

STATE TAX COMMISSION OF UTAH
SALES AND USE TAX BULLETIN

rec'd. 5 May 1973
April 20, 1973

The 1973 Utah State Legislature passed several bills affecting the sales and use tax laws. A summary of these changes follows:

1. Senate Bill No. 39 provides that all sales of food, beverage and dairy products sold through vending machines are exempt from sales tax if the proceeds of each sale do not exceed 15 cents. Food, beverage and dairy products include candy, gum, nuts, milk, ice cream, soft drinks, fresh fruit, coffee and similar items. The term vending machine is limited to self service coin operated machines through which these items are sold. This amendment to the law becomes effective May 8, 1973.
2. Senate Bill No. 67 provides that any transfer of a motor vehicle in a business reorganization where the ownership of the transferee organization is substantially the same as to the ownership of the transferor organization, is exempt from sales tax. This exemption would apply to motor vehicle transfers such as when an individual proprietor incorporates or when a corporation reverts to a partnership and the ownership interest remains substantially the same as before the change. This amendment to the law becomes effective May 8, 1973.
3. Senate Bill No. 153 provides for a sales and use tax exemption on all materials, equipment and services purchased or leased for construction or installation in a pollution control facility. "Pollution control facilities" as defined in the law include any land, structure, building, installation, excavation, machinery, equipment, device, etc. if a substantial purpose of the construction or installation is to prevent, control or reduce air or water pollution. The definition specifically excludes air conditioners, septic tanks and certain sewage facilities, so these items will continue to be subject to sales and use taxes. Exemption under this bill will depend on certification of the pollution control facilities by either the "air conservation committee" or the "committee on water pollution." Therefore, the procedure to follow will be to pay the sales and use tax and retain invoices until the project is completed and approved, at which time a refund claim may be filed with the tax commission. If the owner contracts with a second party to perform the work, the owner will have to get a statement from the contractor certifying the amount of Utah sales and use taxes paid. The owner will then be entitled to a refund of the sales and use tax upon approval by the committee. Purchases after January 1, 1973 and prior to January 31, 1980 are subject to exemption.
4. House Bill No. 204 provides for an additional penalty of 25% of the amount of tax due if a person not holding a sales tax license or use tax registration certificate purchases tangible personal property for his own use, storage or consumption in Utah and fails to pay the use tax to the tax commission within the time period prescribed by law. This would be a particularly significant penalty when applied to purchases of items such as airplanes, boats, farm machinery, snowmobiles and construction equipment. This amendment becomes effective May 8, 1973.

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