Stored procedures should be utilized when you need to implement complex business rules and transactional logic in your code.  Stored procedures are also the most efficient method of executing DML statements to the data set other than the one that is being returned from the routine.

User-defined functions can be considered as powerful alternatives to views and stored procedures or can be used similarly to system functions. The scalar user-defined function should be utilized when you need to perform the same operation on strings or numeric data repeatedly. The inline table valued function can be considered as alternatives to dynamic views; the advantage of inline user-defined functions is that they can accept parameters. The multi-statement table valued function can be considered as an alternative to stored procedures that affect only the data set local to the routine.

Remember that you cannot accomplish the following through user-defined functions:

1. Return multiple results from a single function
2. Use dynamically constructed SQL statements
3. Modify table schema

<https://www.toadworld.com/platforms/sql-server/w/wiki/10255.recommended-best-practices-reusable-coding-techniques>