

Informational Publication 2018(5)

Getting Started in Business

State of Connecticut

Department of Revenue Services

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1 Getting Started

Choose a Business Entity

An important step in starting a new business is to choose the type of business structure you will use. There are several types of business entities to choose from, including sole proprietorship, partnership, corporation, limited liability company, and limited partnership. Each has its own advantages and disadvantages, as well as tax consequences of which you should be aware.

The Department of Revenue Services (DRS) cannot advise you on choosing a business entity. You have to decide which of these entities best suits your business objectives and needs. You can get help in making this decision from a tax practitioner, such as an accountant, enrolled agent, or attorney. A tax practitioner can also provide information about how to establish the business structure you choose.

Business Income Tax Filing Requirements

Depending upon the business structure you choose, you will need to file certain tax forms to report your business income.

Depending on the business structure you choose, you will need to file certain tax forms to report your business income. We explain the Connecticut income tax requirements that apply to each business structure below. For federal tax information and filing requirements, contact the Internal Revenue Service (IRS).

A. Sole Proprietorship

A sole proprietorship is owned and operated by one individual (the sole proprietor). A sole proprietor reports income earned by the sole proprietorship on their individual income tax return. Because sole proprietors are not employees of their businesses and income taxes are not withheld from their income, estimated income tax payments may be required.

Use the following forms to report income from a sole proprietorship:

Form CT-1040, *Connecticut Resident Income Tax Return*, or **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*

Income tax returns are due on or before April 15. Connecticut residents report their income on Form CT-1040. Nonresidents and part-year residents use Form CT-1040NR/PY.

Form CT-1040ES, *Estimated Connecticut Income Tax Payment Coupon for Individuals*

If you expect to owe \$1,000 or more in Connecticut income tax for the year, after taking into account any Connecticut income tax withheld from earnings at another job or from a pension, you should make estimated payments. In general, four equal installments are due April 15, June 15, and September 15 of the current year, and January 15 of the following year. This requirement applies to residents and nonresidents who have income derived from or connected with Connecticut sources.

Income derived from or connected with Connecticut sources includes income from a business, trade, profession, or occupation carried on in Connecticut; income from any interest in real estate or personal property located in Connecticut; income from intangible personal property to the extent it is used in a business, trade, profession, or occupation carried on in Connecticut; and any gain or loss from the sale or disposition of an interest in an entity that owns property in Connecticut.

If your income varies throughout the year, you may benefit from using the annualized income installment method. If you use this method, the size of the installments may vary depending upon the amount of income earned during each quarter. See **Informational Publication 2018(16)**, *Estimated Connecticut Income Taxes*. If you need information about the annualized income installment method, see **Informational Publication 2018(11)**, *A Guide to Calculating Your Annualized Estimated Income Tax Installments and Worksheet CT-1040 AES*. Visit the DRS website at portal.ct.gov/DRS to obtain these publications.

Most Connecticut taxpayers may use the **Taxpayer Service Center (TSC)** to file Connecticut income tax returns electronically. You may file your Connecticut income tax return through the **TSC** if all of the following are true:

- You have either filed a Connecticut income tax return in the last three years or have never filed a Connecticut income tax return, but you have a valid Connecticut driver's license or Connecticut non-driver ID;
- Your filing status is the same as the last return DRS has on file;
- You are not filing **Form CT-1040 CRC**, *Claim of Right Credit*; and
- You have no more than ten Forms W-2 or 1099 that show Connecticut income tax withheld.

B. Partnership

A partnership is a relationship between two or more persons who join together to carry on a trade or business. The terms of the partnership are generally stated in a formal partnership agreement. If you are required to register as a partnership with the IRS for federal purposes, you are required to register as a partnership with DRS for Connecticut tax purposes.

Partnerships, including limited liability companies that are treated as partnerships for federal income tax purposes, but excluding publicly-traded partnerships, that do business in Connecticut or have income derived from or connected with Connecticut sources, are subject to a tax on their own income. A tax credit may be claimed by partners on their Connecticut income tax returns and corporation business tax returns. The credit is intended to ensure the pass-through entity's income is not taxed twice.

A partnership with income derived from or connected with Connecticut sources must file **Form CT-1065/CT-1120SI**, *Connecticut Pass-Through Entity Tax Return*, on or before the fifteenth day of the third month after the close of its taxable year.

Income derived from or connected with Connecticut sources includes income from a business, trade, profession, or occupation carried on in Connecticut; income from any interest in real estate or personal property located in Connecticut; and income from intangible personal property to the extent it is used in a business, trade, profession, or occupation carried on in Connecticut.

If spouses are in an unincorporated business together, the business may, depending on the circumstances, be treated either as a partnership or a sole proprietorship for federal income tax purposes.

Treatment as a partnership: If spouses carry on the unincorporated business together, with each spouse materially participating and sharing in the profits and losses, the spouses will most likely be treated as partners in a partnership for federal income tax purposes whether or not they have a formal partnership agreement. "If spouses carry on a business together and share in the profits and losses, they may be partners whether or not they have a formal partnership agreement. If so, they should report income or loss from the business on Form 1065. They should not report the income on Form 1040, Schedule C, in the name of one spouse as a sole proprietor." (IRS Publication 541, Partnerships). Similar instructions are in IRS Publication 334, Tax Guide for Small Business.

Treatment as a sole proprietorship: If one spouse is an employee of (and not the partner of) the other spouse, the unincorporated business will most likely be treated as a sole proprietorship for federal income tax purposes. "The wages for the services of an individual who works for his or her spouse in a trade or business are subject to income tax withholding and social security and Medicare taxes ..." (IRS Publication 15 (Circular E), Employer's Tax Guide).

The proper federal tax classification of an unincorporated business as either a partnership or a sole proprietorship dictates how the business should register for Connecticut tax purposes.

Some partnerships may also be subject to the business entity tax. Organizations subject to the business entity tax are required to file **Form OP-424**, *Business Entity Tax Return*. See *Business Entity Tax (Form OP-424)* on Page 32.

C. Corporation

A corporation is an entity created under state law with a legal existence separate and apart from its shareholders. If you intend to form a corporation or if your out-of-state corporation intends to transact business in Connecticut, you should also contact the Connecticut Office of the Secretary of the State (SOTS). See Chapter 9.

C Corporations: C corporations pay the corporation business tax for the privilege of conducting business in a corporate capacity in Connecticut. C corporations are corporations that have not made an election to be an S corporation for federal income tax purposes. S corporations are discussed on Page 6. If your corporation is a C corporation, use **Form REG-1**, *Business Taxes Registration Application*, to register for the corporation business tax. See *Register With DRS* on Page 7.

Corporations calculate their tax under two alternative methods, tax measured by net income or the minimum tax, and remit the higher tax.

The tax measured by net income: Federal net income is modified by certain additions and subtractions to compute Connecticut net income. Multistate corporations multiply their Connecticut net income by the appropriate apportionment fraction. The Connecticut net income or apportioned Connecticut net income for multistate corporations is taxed at 7.5%.

The minimum tax: The Connecticut minimum tax base is the average value of issued and outstanding capital stock, surplus, and undivided profits and surplus reserves reduced by the average value of any deficit carried on the balance sheet and holdings of stock of private (nongovernmental) corporations including treasury stock.

Multistate corporations multiply their Connecticut minimum tax base by an apportionment fraction based on the percentage of their intangible personal property and tangible personal property in the state. The Connecticut minimum tax base or apportioned Connecticut minimum tax base for multistate corporations is taxed at a rate of 3.1 mils (\$0.0031) per dollar. The minimum tax cannot be more than \$1,000,000 or less than \$250.

Every C corporation and every other entity taxed as a C corporation for federal income tax purposes must file a corporation business tax return with the DRS on or before the fifteenth day of the month following the due date of the company's corresponding federal income tax return for the income year (May 15 for calendar year taxpayers). In the case of any company that is not required to file a federal income tax return for the income year, the Connecticut corporation business tax return is due on or before the fifteenth day of the fifth month following the end of the income year.

A corporation whose estimated current year's tax exceeds \$1,000 must make estimated tax payments. The chart below shows the required estimated payments for all filers and the due dates for calendar year filers.

1st installment — March 15	30% of the required annual payment
2nd installment — June 15	40% of the required annual payment
3rd installment — September 15	10% of the required annual payment
4th installment — December 15	20% of the required annual payment

The required annual payment is 100% of the tax shown on the prior year's return without regard to any credit, or 90% of the tax shown on the current year's return, whichever is less. For more information regarding estimated business tax payments, see **Informational Publication 2018(9)**, *2018 Q & A on Estimated Corporation Business Tax and Worksheet CT-1120AE*.

Corporation business tax credits are available to new and existing businesses. See the *Connecticut Business Tax Credits* page on the DRS website. You may not use a tax credit to reduce a corporation's tax liability below \$250. In addition, credits generally cannot reduce your corporation's tax by more than 50.01%.

Corporate partners in pass-through entities (PEs) that are subject to the pass-through entity tax are entitled to a PE tax credit on the partner's corporation business tax return, provided the PE has paid such liability prior to the partner claiming the PE tax credit. The PE tax credit can reduce any remaining tax liability to zero and the excess can be carried forward.

S Corporations: Every domestic S corporation is subject to the business entity tax and must file **Form OP-424**, *Business Entity Tax Return*. A foreign S corporation is subject to the business entity tax and must file Form OP-424 if it is transacting business in Connecticut and is required to obtain a certificate of authority from the Connecticut SOTS. See Chapter 9 and *Business Entity Tax (Form OP-424)* on Page 32.

S corporations are not subject to the corporation business tax. For federal and Connecticut tax purposes, S corporations are treated as pass-through entities.

Pass-through entities with income derived from or connected with Connecticut sources must file Form CT-1065/CT-1120SI on or before the fifteenth day of the third month after the close of their taxable year. S corporations, including limited liability companies that are treated as S corporations for federal income tax purposes, are subject to a tax on their own income. A tax credit may be claimed by partners on their Connecticut income tax returns and corporation business tax returns. The credit is intended to ensure the pass-through entity's income is not taxed twice.

D. Limited Liability Company

A limited liability company (LLC), including a single member limited liability company (SMLLC), is another entity created under state law with a legal existence separate and apart from its members. If you intend to form an LLC or if your out-of-state LLC intends to transact business in Connecticut, you should contact the Connecticut SOTS. See Chapter 9.

