.25%		Lincoln	23-065		6.25%	
Wellington	04-053		6.25%		Stansbury Park	23-066		6.25%	
Daggett County	05-000		6.00%		Uintah County	24-000		6.50%	
Davis County	06-000		6.50%		Vernal	24-024		6.75%	
Duchesne County	07-000		6.00%		Utah County	25-000		6.00%	
Roosevelt	07-019		6.25%		Alpine	25-001		6.25%	
Emery County	08-000		5.75%		American Fork	25-002		6.25%	
Green River	08-011		7.50%		Lehi	25-066		6.25%	
Garfield County	09-000		7.00%		Lindon	25-070		6.25%	
Boulder	09-002		8.00%		Mapleton	25-073		6.25%	
Panguitch	09-011		8.00%		Orem	25-083		6.25%	
Tropic	09-015		8.00%		Payson	25-085		6.25%	
Grand County	10-000		6.00%		Pleasant Grove	25-088		6.25%	
Moab	10-011		7.75%		Provo	25-090		6.25%	
Iron County	11-000		6.00%		Provo Canyon	25-093		6.25%	
Brian Head	11-028		7.75%		Salem	25-096		6.25%	
Juab County	12-000		6.00%		Highland	25-099		6.25%	
Nephi	12-026		6.25%		Spanish Fork	25-103		6.25%	
Kane County	13-000		6.75%		Springville	25-106		6.25%	
Kanab	13-004		7.75%		Cedar Hills	25-123		6.25%	
Orderville	13-007		7.75%		Wasatch County	26-000		6.00%	
Millard County	14-000		5.75%		Heber	26-008		6.25%	
Morgan County	15-000		6.00%		Park City East	26-013		7.25%	
Piute County	16-000		6.00%		Washington County	27-000		6.00%	

Continued on other side



Utah State Tax Commission

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TC-61 Schedule PSD – Point of Sale Detail
 Sales and use tax calculation schedule

Business Name:

Account Number:

Tax Period:

PART 1 (continued from other side)

1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax	1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax
Hurricane	27-008		6.25%		Wayne County	28-000		6.00%	
Ivins	27-010		6.25%		Weber County	29-000		6.50%	
La Verkin	27-011		6.25%		Non-Nexus Companies	33-000		5.75%	
St George	27-020		6.25%						
Santa Clara	27-021		6.25%						
Springdale	27-023		7.50%						
Washington City	27-027		6.25%						

PART 1 TOTALS:

Sales Exempt from Resort Tax

Sales of motor vehicles, aircraft, watercraft, manufactured homes, modular homes and mobile homes in resort communities.

PART 2: Sales exempt from resort tax

1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax	1. Location of Transaction	● 2. Cnty/ City Code	● 3. Net Taxable Sales and Purchases	4. Comb. Tax Rate (%)	● 5. Sales and Use Tax
Green River	08-011		6.00%		Garden City	17-001		6.00%	
Boulder	09-002		7.00%		Alta	18-003		6.60%	
Panguitch	09-011		7.00%		Monticello	19-009		6.00%	
Tropic	09-015		7.00%		Park City	22-030		6.35%	
Moab	10-011		6.25%		Park City East	26-013		6.25%	
Brian Head	11-028		6.25%		Springdale	27-023		6.00%	
Kanab	13-004		6.75%						
Orderville	13-007		6.75%						

PART 2 TOTALS:

SCHEDULE PSD TOTALS
 (add totals from Part 1 and Part 2):

Total Net Taxable Sales and Purchases

Verify this amount matches line E on form TC-61 Schedule PS and line 7 on form TC-61

Total Sales and Use Tax

Enter this amount on form TC-61, line 8b.

Instructions for the TC-61 Return and Schedules

Forms TC-61, TC-61 Schedule PS (Point of Sale) and TC-61 Schedule PSD (Point of Sale Detail) replace forms TC-71, TC-71M, TC-71R, TC-71S, TC-71V, and TC-71 Schedules A, B/D and C for filing periods beginning on or after July 1, 2004.

