



Date: October 28, 2020

Subject: Sales Tax guide for Utah Charter Schools

Background

There has been some uncertainty on how Utah charter schools should handle sales tax within their school. As a result, the Utah State Charter School Board (SCSB) staff researched this topic to provide clarity. This guidance is intended as a resource only. Information listed here may change without notice and there could be additional requirements that are not included in this guidance. Utah charter school leaders are encouraged to familiarize themselves with the associated Publications 25 and 35.

Conclusion

[Publication 25 \(Sales and Use Tax General Information\)](#) includes the definitions and the basic tax information related to Utah tax laws and Tax Commission rules while [Publication 35 \(Sales Tax Information For Public and Private Elementary and Secondary Schools\)](#) is the most forthright and simple resource guide aimed at explaining the general applicability of sales tax to public schools, which includes charter schools.

Publication 35 notes that Utah law provides for a sales tax exemption on sales or rentals to a charter school; however, charter schools should collect tax on its taxable sales or rentals of tangible personal property to students and the public. It provides a detailed list of transactions that are subject to sales tax and those that are not subject to sales tax.

It further notes that, sellers required to collect sales tax must have a sales tax license issued by the Utah Tax Commission. Each charter school engaging in taxable sales may obtain its own Sales Tax License which can be applied for online at tap.utah.gov (Tax Commission only), or osbr.utah.gov (multiple Utah agencies), or by submitting form TC-69, Utah State Business and Tax Registration (Tax Commission only). In addition, every sales tax license holder is responsible for filing timely returns with the Utah Tax Commission, even if sales tax was not collected for a given period.

In addition, being exempt from federal income tax under Internal Revenue Code Section 501(c)(3) status does not mean that a given charter school is also exempt from collecting sales tax on taxable transactions. Some items sold by charter schools are taxable and it is recommended that charter schools collect appropriate sales tax from students and the public.



As such, it is recommended that charter schools refer to Publication 25 and Publication 35 to understand the applicability and collect tax on its taxable sales or rentals of tangible personal property accordingly, from students and the public.

Charter schools should have a sales tax exemption certificate for purchasing. To get this exemption, complete [form TC-721G](#) and have it on file for your records. Purchases of construction materials by charter schools are exempt from sales tax if the construction materials are clearly identified and installed or converted to real property owned by the charter school.

Resources

Publication 25: [Sales and Use Tax General Information](#)

Publication 35: [Sales Tax Information for Public and Private Elementary and Secondary Schools](#)