The Connecticut tax treatment of an SMLLC and of an LLC with two or more members is the same as its federal tax treatment. Thus, if an SMLLC is disregarded as an entity separate from its owner for federal income tax purposes, it is disregarded for Connecticut income tax purposes and it is treated as a sole proprietorship, branch, or division of the owner. If an SMLLC or LLC is classified as a C corporation for federal income tax purposes, it is treated as a C corporation for Connecticut corporation business tax purposes. Similarly, if an LLC with two or more members is classified as a partnership for federal income tax purposes, it will be treated as a partnership for Connecticut income tax purposes.

LLCs treated as partnerships or S corporations for federal income tax purposes that have income derived from or connected with Connecticut sources must file Form CT-1065/CT-1120SI on or before the fifteenth day of the third month after the close of their taxable year. A pass-through entity is subject to tax on its own income. A tax credit may be claimed by partners on their Connecticut income tax returns and corporation business tax returns. The credit is intended to ensure the pass-through entity's income is not taxed twice. Sole proprietorships and SMLLCs that are disregarded for federal income tax purposes are not required to file Form CT-1065/CT-1120SI.

LLCs may also be subject to the business entity tax. Organizations subject to the business entity tax are required to file **Form OP-424**, *Business Entity Tax Return*. See *Business Entity Tax (Form OP-424)* on Page 32.

E. Limited Liability Partnership

A partnership may register in Connecticut as a limited liability partnership (LLP). A partner of an LLP is generally not liable for any debts or obligations of the partnership or another partner or partners. An LLP is treated like a general partnership for federal purposes, and an individual partner's share of partnership debts and obligations relating to the everyday operations of the organization is not limited.

Limited liability partnerships, excluding publicly-traded partnerships, that do business in Connecticut or have income derived from or connected with Connecticut sources are subject to a tax on their own income. A tax credit may be claimed by partners on their Connecticut income tax returns and corporation business tax returns. The credit is intended to ensure the pass-through entity's income is not taxed twice.

A limited liability partnership with income derived from or connected with Connecticut sources must file **Form CT-1065/CT-1120SI**, *Connecticut Pass-Through Entity Tax Return*, on or before the fifteenth day of the third month after the close of its taxable year.

LLPs may also be subject to the business entity tax. Organizations subject to the business entity tax are required to file **Form OP-424**, *Business Entity Tax Return*. See *Business Entity Tax (Form OP-424)* on Page 32.

Registering Your Business

In addition to registering with DRS, you may have other state or federal requirements when starting a new business. See Chapter 9, *Permits, Licenses, and Other Requirements*, of this publication.

Registration With DRS

Online Registration

You may register for most taxes online using the **TSC**. If you register online and there is a fee, you must make direct payment from your savings or checking account. Credit and debit card payments are not accepted for registration fees.

If you register for sales tax, room occupancy tax, or as an over-the-counter cigarette dealer (retailer), a temporary permit will be available to print immediately. Be sure to print a copy of the temporary permit for your records. Once you have the temporary permit, you may use it immediately.

After you complete the registration, you will receive a confirmation number that serves as an official acknowledgment that your application has been received by DRS and acts as your temporary tax registration number. You will receive your registration package with your permanent Connecticut Tax Registration Number in approximately three to five business days.

Use **Form REG-1**, *Business Taxes Registration Application*, to obtain a Connecticut Tax Registration Number or to register for additional tax types under your current Connecticut Tax Registration Number.

TSC Registration	Form REG-1 and Addendum Required
Admissions Tax Business Entity Tax Business Use Tax Cigarette Dealer License (over the counter sales only) Corporation Business Tax Dry Cleaning Establishment Surcharge Dues Tax Income Tax Withholding Rental Surcharge Room Occupancy Permit Sales and Use Tax Permit Tourism Surcharge	Alcoholic Beverage Tax Aviation Fuel Dealer Bottle Deposit Initiator Certified Competitive Video Service Provider Companies Tax Cigarette Distributor License Community Antenna Television System Companies Tax Diesel Fuel Distributor License Heating Oil Declaration Distributor Motor Vehicle Fuels Distributor Petroleum Products Gross Earnings Railroad Companies Tax Satellite Companies Tax Solid Waste Assessment Suppliers of Natural Gas Tax Paid Motor Vehicle Fuels Distributor License Tobacco Products Permit Utility Companies Tax

In addition to Form REG-1, you must complete and attach the appropriate addendum to Form REG-1 to register for the following taxes:

REG-1 Addendum A

- Cigarette Taxes
- Tobacco Products Tax

REG-1 Addendum B

- Admissions Tax
- Dry Cleaning Establishment Surcharge
- Dues Tax
- Rental Surcharge
- Tourism Surcharge

REG-1 Addendum C

- Heating Fuels Distributor
- Motor Vehicle Fuels Tax
- Petroleum Products Gross Earnings Tax

REG-1 Addendum D

- Alcoholic Beverages Tax

REG-1 Addendum E

- Ambulatory Surgical Center Provider
- Bottle Deposit Initiator
- Cable, Satellite, and Video Provider
- Certified Competitive Video Service Provider
- Community Antenna Television Company
- Electric Distribution Company
- Gas Company
- Hospital Provider
- Intermediate Care Facility Provider
- Nursing Home Provider
- Participating Municipal Electric Utility
- Railroad Companies
- Satellite Company
- Solid Waste Assessment
- Suppliers of Natural Gas
- Transportation Network Company

Mail-In Registration

You can also complete **Form REG-1**, *Business Taxes Registration Application*, and any applicable Addendum(s) and mail to:

Department of Revenue Services
PO Box 2937
Hartford, CT 06104-2937

If you owe a registration fee, you must include payment by check or money order with the application. You will receive your Connecticut Tax Registration Number in the mail in two to three weeks.

Walk-In Registration

You may file **Form REG-1** in person at any of the DRS offices:

- 10 Middle Street, Bridgeport, CT
- 450 Columbus Blvd, Hartford, CT (only THIS office accepts cash)
- 401 West Thames Street, Building #700, Norwich, CT
- 55 West Main Street, Suite 100, Waterbury, CT

If you file in person, you will be issued a Connecticut Tax Registration Number **immediately**. You must bring photo identification, such as a driver's license, and a check or money order if you owe a registration fee. The Hartford office is the only office that can accept cash payments. DRS does not accept credit or debit cards for registration fees. The application must be signed by the individual owner, partner, officer of the corporation, member of the limited liability company, or another person who has written power of attorney with the authority to sign.

If you apply in person, DRS also issues a temporary seller's permit **immediately**. Once you have a temporary seller's permit, you may begin making sales. DRS will mail you a permanent *Sales and Use Tax Permit*. Permits are valid for two years.

You must furnish a general description of your business activities on Form REG-1. If your business is a sole proprietorship, you must provide your Social Security Number (SSN) and your business' FEIN, if applicable. If it is a partnership, corporation, limited liability company, or limited liability partnership, you must provide the company's FEIN and the names, SSNs, and addresses of the partners, officers, or members. If there are more than four partners, officers, or members, attach a list of the remaining names, SSNs, and addresses to Form REG-1.

Changes to Your Registration

You must notify DRS if any of the following changes to your business occur:

- Change to the business name or address;
- Change in business owners, including adding or removing partners or changing corporate officers;
- Change to business structure (incorporating your business, forming a partnership, etc.);
- Addition of new tax liabilities or deletion of tax liabilities for which you are no longer liable; **or**
- Addition of new business locations or the sale or closure of one or more existing locations.

You can make a change to your mailing address, physical location address, or contact information using the *TSC* for any tax type for which you are registered. You can also close accounts with DRS on the *TSC*. Visit the DRS website at portal.ct.gov/TSC.

Purchasing an Existing Business

If you purchase an existing business, you should consult a practitioner or business advisor to be certain you take all the steps necessary to protect your interests. In certain cases, the tax liabilities of the former owner can become your liabilities if you do not take precautions. See *Successor Liability* below. You are also required to get your own Connecticut *Sales and Use Tax Permit*. You may not use the *Sales and Use Tax Permit* issued to the previous owner. See *Who Must Obtain A Sales and Use Tax Permit* on Page 10.

Successor Liability

If you purchase an existing business, you may be held personally liable for the former owner's liabilities for sales and use taxes, admissions and dues taxes, room occupancy taxes, cigarette taxes, tobacco products taxes, or Connecticut income tax withholding. To avoid this problem, notify DRS by letter of the impending purchase at least 90 days before the closing and request a *Tax Clearance Certificate for Sales and Use Taxes* or *Tax Clearance Certificate for Admissions and Dues Tax*. DRS issues clearances **only** to the purchaser, not to the seller.

For more information about the tax clearance certificates, see **Informational Publication 2018(10)**, *Successor Liability and Request for Tax Clearance*, or call the DRS Public Services Unit at **860-541-7544**.

2 Register to Make Sales in Connecticut

Who Must Obtain a Sales and Use Tax Permit

You must obtain a *Sales and Use Tax Permit* from the Department of Revenue Services (DRS) if you intend to engage in any of the following activities in Connecticut:

- Sale, rental, or lease of goods;
- Sale of a taxable service; **or**
- Operating a hotel, motel, lodging house, or bed and breakfast establishment.

You must obtain a Sales and Use Tax Permit before making any sales.

You must obtain a *Sales and Use Tax Permit* **before** making any sales. If you purchase an existing business, you may **not** use the *Sales and Use Tax Permit* issued to the previous owner; you **must** obtain a new *Sales and Use Tax Permit*. If you will have more than a single place of business, you **must** obtain and display a *Sales and Use Tax Permit* for **each** location.

The requirement to obtain a permit applies to individuals, corporations, partnerships, and all other business entities that will make sales in this state, regardless of the number of sales made or the amount of tax collected. These rules do not apply to *casual sales* or *isolated sales*, which are infrequent sales of a nonrecurring nature made by a person not engaged in the business of selling tangible personal property or taxable services. Manufacturers and wholesalers, as well as retailers, must obtain a permit.

All building contractors, including subcontractors, must obtain a *Sales and Use Tax Permit* from DRS prior to providing any services, even if the services provided are not taxable or if the contract is with a tax-exempt entity. For more information about contractors, see **Informational Publication 2018(2)**, *Building Contractors' Guide to Sales and Use Taxes*.

You must obtain a permit if you will be selling at a flea market, craft show, antique show, fair, etc. in Connecticut even if you will only be making sales for one day. The permit must be displayed prominently at your booth or table.

As a seller, you are responsible for collecting sales and use tax and you are liable for its payment whether or not you collect it as required from your customers. You must file returns and pay the full amount of tax due to DRS.

Marketplace facilitators and marketplace sellers may be required to obtain a *Sales and Use Tax Permit*. See **OCG-8**, *Office of the Commissioner Guidance Regarding Marketplace Facilitators and Marketplace Sellers*.