Forms in the TC-61 series should not be used for sales tax periods prior to July 2004. The appropriate TC-71 forms and schedules should be used for late-filed returns and/or amended returns for periods prior to July 2004. Also, annual filers will receive the TC-71 forms for the January–December 2004 filing period. Forms can be found online at tax.utah.gov/forms.

All sales tax filers (with the exception of annual filers for the 2004 filing period) will receive the TC-61, TC-61 Schedule PS, and TC-61 Schedule PSD regardless of filing frequency or number of outlets. Receiving these schedules is **not** necessarily an indication that a seller is required to file the schedules.

Filers with just a single fixed place of business in Utah who do not have sales exempt from resort tax should complete and return **only** the TC-61. All other sales tax filers must complete and return the TC-61, along with TC-61 Schedule PS and TC-61 Schedule PSD. **For more details on schedule filing requirements, see “Who Must File” in the section titled “Instructions for TC-61 Schedule PS and TC-61 Schedule PSD”.**

TC-61 Line Instructions

Line 1 Enter your total sales of all goods and services in Utah. Do not include sales tax collected as part of total sales on this line. See Utah Code §59-12-103 for a detailed description of total sales.

Line 2 Enter the total amount of exempt sales included in line 1. Do not show details of exempt sales on this form. You are, however, required to maintain a detailed record of all exempt sales claimed. See Utah Code §59-12-104, or Tax Commission Publication 25 for detailed information on exemptions.

Line 4 Enter the amount paid for items purchased tax free and used by you (e.g. office supplies, special office or shop equipment, or computer hardware and software that you are not reselling). Report the total taxable amount on this line.

Line 6 Enter any adjustments for sales or purchases reported in previous periods such as bad debts, returned goods, cash discounts allowed, or excess tax collected. All adjustments should be converted to a taxable amount and entered here. Attach a schedule explaining each adjustment. See Administrative Rule R865-19S-20.

Line 7 Enter the net taxable sales and purchases, as calculated. **This amount must equal TC-61 Schedule PS line E, and TC-61 Schedule PSD Total Net Taxable Sales and Purchases**, if these schedules are required.

Line 8 Enter total tax on **either 8a or 8b—NOT both**. It is very important you use the correct line.

Line 8a Report total tax on this line if you are not required to file TC-61 Schedule PS or TC-61 Schedule PSD, as explained above, and do not meet the criteria outlined in the next section, “Instructions for TC-61 Schedule PS and TC-61 Schedule PSD, Who Must File.”

Calculate total tax due by multiplying the amount on line 7 by the tax rate for your single fixed place of business. Please enter your location's tax rate in the space provided on this line. Find the appropriate tax rate for your business location online at tax.utah.gov/sales/rates.html, or check the rate for your location on Schedule PSD. Verify your location's tax rate prior to the beginning of each quarter.

Line 8b If you are not eligible to use line 8a, you must enter the total tax due as calculated on TC-61 Schedule PSD.

Line 9 Determine any credit to which you are entitled for sales of electricity, heat, gas, coal, fuel oil, and other fuels sold for residential use by multiplying the amount of these sales included on line 7 by .0275. Only retailers making sales of fuel for residential use may claim this credit.

Line 11 **Monthly filers:** Compute the seller discount by multiplying total state and local taxes due on line 10 by 1.31% (.0131). Only sellers that collect and remit sales taxes on a **monthly** basis qualify for the seller discount. The Tax Commission must authorize a monthly filing status. If you collect and remit sales taxes on a quarterly or annual basis, you are not eligible for seller discount.

Line 13 This line is to be used ONLY by manufacturing companies in Utah (Standard Industrial Classification (SIC) Codes 2000 through 3999, or scrap recyclers) and semiconductor manufacturers that purchase fabricating or processing materials. The amount to be shown is the total amount of qualifying exempt purchases and leases of machinery and equipment, normal operating replacements, and semi-conductor fabricating or processing materials.

Sellers or purchasers failing to report the amount requested on line 13 shall be penalized the lesser of \$1,000 or 10 percent of the sales and use tax that would have been imposed if the exemption had not applied.

Instructions for TC-61 Schedule PS and TC-61 Schedule PSD

Who Must File

Complete **both** of these schedules if you:

- have more than one fixed place of business in Utah.
- have non-fixed place(s) of business in Utah and sell tangible personal property that you deliver yourself to customers in Utah.
- sell goods or services shipped directly to Utah consumers from out-of-state.
- have sales that are exempt from resort tax.
- are a utility or telecommunications company.
- are a vending machine operator.
- are a leasing company.
- are a construction contractor or entity that stores, uses or consumes tangible personal property at various places in Utah other than a fixed place of business.
- are a multi-level marketing company with a signed agreement.

Important Notes:

1. The net taxable sales and purchases amounts entered in column 3 of the TC-61 Schedule PS for each outlet and the TC-61 Schedule PSD for each jurisdiction should be computed as follows: Total sales minus exemptions, plus goods purchased tax free and used by you, plus or minus adjustments.
2. On the TC-61, the amounts entered on line 2 (exempt sales) should be the total of the individual exempt amounts included in the calculations of net taxable sales and purchases in column 3 of the TC-61 Schedule PS and TC-61 Schedule PSD. The same applies to line 4 (goods purchased tax free and used by you) and line 6 (adjustments).
3. Make sure you enter your business name and account number in the header section on both sides of Schedule PSD.

TC-61 Schedule PS Column Instructions

Section A: Sales and purchases from fixed places of business in Utah

Column 1 Column 1 is preprinted with your fixed place(s) of business or delivery outlets as listed in the Tax Commission's files. Report immediately any changes in this information. If you have additional or new locations in Utah, list them here. Please be sure to include complete address information.

Column 2 Column 2 is preprinted with the Tax Commission's designated outlet code and corresponding county/city code and requires no entry by you.

Column 3 Report **net taxable sales and purchases** for each location listed. If you added any new locations in column 1, report amounts here. Total all net taxable sales and purchases and enter amount on line A.

Section B: Sales in Utah from a non-fixed business location and/or delivered from out-of-state inventory by companies with Utah nexus. (See Pub 37 for information on nexus.)

Column 1 Column 1 is preprinted with county name and requires no entry by you.

Column 2 Column 2 is preprinted with the county/city code and requires no entry by you.

Column 3 Report **net taxable sales and purchases** made in each county from non-fixed places of business and/or delivered from out-of-state inventory if you are a company with nexus in Utah.

Line C
Column 3 Report net sales into Utah delivered from out-of-state, if you are a non-nexus company.

Line D
Column 3 This line will not be used until July 2005.

Line E
Column 3 Add the total from Section A, all amounts in Section B, and the amount on Line C. Enter the total here. Verify that this amount equals the total net taxable sales and purchases reported on TC-61 line 7 and the total on TC-61 Schedule PSD.

TC-61 Schedule PSD Column Instructions

Important Changes

Until point of delivery sourcing is implemented in July 2005, Schedule PSD will only be used to calculate tax for the net taxable sales and purchases listed in the various sections of TC-61 Schedule PS. Until July 2005, this reporting will be based on point of sale. Amounts on Schedule PS should be reported on Schedule PSD according to the following guidelines:

Schedule PS, Section A: Sales from fixed locations should be reported on the corresponding jurisdiction line(s) of Schedule PSD. If you have multiple outlets within a given county/city code, the total sales from all applicable outlets are combined into that one jurisdiction on Schedule PSD.

Schedule PS, Section B: Sales in Utah from a non-fixed business location and/or delivered from out-of-state inventory by nexus companies are collapsed to the county level on Schedule PS. On Schedule PSD, these sales should be reported to the county/city jurisdiction where the goods were received, or in the case of vending sales, where the sales of the goods were made. If the specific county/city code is not listed, report these sales to the county jurisdiction.

Schedule PS, Line C: Sales to Utah delivered from non-nexus companies should be reported in the jurisdiction labeled "Non-Nexus Companies" in Part 1 on the second page of Schedule PSD. Tax on these sales is calculated at the lowest common rate, which is 5.75%.