Remote Sellers

Some out-of-state sellers must register with DRS and obtain a Connecticut *Sales and Use Tax Permit*, including the following:

- Sellers making retail sales from out-of-state to an in-state destination that engage in regular or systematic solicitation of sales of tangible personal property in Connecticut by outdoor advertisements such as billboards,
- The distribution of catalogs, periodicals, advertising flyers, or advertising by print, radio or television, **or**
- Mail, telegraphy, telephone, computer database, cable, optic, microwave, Internet, or other communication system.

These sellers must register as retailers if the above activities are performed for the purpose of making retail sales of tangible personal property, and during the 12-month period ending on the September 30th immediately preceding the monthly or quarterly period for which liability for tax is determined makes:

- 200 or more retail sales into Connecticut and has at least \$250,000 in gross receipts from sales into Connecticut.

Out-of-state sellers that repair or service goods sold by them into Connecticut, whether directly or through an agent, independent contractor, or subsidiary, must also register with DRS and obtain a Connecticut *Sales and Use Tax Permit*.

How to Obtain a Sales and Use Tax Permit

To register for sales and use taxes, use **Form REG-1**, *Business Taxes Registration Application*. Form REG-1 is also used to register for most other state taxes administered by DRS.

Applicants pay a \$100 fee with the application (plus an additional \$50 fee for a retail cigarette dealer's license if you will be selling cigarettes) to register for a *Sales and Use Tax Permit*. No additional fee is charged to register for room occupancy tax if you are registered or are registering for sales and use taxes.

You **cannot** assign or transfer your permit. If you close or discontinue business, you **must** file a final sales and use tax return and return the permit for that location to the DRS Operations Division. If you are purchasing a business, see *Successor Liability* on Page 9.

Penalties for Failing to Obtain a Sales and Use Tax Permit

DRS will impose penalties for failure to obtain or renew a seller's permit while continuing to conduct sales. A penalty of \$250 applies for the first day you engage in business without a seller's permit, and a penalty of \$100 applies for each following day that you engage in business without a seller's permit. The penalty may be waived if you prove that the failure to obtain or renew the seller's permit was due to reasonable cause and was not intentional or due to neglect.

Renewal

Your *Sales and Use Tax Permit* expires every two years but will be automatically renewed and mailed to you, provided your business has no outstanding liabilities or outstanding unfiled returns. If your permit is lost or destroyed, you may request a replacement by writing to:

Department of Revenue Services
Operations Division
PO Box 2937
Hartford CT 06104-2937

Be sure to include your Connecticut Tax Registration Number in all correspondence with DRS. There is no charge for renewal or replacement of your *Sales and Use Tax Permit*.

If DRS determines that taxes are owed to the State of Connecticut and that all administrative or judicial remedies are exhausted or have lapsed, DRS will not issue or renew a license or seller's permit until you pay the taxes or make an arrangement with DRS to pay the taxes. This rule also applies to licenses for cigarette dealer's, distributor's, or manufacturer's, tobacco products distributor's and unclassified importer's licenses.

Multilevel Marketing Agreement

A business that sells tangible personal property at wholesale prices to independent sales representatives ("distributors") who resell the merchandise at retail or wholesale may make a request to enter into a Multilevel Marketing Agreement with DRS. This Agreement authorizes the business to collect Connecticut sales and use taxes from the distributors and report the tax to DRS. Under this Agreement, the distributors are authorized to collect sales tax from their customers in Connecticut on the distributors' sales of the merchandise. The Connecticut sales tax is based on the suggested retail price or actual retail price (if known) for the goods sold to the distributor's Connecticut customers. Distributors that only sell the multilevel marketer's products are not required to register for a *Sales and Use Tax Permit*.

Send a request to enter a Multilevel Marketing Agreement to:

Department of Revenue Services
Legal Division
450 Columbus Blvd
Hartford, CT 06103

You may instead email such a request to **legal.division@po.state.ct.us**

Requests to enter a Multilevel Marketing Agreement must include the business' name, its d/b/a name (if any), a contact person and address for any notices under the agreement to be sent to, the name and title of the person who will sign the Agreement on behalf of the business, and a starting date for the Agreement.

3 Sales Subject to Tax

Sales Tax, Use Tax, and Room Occupancy Tax

Sales Tax

The sales tax rate of 6.35% applies to the retail sale, lease, or rental of most goods and taxable services. However, see *Special Sales Tax Rates Apply to Certain Sales* on Page 13. There are no additional sales taxes imposed by local jurisdictions in Connecticut.

If you sell goods or taxable services in Connecticut, you are required by law to charge and collect the Connecticut sales tax.

If you sell goods or taxable services in Connecticut, the law requires you to charge and collect Connecticut sales tax. You must also file timely returns and pay the sales tax to the Department of Revenue Services (DRS) whether or not you collected the tax as required from your customers. If no tax is due or no business activity was conducted for a particular period, you must still file a sales and use tax return for that period.

Use Tax

Use tax is due when you make taxable purchases but do not pay Connecticut sales tax. Any individual or business purchasing taxable goods or services for use in Connecticut without paying Connecticut sales tax **must** pay use tax. If you paid no tax because the purchase was made from an out-of-state Internet or mail order company that did not collect tax, the use tax due is equal to the Connecticut sales tax due on the sale as if it occurred in Connecticut. If another state's tax was properly paid on purchases made in that state, the use tax due is limited to the amount, if any, by which the Connecticut tax exceeds the tax already paid. Goods or services that are not subject to Connecticut sales tax are not subject to use tax.

Example: You purchased a \$1,000 computer in another state, took title to the computer in that state, and paid \$50 in sales tax to that state. If you bought the computer for use in Connecticut, you owe Connecticut use tax. The Connecticut tax of \$63.50 reduces to \$13.50 after allowing a \$50 credit for sales tax paid to the other state. If no tax was paid to the other state, the Connecticut use tax due is \$63.50.

Use tax applies to any purchases of taxable goods and services made by a business except those purchases made for resale. The tax applies to the purchase or lease of assets such as furniture, equipment, machines, instruments, and computers and to the purchase of consumable goods such as office supplies, paper, stationery items, certain publications, prewritten software, and books. Use tax also applies to purchases of promotional items, items given away to customers free of charge, as well as to taxable services used by the business such as vehicle repair, landscaping, janitorial, or snow removal services. Use tax does not apply to items held for resale that retailers remove from inventory and donate to the United States or its agencies; the State of Connecticut, its political subdivisions or their agencies; or any Internal Revenue Code (IRC) § 501(c)(3) organization.

If you have a sales tax permit, you must report business purchases on which Connecticut sales tax has not been paid on your **Form OS-114, Connecticut Sales and Use Tax Return**, for the reporting period in which you made the taxable purchase.

If you do not have a sales tax permit, you must report taxable business purchases on which sales tax was not paid on **Form OS-114BUT, Connecticut Business Use Tax Return**, for the reporting period in which you made the taxable purchase.

If you made purchases as an individual and not in connection with a business, you must report taxable purchases made in the preceding year on which sales tax was not paid on your Connecticut income tax return or on **Form OP-186, Connecticut Individual Use Tax Return**. See **Informational Publication 2016(19), Q & A on the Connecticut Individual Use Tax**.

Room Occupancy Tax

The **room occupancy tax** applies to the charges for the occupancy of a room or rooms in a hotel, motel, lodging house, or bed and breakfast establishment for 30 consecutive calendar days or less. Beginning on the 31st consecutive day of occupancy by the same person, the tax no longer applies.

There are two rates of tax for room occupancy:

- 15% for hotels, motels and lodging houses; **and**
- 11% for bed and breakfast establishments.

The rental of a room that does not have sleeping facilities for a business meeting, conference, or seminar is not taxable provided meals are not served in the meeting room. If meals are served in the meeting room, the total charges for the meeting room and the meals are

subject to 6.35% sales and use taxes. See **Policy Statement 2017(2)**, *Room Occupancy Tax and Sales Tax on Campground Rentals*, **Policy Statement 2017(3)**, *Room Occupancy Tax on Short-Term Home Rentals*, and **Policy Statement 2017(7)**, *Room Occupancy Tax and Sales and Use Taxes for Hotels, Motels, and Bed & Breakfasts*.

Special Sales Tax Rates Apply to Certain Sales

- A rate of 1% applies to the sale of computer and data processing services. This includes digital downloads and streaming services.
- A rate of 2.99% applies to the sale of vessels, motors for vessels and trailers used for transporting a vessel. See **Special Notice 2018(5.1)**, *Legislative Changes Affecting Motor Vehicle Fuels Tax, Sales and Use Taxes, and Rental Surcharge*.
- A rate of 4.5% applies to the sale of a motor vehicle to a nonresident member, or a member and his or her spouse jointly, of the armed forces of the United States stationed on full-time active duty in Connecticut. The nonresident member of the armed forces must complete **CERT-135**, *Reduced Sales and Use Tax Rate for Motor Vehicles Purchased by Nonresident Military Personnel and Their Spouses*, and provide it to the Connecticut retailer. See **Policy Statement 2001(4)**, *Sales of Motor Vehicles to Nonresident Military Personnel and Joint Sales of Motor Vehicles to Nonresident Military Personnel and Their Spouses*.
- A rate of 7.75% applies to the following:
 1. Most motor vehicles with a sales price of more than \$50,000. See **Special Notice 2011(10)**, *2011 Legislative Changes Affecting Motor Vehicles*, for additional guidance;
 2. Items of jewelry, whether real or imitation, with a sales price of more than \$5,000; and
 3. Articles of clothing or footwear intended to be worn on or about the human body, or a handbag, luggage, umbrella, wallet or watch, with a sales price of more than \$1,000.
- A rate of 9.35% applies to the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less.
- A 50% reduction of the gross receipts or sales price is available as a partial exemption for qualifying manufacturers, fabricators, processors, and qualifying independent contractors on purchases of machinery, equipment, materials, tools, fuels, repair, replacement, component, and enhancement parts. See **Informational Publication 2009(13)**, *Sales and Use Taxes Guide for Manufacturers, Fabricators, and Processors*.

Taxability of Sales of Goods

Connecticut sales or use tax applies to any transaction where title to the goods being sold transfers from the seller to the buyer in Connecticut. Connecticut use tax applies to any transaction where title to the goods transfers outside Connecticut, but the goods are intended to be used in and are brought into Connecticut.

A sale made by a Connecticut seller is **not** subject to Connecticut sales tax if the purchaser:

- Does not come to a Connecticut location but instead contacts the Connecticut seller by Internet, telephone or mail to place the order and the item is delivered to an out-of-state address using a vehicle owned or rented by the Connecticut seller or by common carrier such as Federal Express, the U.S. Postal Service, or another shipping service; **or**
- Comes to a Connecticut location, purchases the item, but does not take title to the item in Connecticut, instead arranging with the Connecticut seller to ship the item using a vehicle owned or rented by the Connecticut seller or by common carrier to its out-of-state address.

A sale made by a Connecticut seller is subject to Connecticut sales tax if the purchaser comes to a Connecticut location and **takes actual title or possession** of the item in Connecticut. This is the case even if the purchaser then takes the item in his own vehicle to an out-of-state location or arranges to have the item picked up from the Connecticut seller and delivered to an out-of-state location by common carrier.

If the Connecticut seller delivers the item to a location in another state in a vehicle owned or rented by the seller, the Connecticut seller may be required to also obtain a seller's permit from that state and collect the tax. Contact that state for more information.

Buy Connecticut Provision

Businesses may apply to DRS for a refund of sales and use taxes paid on tangible personal property purchased from a Connecticut retailer when those goods will be:

- Shipped outside of Connecticut by common or contract carrier within three years of the date of purchase for exclusive use outside of Connecticut; **or**
- Incorporated into other property to be shipped outside of Connecticut for exclusive use outside of Connecticut within three years of the date of purchase.

This is the Buy Connecticut provision. You may claim the refund using **Form AU-526**, *Sales and Use Tax Refund Application for Purchases Made Under the "Buy Connecticut" Provision*, by April 1 of the calendar year after the year when the purchase was made.

This provision also allows the Commissioner of Revenue Services to issue permits that enable qualified purchasers to purchase the property without payment of the taxes otherwise imposed by the Sales and Use Taxes Act. The holder of a *Buy Connecticut Provision Exemption Permit* makes these purchases using **CERT-132, Sales and Use Tax Exemption for Purchases Made Under the Buy Connecticut Provision**. See **Special Notice 2001(5), The “Buy Connecticut” Provision**.

Sales of Taxable Services

Services subject to sales and use tax are specifically enumerated as taxable by statute and include:

- Advertising or public relations services not related to the development of media advertising or cooperative direct mail advertising;
- Business analysis, management, management consulting, and public relations services, excluding any environmental consulting services or services rendered in connection with aircraft leased or owned by a certificated air carrier or in connection with an aircraft with a maximum certificated take-off weight of 6,000 pounds or more. See Conn. Agencies Regs. § 12-407(2)(i)(J)-1;
- Cable and satellite television services;
- Car wash services;
- Computer and data processing services including but not limited to charges for online access to computer services, access to digital content, and services to create, develop, host or maintain all or part of a website. Charges for Internet access services are not taxable. See *Special Sales Tax Rates Apply to Certain Sales* on Page 13, **Policy Statement 2004(2), Sales and Use Taxes on Internet Access Services and On-Line Sales of Goods and Services**, and **Policy Statement 2006(8), Sales and Use Taxes on Computer-Related Services and Sales of Tangible Personal Property**;
- Certain contractor services to real property. See **Informational Publication 2018(2), Building Contractors’ Guide to Sales and Use Taxes**;
- Services in connection with cosmetic medical procedures. See **Special Notice 2011(9), 2011 Legislative Changes Affecting Sales and Use Tax**;
- Credit information and reporting services;
- Employment agencies and agencies providing personnel services. See **Policy Statement 2007(7), Taxation of Services by Employment Agencies and Agencies Providing Personnel Services**;
- Exterminating services;
- Flight instruction and chartering by a certificated air carrier. See **Policy Statement 94(8.1), Aircraft Chartering and Flight Instruction Services**;
- Furniture reupholstering and repair services;
- Health and athletic club services. Yoga instruction provided at a yoga studio is included in taxable health and athletic club services. See **Special Notice 2007(1), Sales and Use Taxes on Health and Athletic Club Services**, and **Special Notice 2011(9), 2011 Legislative Changes Affecting Sales and Use Tax**;
- Intrastate transportation services. See **Special Notice 2011(9), 2011 Legislative Changes Affecting Sales and Use Tax**;
- Janitorial services including the cleaning of homes, offices, and commercial property. See **Informational Publication 2018(2), Building Contractors’ Guide to Sales and Use Taxes**;
- Landscaping and horticulture services;
- Lobbying or consulting services for the purpose of representing a client’s interests in relation to any Connecticut state or local governmental bodies;
- Locksmith services;
- Maintenance services to real property. See **Informational Publication 2018(2), Building Contractors’ Guide to Sales and Use Taxes**;
- Manicure and pedicure services including airbrushing, fills, full sets, nail sculpting, paraffin treatments and polishes;
- Miscellaneous personal services (U.S. industries 532281, 812191, 812199, or 812990 in the NAICS manual), exclusive of services rendered by licensed massage therapists and licensed electrologists. See **Special Notice 2001(2), Miscellaneous Personal Services**;
- Motor vehicle repairs including any type of repair, painting, or replacement to the body or operating parts of a motor vehicle;
- Motor vehicle storage services, including storage of motor homes, campers and camp trailers;
- Motor vehicle towing and road services. See **Special Notice 2011(9), 2011 Legislative Changes Affecting Sales and Use Tax**;
- Packing and crating services, other than those provided in connection with the sale of tangible personal property by the retailer of such property;
- Painting and lettering services;
- Parking services in a lot with 30 or more spaces, other than metered space, and space in certain municipal railroad parking lots;

- Personnel training services when the training service provider is engaged by an employer to provide job-related training to personnel whose primary workplace is located in Connecticut. Tax does not apply when the training service is provided by an institution of higher education licensed or accredited by the Connecticut Board of Governors of Higher Education or Office of Higher Education. See **Policy Statement 2000(4)**, *Sales and Use Taxes on Charges for Personnel Training Services*;
- Pet grooming and boarding services and pet obedience services. See **Special Notice 2011(9)**, *2011 Legislative Changes Affecting Sales and Use Tax*;
- Photographic studio services;
- Piped-in music provided to business or professional establishments;
- Prepaid telephone calling services including prepaid calling cards, and the recharge of the service. In addition to sales tax, retailers of prepaid telephone calling services must collect the prepaid wireless E 9-1-1 fee; see **Special Notice 2018(3)**, *Change to the Prepaid Wireless E 9-1-1 Fee*;
- Private investigation, protection, patrol work, watchman, and armored car services, exclusive of these services provided by off-duty police officers and firefighters. Sales of coin and currency services provided to a financial service company by or through another financial service company are excluded from taxable private investigation, protection, patrol work, watchman, and armored car services;
- Producing, fabricating, processing, printing or imprinting tangible personal property for consumers who provide, either directly or indirectly, the materials used, including, but not limited to, sign construction, photofinishing, duplicating and photocopying;
- Radio or television repair services;
- Repair services to electrical or electronic devices including but not limited to air conditioning and refrigeration equipment;
- Repair or maintenance services to tangible personal property (other than services to vessels and shoe repair);
- Sales agent services for selling tangible personal property, except for the services of a consignee selling works of art or clothing, the services of an auctioneer, or marine vessel brokerage services provided by marine vessel brokers selling vessels for their owners;
- Services to industrial, commercial, and income-producing real property including but not limited to management, repair, and renovation services, and the evaluation, prevention, treatment, containment, or removal of hazardous waste or other contaminants of air, water, or soil. See **Informational Publication 2018(2)**, *Building Contractors' Guide to Sales and Use Taxes*;
- Spa services including, but not limited to, body waxing and wraps, peels, scrubs and facials, but not including services by licensed massage therapists;
- Stenographic services;
- Storage or mooring of any noncommercial vessel on land or in the water, **except** the nonseasonal (October 1 through May 31) dry or wet storage or mooring of noncommercial vessels;
- Storage of tangible personal property. See **Special Notice 2002(9.1)**, *Sales and Use Taxes on the Furnishing of Space for Storage*;
- Swimming pool cleaning and maintenance services;
- Telecommunications services;
- Telephone answering services;
- Warranty and service contracts for any item of tangible personal property; **and**
- Window cleaning services. See **Informational Publication 2018(2)**, *Building Contractors' Guide to Sales and Use Taxes*.

Visit the DRS website at portal.ct.gov/DRS to download and print any publication referred to above.

4 Exemptions From Sales and Use Taxes

Some sales of goods and services are exempt from the sales and use tax by statute. Other sales may be exempt because the purchaser is an organization that is exempt from paying tax by statute. This section explains both types of exempt transactions. (Purchases and sales for resale are explained in Chapter 5.)

Keeping Records of Exempt Sales

If a sale is being made in Connecticut, you may not accept an exemption certificate issued by another state.

If you make sales of goods or services exempt from tax, keep careful records to support the exemption or you may be liable for payment of the tax. Many, but not all, exemptions require the use of a specific Connecticut tax exemption certificate the purchaser must complete and provide to the seller. If you are making a sale in Connecticut, do not accept an exemption certificate issued by another state. Keep copies of exemption certificates for a minimum of six years.

Single Purchase or Blanket Certificate

An exemption certificate may be issued for a single exempt purchase or may be used for a continuing line of purchases of the same type provided the certificate is marked *Blanket Certificate*. Most blanket certificates are valid for three years from the issue date if the exemption remains in effect.

Responsibility of Those Accepting or Issuing Certificates

You should accept an exemption certificate only if you believe in good faith that the statements made by the purchaser are true and accurate. If you have reason to believe the information on the certificate is incorrect and you do not charge the tax, you may be liable for payment of the tax plus penalty and interest. Likewise, a purchaser who gives a false or fraudulent exemption certificate may also be subject to civil and criminal penalties.

You cannot use the sales and use tax return to claim business or personal expenses incurred as the cost of doing business (for example, fuel purchased for use in motor vehicles used by the business; office supplies; office rent; electricity, gas, or heating fuel used by the business, etc.).

Statutory Exemptions for Certain Sales

The list below includes many of the goods exempt from sales and use taxes. These exemptions are commonly used by businesses and their customers. If an exemption certificate is required, it is noted below.