Please note that individual jurisdictions on Schedule PSD may contain amounts from one or more of the sections or lines on Schedule PS. For example; \$1,000 in sales from a fixed outlet in Salt Lake City (Section A) and \$500 in sales shipped from out-of-state into Salt Lake County (Section B), would appear as \$1,500 on the Salt Lake County (18-000) line of Schedule PSD.

Schedule PSD, Part 1: All sales except those in Part 2

Part 1 is for all sales and purchases except those exempt from resort tax, which are reported in Part 2 (see Part 2 for list of resort tax-exempt items). Sales should be reported in either Part 1 or Part 2, but **not** both.

Column 1 Column 1 is preprinted with taxing jurisdictions and requires no entry by you. All cities and towns not listed beneath a county have adopted the same taxes and charge the same sales tax rate as the county (example: Salt Lake City is not listed below Salt Lake County because the tax rate is the same.) **If the city is not shown, enter total sales on the line for the COUNTY in which the city is located.**

Column 2 Column 2 is preprinted with the county/city code and requires no entry by you.

Column 3 Enter in column 3 the net amount subject to sales and use tax for each jurisdiction shown in column 1. Add amounts in column 3 and enter in the Part 1 Totals box.

Column 4 The figure preprinted in column 4 is the combined tax rate applicable to the jurisdiction shown in column 1 and requires no entry by you.

Column 5 Enter the tax due in column 5. Calculate the tax by multiplying each amount in column 3 by the tax rate printed in column 4. Add all of the amounts in column 5 and enter in the Part 1 Totals box.

Schedule PSD, Part 2: Sales Exempt from Resort Tax

Sales of motor vehicles, aircraft, watercraft, manufactured homes, modular homes, and mobile homes are exempt from resort tax. Sales of these items made in resort communities should be reported in this part of the TC-61 Schedule PSD, since the combined tax rate in column 4 of this section does not contain the resort tax rate. Column instructions for this section are the same as indicated above in Part 1.

Add the amounts in columns 3 and 5 and enter in the Part 2 Totals boxes. Add the totals for column 3 and for column 5 from Part 1 and Part 2 and enter into the TC-61 Schedule PSD Totals boxes. Carry the Total Sales and Use Tax amount to line 8b on form TC-61. Also, verify that the Total Net Taxable Sales and Purchases amount equals the amount reported on TC-61 line 7 and line E on the TC-61 Schedule PS.

General Instructions

To amend a previously filed return, check the "Amended Return" box on the TC-61 and enter the period being amended in the "Tax Period" box. Amended returns should be filed with corrected amounts, not net amounts. Calculate any refund or balance due by subtracting the original payment from the corrected tax due. Submit payment of the balance due, or attach a letter requesting a refund of the overpayment. Failure to pay all additional tax and interest with the amended return will result in late payment penalty charges.

Note: Amended returns for periods beginning prior to July 2004 should be filed using the TC-71 series of returns. For periods beginning on or after July 1, 2004, you must use the TC-61 return.

If you are filing electronically or using substitute forms and no longer wish to receive paper returns, please check the "Stop Receiving Paper Forms" box. Checking this box does not relieve you of the obligation to file and pay sales and use tax.

Substitute forms must meet all specifications and be approved by the Tax Commission prior to use. Refer to Publication 99, Guidelines for Using Substitute and Copied Tax Forms.

Contact the Tax Commission if address information is incorrect or if ownership changes. If your business was discontinued, a new business started or if there was a change of ownership, attach a statement of explanation giving the specific dates and details of the changes.

If you need additional information or access to online services, forms or publications, visit the Tax Commission's home page at tax.utah.gov. You may also write to or visit the Utah State Tax Commission at 210 North 1950 West, Salt Lake City UT 84134-0400, or telephone (801) 297-2200 or 1-800-662-4335 if outside the Salt Lake City area. Questions can be e-mailed to taxmaster@utah.gov.

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or TDD (801) 297-2020. Please allow three working days for a response.

Sales and use taxes collected by a seller shall be held in trust for the benefit of the state and for payment to the Tax Commission in the manner and at the time provided for in Utah Code §59-12.

Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134

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