- **Agricultural exemption for items sold exclusively for use in agricultural production:** The purchaser must have a current Farmer Tax Exemption Permit issued for a two-year period by DRS and should provide you with a copy of the permit for your records. See *Farmers* on Page 20.
- **Aircraft:** See *Motor vehicles, aircraft, and vessels* on Page 18.
- **Biotechnology industry:** Machinery, equipment, tools, materials, supplies, and fuel used in the biotechnology industry. The purchaser must complete **CERT-129, Exemption for Items Used Directly in the Biotechnology Industry**. See **Policy Statement 98(8), Exemption from Sales and Use Taxes for Items Used Directly in the Biotechnology Industry**.
- **Audio or video production or broadcasting:** Filmed and taped television and radio programs and any materials becoming part of films or tapes broadcast to the general public or used for medical or surgical training; motion picture or video production equipment or sound recording equipment purchased or leased for production activities relating to master tapes, records, or films produced for commercial entertainment, advertising, or educational purposes; and certain equipment used by television and radio stations. See **Policy Statement 2006(9), Sales Tax Exemptions for Purchases for Use in Audio or Video Production**.
- **Child car seats**
- **Clothing and footwear specifically listed below**
 1. One Week Exclusion for Clothing and Footwear. There is an exclusion from tax for the week from the third Sunday in August until the following Saturday for sales of clothing and footwear costing under \$100. See **Informational Publication 2015(22), Annual One-Week Sales and Use Tax Exclusion for Clothing and Footwear Costing Less Than \$100**.
 2. Bicycle helmets.
 3. Safety apparel, which is defined as any item of clothing or protective equipment worn by an employee for protection during the course of the employee's employment. See **Policy Statement 2004(4), Sales and Use Tax Exemption for Safety Apparel**.

- **Commercial fishing**
 1. Materials, rope, fishing nets, tools, and fuel or any substitute, used directly in the commercial fishing industry.
 2. Commercial fishing vessels and machinery or equipment for use on the vessels. The purchaser must have a current Commercial Fisherman Exemption Permit, issued for a two-year period by DRS. See *Fishermen* on Page 20.
- **College textbooks:** The exemption for college textbooks includes sales to students at private occupational schools authorized under Conn. Gen. Stat. §§ 10a-22a through 10a-22k. See **Special Notice 2000(9)**, *Sales and Use Tax Exemption on College Textbooks*.
- **Current United States and Connecticut flags**
- **Firearm safety devices**
- **Food products for human consumption**
 1. The exemption does not include meals, carbonated beverages, candy, and alcoholic beverages. The exemption does include sales of candy, confectionery, and nonalcoholic beverages in schools and sales of candy, confectionery, beverages, and other items to persons in health care facilities. See **Policy Statement 2002(2)**, *Sales and Use Taxes on Meals*.

Also exempt are:

2. Food products sold through coin-operated vending machines.
 3. Meals delivered to persons who are sixty years of age or older, have physical disabilities or are otherwise homebound.
 4. Purchases made with supplemental nutrition assistance program benefits.
 5. Vegetable seeds suitable for planting to produce food for human consumption.
- **Fuel specifically listed below**
 1. Aviation fuel.
 2. Diesel fuel used in portable power system generators larger than 150 kilowatts.
 3. Marine fuel (except for dyed diesel fuel sold by licensed marine dock owners or operators).
 4. Motor vehicle fuel.
 5. Fuel for heating purposes is exempt when used in:
 - a. Residential dwellings; or
 - b. Any metered building, location, or premises used directly in agricultural production or the fabrication of a finished product to be sold; or
 - c. An industrial manufacturing plant provided that not less than 75% of the fuel used in the metered building, location, or premises is used for production, fabrication, or manufacturing. The purchaser must complete **CERT-115**, *Exempt Purchases of Gas, Electricity, and Heating Fuel*. See **Policy Statement 94(3.2)**, *Gas and Electricity Purchased for Residential Use or for Use in Agricultural Production, in the Fabrication of Finished Products to Be Sold, or in an Industrial Manufacturing Plant*.
 - **Magazines by subscription, including publications that only contain puzzles.** See **Policy Statement 2006(6)**, *Sales and Use Taxes on Magazines and Newspapers*.
 - **Manufacturing, fabricating, and processing:** See **Informational Publication 2009(13)**, *Sales and Use Taxes Guide for Manufacturers, Fabricators and Processors*.
 1. Machinery used in manufacturing, and repair, replacement, component, and enhancement parts for the machinery. The purchaser must complete **CERT-101**, *Machinery, Component Parts, and Replacement and Repair Parts of Machinery Used Directly in a Manufacturing Process*.
 2. Component parts for the assembly of manufacturing machinery. The purchaser must complete **CERT-101**.
 3. Materials, tools, and fuel. The purchaser must complete **CERT-100**, *Materials, Tools, and Fuel*.
 4. Partial exemption for materials, tools, fuels, machinery, and equipment used in manufacturing (Manufacturing Recovery Act of 1992). The purchaser must complete **CERT-108**, *Partial Exemption of Materials, Tools, and Fuel*, or **CERT-109**, *Partial Exemption for Machinery, Equipment, or Repair and Replacement Parts*.
 5. Certain calibration services for manufacturing machinery, equipment, or instrumentation.
 - **Medical goods and equipment**
 1. Prescription medicines, syringes, and needles.
 2. Nonprescription drugs and medicines. See **Special Notice 2015(1)**, *Sales and Use Tax Exemption for Nonprescription Drugs and Medicines*.
 3. Oxygen, blood, or blood plasma for medical use in humans or animals.
 4. Artificial devices individually designed, constructed or altered solely for the use of a particular person with a physical disability so as to become a brace, support, supplement, correction or substitute for the bodily structure, including the extremities of the individual, and repair or replacement parts and repair services to such property.
 5. Artificial limbs, artificial eyes and other equipment worn as a correction or substitute for any functioning portion of the body and repair or replacement parts and repair services to such property.
 6. Hearing aids, canes, crutches, walkers, and wheel chairs and repair services to these items.
 7. Vital life support equipment including oxygen supply equipment used for humans or animals, kidney dialysis machines, apnea monitors, and repair or replacement parts and repair services to these items.

8. Custom-made wigs or hairpieces for persons with medically diagnosed total and permanent hair loss from disease or the treatment of disease.
 9. Support hose specially designed to aid in the circulation of blood, purchased by persons with medical need for the hose.
 10. Closed circuit television equipment used as reading aids by visually impaired persons and repair or replacement parts and repair services to such equipment.
 11. Diabetic supplies (test strips and tablets, lancets, and glucose monitoring equipment including repair or replacement parts for such equipment whether purchased separately or with the item).
 12. Telephone equipment designed exclusively for deaf or blind persons.
 13. Disposable pads used for incontinence (adult diapers and underpads).
 14. Inclined stairway chairlifts for persons with physical disabilities; repair, replacement, and enhancement parts; and repair services for the chairlifts.
 15. Disposable or reusable diapers.
 16. Feminine hygiene products. See **Special Notice 2018(5.1)**, *Legislative Changes Affecting Motor Vehicle Fuels Tax, Sales and Use Taxes, and Rental Surcharge*.
- **Motor vehicles, aircraft, and vessels**
 1. Flyable aircraft sold by a manufacturer of aircraft located in this state to certificated or licensed carriers engaged in interstate or foreign commerce or to nonresidents for use exclusively outside Connecticut. Purchasers must complete **Affidavit SUT-16a-3**, which can be found in Conn. Agencies Regs. § 12-426-16a.
 2. Aircraft having a maximum certificated takeoff weight of 6,000 pounds or more.
 3. Repair or replacement parts exclusively for use in aircraft **and** aircraft repair services. The purchaser must complete **CERT-110**, *Aircraft Repair Services - Aircraft Repair and Replacement Parts*.
 4. Motor vehicles purchased but not registered in this state by persons who are nonresidents and do not maintain a permanent place of abode in Connecticut. The purchaser must complete **CERT-125**, *Sales and Use Tax Exemption for Motor Vehicle Purchased by a Nonresident of Connecticut*.
 5. Motor vehicles or vessels sold in connection with the organization, reorganization or liquidation of an incorporated business, provided the last taxable sale or use of the motor vehicle or vessel was subjected to sales or use tax and the purchaser is the incorporated business or its stockholder.
 6. Motor vehicles sold in connection with the organization or termination of a partnership or limited liability company, provided the last taxable sale or use of the motor vehicle was subjected to sales or use tax and the purchaser is the partnership or limited liability company, as the case may be, or a partner or member thereof, as the case may be.
 7. Commercial trucks, truck tractors, tractors, semitrailers, and vehicles used in combination with commercial trucks, truck tractors, tractors, and semitrailers that have a gross vehicle weight rating in excess of 26,000 pounds; or are operated actively and exclusively during the one-year period beginning on the date of purchase for the carriage of interstate freight under a certificate or permit issued by the Interstate Commerce Commission or its successor agency.
 8. Equipment installed in motor vehicles for persons with physical disabilities, including repair, replacement, and enhancement parts whether purchased separately or with the item. When a motor vehicle in which special equipment has previously been installed for the use of a person with physical disabilities is sold for use by such a person, use tax is due on the total purchase price of the vehicle less the portion of the price attributable to the special equipment.
 9. Commercial fishing vessels and machinery or equipment for use on the vessels. See *Fishermen* on Page 20.
 10. Vessels that will be docked in Connecticut for 60 or fewer days in a calendar year. The purchaser must complete **CERT-143**, *Sales and Use Tax Exemption for Purchases of Vessels Docked in Connecticut for 60 or Fewer Days in a Calendar Year*.
 11. Vessels purchased by nonresidents who maintain no permanent place of abode in Connecticut and who will not register them in Connecticut. The purchaser must complete **CERT-139**, *Sales and Use Tax Exemption for a Vessel Purchased by a Nonresident of Connecticut*. See **Informational Publication 2006(12)**, *Q&A on Purchases of Vessels*.
 12. Repair and maintenance services to vessels.
 13. Fabrication labor to existing vessels.
 14. Property tax payments under motor vehicle leases (but only if separately stated on the bill to the lessee from the lessor).
 15. Marine vessel brokerage services.
 - **Newspapers**. See **Policy Statement 2006(6)**, *Sales and Use Taxes on Magazines and Newspapers*.
 - **Pollution control equipment used in the operation of air pollution control facilities or in the operation of facilities for the treatment of industrial waste that are approved by the Department of Energy and Environmental Protection**. Purchasers must complete **CERT-117**, *Purchases of Tangible Personal Property Incorporated Into or Consumed in Air Pollution Control Facilities*, or **CERT-124**, *Purchases of Tangible Personal Property Incorporated Into or Consumed in Water Pollution Control Facilities*. See **Policy Statement 99(2)**, *Tax Exemptions for Certain Air Pollution Control Equipment*, and **Policy Statement 2014(1)**, *Tax Exemptions for Certain Water Pollution Control Equipment*.
 - **Personal property used in burial or cremation with a value up to \$2,500 for any single funeral; and caskets.**

- **Printing equipment**

1. Machinery, equipment, tools, materials, and supplies used in commercial printing.
2. Machinery, equipment, tools, materials, and supplies for typesetting, color separation, finished copy, or similar products.

Purchasers using either exemption must complete **CERT-120**, *Machinery, Equipment, Tools, Materials, and Supplies Used in the Production of Printed Material or in Prepress Production*. See **Policy Statement 2001(7)**, *Purchases of Machinery, Equipment, Tools, Materials, and Supplies by Commercial Printers and Publishers*.

- **Printed material manufactured for a purchaser in Connecticut to be delivered for use outside the state within 30 days following delivery.** The purchaser must provide a Printed Material Certificate.
- **Rare or antique coins**
- **Sales to a telecommunications company or community antenna television company of equipment used to provide telecommunications, high-speed data transmission, or broad-band Internet services.**
- **Shoe repair services**
- **Certain services rendered at the residence of a disabled person: Landscaping and horticulture services, window cleaning, and maintenance services rendered at the residence of a person eligible for and currently receiving total disability benefits under the Social Security Act.** The purchaser must complete **CERT-121**, *Exemption for Landscaping and Horticulture Services, Window Cleaning Services, and Maintenance Services Provided to Recipients of Total Disability Benefits*.
- **Ice storage systems for cooling:** The purchaser must complete **CERT-140**, *Solar Heating Systems, Solar Electricity Generating Systems, and Ice Storage Cooling Systems*. See **Special Notice 2007(7)**, *2007 Legislation Granting a Connecticut Sales and Use Tax Exemption for Sales of Solar Heating Systems, Solar Electricity Generating Systems, and Ice Storage Cooling Systems*.
- **Solar energy electricity generating systems, passive or active solar water or space heating systems, and geothermal resource systems:** The purchaser must complete **CERT-140**, *Solar Heating Systems, Solar Electricity Generating Systems, and Ice Storage Cooling Systems*. See **Special Notice 2007(7)**, *2007 Legislation Granting a Connecticut Sales and Use Tax Exemption for Sales of Solar Heating Systems, Solar Electricity Generating Systems, and Ice Storage Cooling Systems*.
- **Use tax exemption for retailers:** Items held for resale that retailers remove from inventory and donate to the United States or its agencies; the State of Connecticut, its political subdivisions, or their agencies; or any IRC § 501(c)(3) organization.
- **Utility exemptions:**
 1. Gas or electricity for residential use. Sales for use directly in agricultural production, fabrication of a finished product to be sold, or in manufacturing production in a metered premises at which not less than 75% of the gas or electricity is used for agricultural, fabrication, or manufacturing purposes.
The purchaser must complete **CERT-115**, *Exempt Purchases of Gas, Electricity, and Heating Fuel*. See **Policy Statement 94(3.2)**, *Gas and Electricity Purchased for Residential Use or for Use in Agricultural Production, in the Fabrication of Finished Products to Be Sold, or in an Industrial Manufacturing Plant*.
 2. The first \$150 in electric charges to a business are exempt for any month of service. If a customer is billed separately for (1) electric transmission services and electric distribution services by the electric distribution company and (2) for the electric generation services by the electric supplier, the \$150 exemption applies only to the separate bill for electric transmission services and electric distribution services. If a customer is issued a combined bill by the electric distribution company for electric transmission services and electric distribution services and for electric generation services, the \$150 exemption applies to the combined bill.
 3. Water, steam, and telegraph services when delivered to consumers through mains, lines, pipes, or bottles.
- **Vending machine sales:** Sales of any items costing 50 cents or less and sales of food products in vending machines.

Exempt Organizations

Some qualifying organizations and entities are permitted by law to make purchases without paying sales and use taxes. In general, to qualify for exemption, these purchases must follow these rules:

- The purchase must be made for the exclusive use of the organization (not for the convenience or use of individual members or officers);
- The payment must be from the organization's own funds. Purchases made with cash (except for purchases for \$10 or less), personal checks, or personal credit cards are not eligible for exemption. However, credit cards issued in the name of the exempt organization may be used. Payment of the credit card charges **must** be paid from the exempt organization's checking account; **and**
- The purchase must be accompanied by the appropriate, properly completed exemption certificate or other documentation of exemption.

Purchasing cards (P-cards) issued by a State of Connecticut agency or municipality may be used to make tax-exempt purchases of goods or services although issued in the name of an agency or municipal employee. See **Policy Statement 2010(7)**, *Tax Exempt Purchases by Connecticut State Agencies and Municipalities*.

Qualifying Exempt Organizations

Examples of exempt organizations include but are not limited to:

- The State of Connecticut, its political subdivisions (cities and towns), and Connecticut state and municipal agencies (including Connecticut public schools) may purchase goods and services other than meals or lodging exempt from tax by using **CERT-134**, *Exempt Purchases by Qualifying Governmental Agencies*, or providing the Governmental Agency Exemption Number issued by DRS. The exemption does not apply to other states, their political subdivisions, or their agencies. See **Policy Statement 2010(7)**, *Tax Exempt Purchases by Connecticut State Agencies and Municipalities*.
- The U.S. government, its agencies, and instrumentalities may make exempt purchases of goods and services other than meals or lodging using **CERT-134**. See **Policy Statement 2009(2)**, *Retailer's Acceptance of U.S. Government "GSA Smart Pay 2" Charge Cards for Exempt Purchases*, and **Policy Statement 2015(1.1)**, *Sales and Use Tax Exemptions for Foreign Missions and Mission Personnel*.
- Qualifying exempt organizations may make purchases of goods and services without paying sales tax by using **CERT-119**, *Purchases of Tangible Personal Property and Services by Qualifying Exempt Organizations*.

A qualifying exempt organization is one that was issued a determination letter or group exemption letter by the IRS that establishes the organization as exempt under IRC § 501(c)(3) or (13). A qualifying exempt organization may have been issued a Sales and Use Tax Exemption Permit (an E-Number) by DRS that it can present to the seller to purchase goods and services tax exempt. DRS no longer issues exemption permits to exempt organizations. A qualifying organization that does not have an E-Number from DRS attaches the first page of its IRC § 501(c) determination letter to the **CERT-119** that the organization presents to the seller to purchase goods and services exempt from sales tax.

The exemption does not apply to organizations with exemption permits issued by other states unless the organization provides a copy of its federal determination letter or group exemption letter.

In most instances, CERT-119 **cannot** be used to purchase meals or lodging exempt from tax. See **Policy Statement 2006(3)**, *Purchases of Meals or Lodging by Exempt Entities*, **CERT-112**, *Exempt Purchases of Meals or Lodging By Exempt Entities*, and **CERT-122**, *Refund of Tax Paid on Purchases of Meals or Lodging by Exempt Entities*.

- Nonprofit charitable hospitals, nonprofit nursing homes, nonprofit rest homes, and nonprofit residential care homes may purchase goods and services without paying sales tax by using **CERT-119** (for nonprofit charitable hospitals only), or **CERT-113**, *Purchases of Tangible Personal Property and Services by Certain Hospitals, Nonprofit Nursing Homes, Nonprofit Rest Homes, or Nonprofit Residential Care Homes*. See **Informational Publication 2002(11)**, *Nonprofit Hospitals, Nonprofit Nursing Homes, Nonprofit Rest Homes, and Nonprofit Residential Care Homes*.

Federally Recognized Indian Tribes

Federally recognized Indian tribes located in Connecticut (the Mashantucket Pequot Tribe and the Mohegan Indian Tribe) may make exempt purchases of goods and services provided the goods and services are used by the tribes within Indian country. See **Ruling 2002-3**.

The Mashantucket Pequot and the Mohegan Tribes must use **CERT-127**, *Exempt Purchases by an Enrolled Member or by the Tribal Government of the Mashantucket Pequot Tribe or Mohegan Tribe*.

Contractors making purchases of tangible personal property used exclusively for construction projects on either reservation must use **CERT-128**, *Exempt Purchases by Contractors in Connection With Construction Projects on the Mashantucket Pequot or Mohegan Reservations*.

Farmers

Farmers that are issued a Farmer Tax Exemption Permit by DRS can make purchases of goods (not services) to be used exclusively in agricultural production by presenting a current permit to the retailer. Permits are issued for a two-year period and are valid from October 1 until September 30. Farmers may use the permit as a *Blanket Certificate* and may use it to make qualifying purchases for the entire period from the same retailer.

Start-up farmers may be able to obtain an exemption permit. See **Informational Publication 2018(19)**, *Farmer's Guide to Sales and Use Taxes, Motor Vehicle Fuels Tax, Estimated Income Tax, and Withholding Tax*.

Fishermen

Fishermen that are issued a Commercial Fisherman Exemption Permit by DRS can make qualifying purchases of materials, rope, fishing nets, tools, and fuel used directly in the fishing industry, any vessel used exclusively in commercial fishing, and any machinery or equipment for use on a commercial fishing vessel, by presenting a copy of the current permit to the retailer.

The exemption does not apply to repair and replacement parts for vessels and equipment or to raw materials (lumber, steel, etc.) to be used in the construction of vessels or equipment. Permits are issued for a two-year period and are effective from July 1 through June 30. The permit can be treated like a *Blanket Certificate* and may be used to make qualifying purchases for the entire period from the same retailer.

Start-up fisherman may be able to obtain an exemption permit. See **Informational Publication 2009(14)**, *Fisherman's Guide to Sales and Use Taxes and Estimated Income Tax*.

5 Sales for Resale

If the purchaser does not give you a resale certificate, you must charge sales tax.

If you purchase goods or services and intend to resell them or physically incorporate them into another product or service you will sell, you must issue a resale certificate to the seller or you must pay sales tax to the seller. As a seller of goods or services, you may also accept a resale certificate from other retailers. If the purchaser does not give you a resale certificate or other exemption certificate, you must charge sales tax. See **Informational Publication 2009(15)**, *Notice to Retailers on Sales and Use Tax Resale Certificates*.

Who May Issue a Resale Certificate

The issuer of the resale certificate (the purchaser) must be a person who:

- Is engaged in the business of selling tangible personal property or selling a taxable service;
- Has been issued a *Sales and Use Tax Permit* by the Department of Revenue Services (DRS) or by the revenue agency of another jurisdiction; **and**
- At the time of purchase, intends to resell the goods or services in the regular course of business, resell goods that become an integral or component part of a final product to be sold, or resell services enumerated in Conn. Gen. Stat. § 12-407(a)(37) that become an integral and inseparable part of services enumerated under Conn. Gen. Stat. § 12-407(a)(37).

Contractors who purchase materials for use in construction projects (such as lumber, nails, etc.) may **not** use a resale certificate to purchase these goods. Contractors are the consumers of the goods and must pay tax to the seller. See **Informational Publication 2018(2)**, *Building Contractors' Guide to Sales and Use Taxes*.

What Information Must Be Included on a Resale Certificate

The purchaser should complete a *Connecticut Sales and Use Tax Resale Certificate* available from the DRS website at portal.ct.gov/DRS, or a certificate that substantially resembles the official DRS form.

The certificate must include the following information:

- The seller's name and address;
- The signature of the purchaser;
- The purchaser's name and address;
- A description of the type of property or service sold by the purchaser in the regular course of business;
- The tax registration number assigned to the purchaser, which appears on the purchaser's *Connecticut Sales and Use Tax Permit*; **and**
- A description of the property or service being purchased from the seller.

Retailers making sales in Connecticut should not accept a resale certificate or exemption certificate issued by another state. DRS accepts the Multistate Tax Commission's *Uniform Sales and Use Tax Certificate – Multijurisdiction* as a valid resale certificate. DRS does not recognize this certificate as an exemption certificate for any purpose other than a resale certificate.

Certain Out-of-State Businesses

If the purchaser is an out-of-state business not required to be registered in Connecticut, the purchaser may use the tax identification number issued by the state in which it does business when completing the Connecticut resale certificate. If the purchaser has no tax identification number because the home state does not have a sales tax, the federal identification number should be provided.

Blanket Certificate or Single Purchase for Resale

The resale certificate may be used to make a single purchase for resale or it may be used to make a continuing line of purchases of the same type of goods or services for resale if the form is marked *Blanket Certificate*. A blanket certificate is valid for up to three years from the date it is issued if during that time the purchaser continues to resell the products or services described on the certificate.

Your Responsibilities When You Use or Accept a Resale Certificate

The misuse of a resale certificate can result in civil and criminal penalties. Whether you use a resale certificate to make a purchase or accept a resale certificate from someone making a purchase, you should be aware of your responsibilities.

Responsibilities when using a resale certificate as a **purchaser**:

- Use a resale certificate only if, at the time of purchase, you intend to:
 1. Resell the goods in the regular course of business;
 2. Resell goods that become an integral or component part of a final product to be sold;
 3. Resell the services, without change, in the regular course of business; **or**
 4. Resell the service enumerated in Conn. Gen. Stat. § 12-407(a)(37) that becomes an integral and inseparable part of a service enumerated under Conn. Gen. Stat. § 12-407(a)(37).
- If you are purchasing items from a seller, some that are for resale and some that will be used by the business (such as office supplies or office furniture) or for personal use, clearly identify the items not being purchased for resale and pay the sales tax to the seller.
- If you purchase an item with the intention of reselling it, but you later remove it from inventory for personal or business use, you must report the purchase price on your sales and use tax return for the period in which you made the use and pay the use tax.

Responsibilities when accepting a resale certificate as a **seller**:

- Be sure you identify the type of business the purchaser is engaged in. If the goods or services you are selling are not normally sold by that type of business, you should question the use of the certificate.
- Sellers must act in good faith when accepting a resale certificate. The certificate is considered to be taken in good faith if the tangible personal property purchased is similar to or of the same general character as property the seller could reasonably assume would be sold by the purchaser in the regular course of business.

Example: If the owner of a retail computer store purchases computers from you, you can feel confident the purchase is for resale. However, if the computers are purchased by the owner of a grocery store, you should question whether the purchase is truly for resale. If you cannot accept the resale certificate in good faith because you have reason to believe the goods will not be resold, you should reject the resale certificate and charge the purchaser sales tax.

- Keep the resale certificate with your records of sales for at least six years. If the purchaser uses a blanket certificate, be sure to keep records that adequately connect the purchases throughout the period to the blanket certificate.

Penalties for Improper Use of a Resale Certificate

Resale certificates are subject to review by DRS. DRS will make audit assessments against sellers who do not accept a resale certificate in good faith. The good faith of the seller will be questioned if the seller knows of facts that suggest the purchaser does not intend to resell the property. Those who issue improper certificates are also subject to penalties. A person who willfully delivers a false return or document to DRS is guilty of a Class D felony.

6 Reporting and Record Keeping

Calculating Sales and Use Taxes

Sales and use taxes are computed on the selling price of the goods or services. The selling price includes expenses related to the sale, such as the charges for shipping the goods to the purchaser (for example, charges for U.S. postage), handling charges, charges for labor, and charges for any other services that are part of the sale, whether or not separately stated on the invoice. See *Shipping and Delivery Charges*, below.

You must compute the tax in one of the following ways:

- Tax included, in which case the sales receipt must be marked *tax included*; or
- Tax added to the sales price and separately stated on the sales receipt.

Report the gross receipts (actual sales price, not including tax) of all sales on **Form OS-114**, *Connecticut Sales and Use Tax Return*, for the reporting period. Therefore, if you bill your customers *tax included*, multiply the total bill by the applicable multiplication factor to calculate the cost of the goods or services without the tax. The result is the gross receipts of the sale. The applicable multiplication factor for each tax rate can be found in **Form O-88**, *Instructions for Form OS-114, Connecticut Sales and Use Tax Return*.

Example for a sale at the 6.35% rate:		Example for a sale at the 7.75% rate:	
Billed amount (tax included)	\$100.00	Billed amount (tax included)	\$2,000.00
Multiplication factor (94.03%)	$\times 0.9403$	Multiplication factor (92.81%)	$\times 0.9281$
Gross receipts of sale	\$ 94.03	Gross receipts of sale	\$1,856.20

If you bill your customers *tax included*, you must keep accurate records of the gross receipts of the sale. If the customer requests a bill on which the tax is itemized, you must provide a bill.

When the Sale Is Made

In general, sales and use taxes apply when a sale is made. A sale is made when the customer purchases and takes delivery of the products or when a service is rendered.

A customer purchases an item when the customer **pays in full** for the item. *Pays in full* means the customer pays the full purchase price or is fully charged for the purchase price. Delivery is made when the retailer delivers the product to the customer at the retailer's establishment or at the customer's location or places the product in shipment to the customer. The following rules apply to determine when the sale of a product takes place.

If a customer orders an item from a retailer and pays in full for the item at the time of the order, the sale is made when the order is placed whether or not the item is currently in stock. If a customer orders an item from a retailer that is not currently in stock and pays in full when the item is delivered to the customer, the sale is made when the retailer delivers the item to the customer, regardless of whether a deposit is made.

Mail Order, Telephone, and Internet Sales

Sales and use taxes apply to the sale of items sold by mail order, telephone, or Internet.

Layaway Sales

A layaway sale takes place when the customer puts a deposit on the item and the retailer removes it from inventory.

Custom Orders

If a customer places a custom order for an item and pays in full for the item at the time the order is placed, the sale is made when the custom order is placed.

If the customer places a custom order for an item and does not pay in full for the custom order until the item is delivered to the customer, the sale is made when the retailer delivers the item to the customer at the retailer's establishment or at the customer's location or places the item in shipment to the customer regardless of when the order is placed or if a deposit was made.

Shipping and Delivery Charges

Shipping and delivery charges (including U.S. postage) made by a retailer to a customer are subject to sales and use taxes when connected with the sale of **taxable** tangible personal property or services. The tax applies even if the charges are separately stated and regardless of whether the shipping or delivery is provided by the seller or by a third party.

No tax is due on shipping and delivery charges connected with any sale of tangible personal property or services **not** subject to sales or use tax.

Example: Shipping or delivery charges related to sales for resale or sales of exempt items are not taxable.

Taxable and Nontaxable Items: Where freight charges apply to both taxable and nontaxable items that are separately listed on an invoice, the tax on freight should be prorated using the same measure used to determine the shipping charges. For example, if weight is used to determine the shipping charges, then weight is used to determine the proration of tax. Likewise, if sales price is used to determine the freight charges, then sales price is used to determine the proration of the tax.

Example 1: A delivery fee of \$75 is charged for shipment of 100 lbs. of taxable and nontaxable goods (\$0.75 per lb.). The taxable goods weigh 60 lbs. The portion of the freight charge attributed to the delivery of the taxable goods is \$45 (60 lbs. x \$0.75 per lb.). Therefore, only \$45 of the \$75 delivery fee should be included in the calculation of sales and use taxes.

Example 2: A delivery fee of \$30 is charged for shipment of \$200 of taxable and nontaxable merchandise (\$0.15 per dollar value of merchandise). The cost of the taxable merchandise is \$120. The portion of the freight charge attributed to the delivery of the taxable merchandise is \$18 (\$120 x \$0.15). Therefore, only \$18 of the \$30 delivery fee should be included in the calculation of sales and use taxes.

Coupons

Sales and use taxes apply to the price as it has been reduced by the value of coupons. This includes manufacturer's coupons (whether or not reimbursable), store coupons, scan cards, or other discounts that result in a reduced price to the consumer.

See **Policy Statement 2007(5)**, *Sales Tax Treatment of Coupons, Scan Cards, Cash Equivalents, Promotional Items, and Rebates*.

Example: A supermarket advertises a weekly special on laundry detergent, reducing the price from \$5.99 to \$4.99 if the customer uses the store's scan card. A customer purchases the laundry detergent using the store's scan card and a manufacturer's coupon with a face value of \$0.50. In addition, the store triples the value of the manufacturer's coupon, increasing the value by another \$1.00. The final price of the detergent to the customer is \$3.49. The sales tax due on the purchase of the detergent is \$0.22, which is 6.35% of \$3.49 (\$5.99 minus the scan card price reduction of \$1.00, minus the \$0.50 face value of the coupon and minus the \$1.00 from the tripling of the face value of the coupon).

Rebates

The initial purchase of an item of tangible personal property or taxable service and the honoring of a rebate claim by the manufacturer are two separate and distinct transactions. Even though the purchaser may later obtain a cash rebate from the manufacturer or other third party, the rebate does not reduce the sales price paid for the item.

Manufacturers of motor vehicles frequently offer cash rebates on particular models to purchasers who then typically assign the rebates to the dealership to reduce the amount the purchasers pay for the vehicles. In addition, the motor vehicle dealers may offer their own discounts on vehicles. Although discounts offered by dealers may be excluded from the gross receipts subject to sales tax, rebates paid by manufacturers must be included in the measure of tax even if the purchasers assign them to the dealers to reduce the amount the purchasers pay for the vehicles.

See **Policy Statement 2007(5)**, *Sales Tax Treatment of Coupons, Scan Cards, Cash Equivalents, Promotional Items, and Rebates*.

Example 1: An automobile manufacturer offers a \$1,000 rebate on one of its models. In addition, the dealership offers a \$500 discount on the same model, which it terms a dealer rebate. A customer buying a \$30,000 car assigns his right to the manufacturer's rebate to the dealership reducing the amount he must pay for the car by a total of \$1,500. The sales tax due on the transaction is 6.35% of \$29,500 (\$30,000 - \$500) or \$1,873.25. Even though the manufacturer's rebate of \$1,000 reduces the amount paid by the customer, it may not be used to reduce the measure of tax.

Example 2: A retailer sells a printer for \$100 and advertises that the printer manufacturer offers a \$100 rebate on that printer. A customer purchases the printer for \$100 from a retailer and later seeks a cash rebate from the manufacturer. The purchase price is not reduced by the manufacturer rebate, so the sales tax due on the transaction is \$6.35 (\$100 purchase price multiplied by the 6.35% sales tax rate).

Trade-Ins

The value of trade-ins of all like-kind items is excluded from sales and use taxes. The exclusion extends to any property a retailer accepts and intends to resell. Specific rules apply for trade-in allowances for motor vehicles, snowmobiles, vessels, and farm tractors as described in Conn. Gen. Stat. § 12-430(4), and for certain construction equipment as described in Conn. Gen. Stat. § 12-430(a).

See **Informational Publication 2011(17)**, *Sales and Use Taxes on Returned Goods, Even Exchanges, and Trade-Ins*.

Even Exchanges of Goods

If a customer purchases a taxable item of tangible personal property from a retailer and exchanges it for an identical or similar item of tangible personal property priced the same, there is no tax due on the exchange even if the original item is exchanged after 90 days from the date of purchase.

For purposes of an even exchange, an identical or similar item is the same type of commodity priced the same even if the item given in exchange is manufactured by a different company than the item originally purchased.

See **Informational Publication 2011(17)**, *Sales and Use Taxes on Returned Goods, Even Exchanges, and Trade-Ins*.

Sale and Leaseback Arrangements

Sales and use taxes do not apply to the original sale of tangible personal property in a sale and leaseback arrangement if within 120 days from the original sale the original purchaser sells or contracts to sell the property to a retailer that will lease it back to the original purchaser in a taxable lease. DRS has issued **CERT-137**, *Sales and Use Tax Certificate for Sale and Leaseback Arrangements*, for use by purchasers and retailers in sale and leaseback transactions. See **Special Notice 2002(15)**, *Sales and Use Taxes on Sale and Leaseback Arrangements*.

Returned Merchandise

Tax does not apply to any portion of the amount charged for goods returned by the purchaser if the item is returned within 90 days from the purchase date. If you accept returned merchandise within 90 days of the sale, you should refund the sales tax if the purchaser presents the slip or other documentation showing the date of sale and the tax charged. If you have already reported the tax on Form OS-114, you may report the amount of the returned merchandise as a deduction on Line 52 of your sales and use tax return.

Example: A retailer that files monthly returns has an item that was sold in January and reported on its return for that period. The customer returns the item in March (within 90 days of the original sale). The retailer can report this as a deduction on Line 52 of the March return.

A retailer must maintain detailed records to support a deduction for canceled sales within 90 days. Any returns of goods made after the 90-day period are not eligible for this deduction.

See **Informational Publication 2011(17)**, *Sales and Use Taxes on Returned Goods, Even Exchanges, and Trade-Ins*.

Restocking Fees

If a customer returns a taxable item for a refund within 90 days of the sale and you charge the customer a restocking fee, the sales tax refund is on the net amount of the refund after any charge for the restocking fee.

Example: If the sales price of the returned item was \$20 and the restocking fee was \$5, you would refund \$15.95 (6.35% of \$15 = \$.95).

However, tax may be refunded only if the item is returned within 90 days of the date of the original sale. If the item is returned after 90 days, you should not refund any part of the tax because a deduction cannot be claimed on your return.

Taxability of the Sales of Services

Sales and use taxes apply to any transaction where a taxable service is used or consumed in Connecticut. This generally means that if the service recipient is located in Connecticut or if the service recipient has more than one location and the location that uses or consumes the service is in Connecticut, the service is taxable.

Shops with Common Registers

Shops with common registers include shops that rent space to other vendors to display their goods and that collect and remit tax to DRS for these vendors. The shops do not own the vendors' goods. Customers making purchases from the various vendors pay for the merchandise at registers owned and operated by the shop. In this situation, the shop is not purchasing goods for resale and the vendor is not selling the items to the shop for resale.

Both the shop and the vendor must obtain a Connecticut *Sales and Use Tax Permit*. The shop and the vendor are held jointly and severally liable for the payment of sales tax. The shop must include all sales as gross receipts on Form OS-114, Line 1 and pay the sales tax on behalf of the vendors. Each vendor must file Form OS-114 and report the gross receipts of the sales made on its behalf through the shop on Line 1 and deduct the sales using Line A, *Other Adjustments*. Include on Line A the statement "Sales made and tax collected by (name of shop and the shop's Connecticut Tax Registration Number)."

Consignment Sales

A consignment sale is one in which the retailer, also known as consignee, agrees to sell goods for the owner of the goods, or consignor. In return for selling the goods, the consignor pays the consignee a commission or fee.

The consignee must collect the sales and use tax from the purchaser if the item being sold is subject to tax. In addition, the consignee charges sales tax on the commission or fee received for making the sale unless the commission is for the sale of a work of art or for articles of clothing.

The shop and the vendor are held jointly and severally liable for the payment of sales tax. The consignee reports the gross receipts from the sale of the tangible goods on Form OS-114, Line 1. The gross receipts from the commission or fee are reported on Line 3 of the return as a taxable service.

If the consignor or owner is also a retailer, the consignor must also report the sale of the goods on Form OS-114, but may deduct it on Line A, *Other Adjustments*. Include on Line A the statement "Sales made and tax collected by (name of consignee and the consignee's Connecticut Tax Registration Number)."

Reimbursable Expenses

When a business provides a taxable service in Connecticut and bills the customer for both the service and any reimbursable expenses used and consumed by the service provider in providing its services, such as postage, delivery charges, food, travel, and lodging, the entire bill is subject to sales tax.

Example: A landscaping company renders its taxable services to a company located in Connecticut and presents the following bill:

Landscaping services	\$10,000
Equipment rental	300
Travel	1,000
Meals	300
Lodging	<u>900</u>
Total	\$12,500

The entire bill of \$12,500 is subject to the 6.35% sales tax.

There is an exception to this general rule. When the seller of services incurs any expense for the sole benefit of and use by the service recipient, the reimbursement of the expense is not subject to tax. Examples are when a building contractor pays for a building permit for the building owner, town recording fees, and travel tickets purchased by the service provider for travel by the service recipient and used by the service recipient.

The distinction between expenses used and consumed by a service provider and expenses used solely by and that solely benefit the service recipient is not in any way related to whether the service recipient is contractually obligated or otherwise required to reimburse the service provider for the expenses. Instead, as explained above, the taxability of an item that is the basis for an expense incurred by a service provider is determined by how the item is used.

Reporting Sales: Accrual and Cash Basis

In general, sellers of goods and taxable services must report sales on the **accrual basis**. All sales must be reported for the reporting period in which the sale is made, not for the period when the customer pays for the purchase.

Example: If a sale is made on March 30 and payment is received on April 12, the sale must be reported and tax paid for the reporting period ending March 31.

Sellers whose only sales are of certain taxable services and who file with the Internal Revenue Service (IRS) on a cash basis may also be able to report their sales of those services to DRS on the **cash basis**. This means they can report the sale for the reporting period in which payment for the service is received rather than when the sale is made.

All sales of goods must be reported on the sales and use tax return, whether taxable or not. If the goods sold are nontaxable (qualifying out of state sales, sales for resale, sales to qualifying exempt organizations, etc.), they should be included in the gross receipts and deducted using the appropriate deduction line on Form OS-114.

Quarterly, Monthly, or Annual Reporting Periods

DRS will notify you of your filing status upon registration. A return must be filed for every period, even if no business was conducted for that period. If you expect your annual tax liability to be \$1,000 or less, you may request permission to file an annual return. For each reporting period, file a sales and use tax return to report sales made during the period and make payment of taxes due. A sales and use tax return must be filed for every period even if no tax is due or no business activity was conducted for a particular period. To request a change in your filing status, mail a request to:

Department of Revenue Services
PO Box 2937
Hartford CT 06104-2937

Filing Timely Returns Through the Taxpayer Service Center (TSC)

Taxpayers are responsible for filing a timely return whether they are a monthly, quarterly, or annual filer. The due date for Form OS-114 is the last day of the month following the end of the reporting period. Electronic filing is the easiest, most secure way to file your return on time. All taxpayers (except annual filers) must file electronically and make a tax payment by electronic funds transfer. See **Informational Publication 2017(15)**, *Filing and Paying Connecticut Taxes Electronically*.

The **Taxpayer Service Center (TSC)** is a free service that enables taxpayers to use the DRS website at portal.ct.gov/TSC to file a return and make a tax payment.

Any business registered with DRS for the following taxes must electronically file its business tax returns and the associated taxes by electronic funds transfer (EFT):

- Admissions Tax;
- Attorney Occupational Tax;
- Business Use Tax (excluding annual filers);
- Corporation Business Tax;
- Dues Tax;
- Income Tax Withholding;
- Pass-Through Entity Tax;
- Prepaid Wireless E 9-1-1 Fee;
- Room Occupancy Tax; **or**
- Sales and Use Taxes (excluding annual filers).

In addition, you may file through the **TSC** if you are registered for most other Connecticut taxes. See **Informational Publication 2017(15)**, *Filing and Paying Connecticut Taxes Electronically*.

The **TSC** also offers Telefile, a file-by-phone option, for the following forms:

- **Form CT-WH**, *Withholding Tax Payment Form*;
- **Form CT-941**, *Connecticut Quarterly Reconciliation of Withholding*;
- **Form OS-114**, *Connecticut Sales and Use Tax Return*; **and**
- **Form OP-210**, *Room Occupancy Tax Return*.

Visit the DRS website at portal.ct.gov/TSC for more information.

You can make a free direct payment at the same time as filing your return through the **TSC**. Upon completing the return, you will automatically be taken to the payment page where you can enter your checking or savings account information. You will receive a confirmation number upon successful filing and may print a copy for your records. You can also view all of your processed or scheduled payments from the main menu of the **TSC**.

Seasonal Business: If you operate a seasonal business (such as a beach concession) and only make sales at certain times of the year, you may request permission to file a return for only those periods when you are in operation. You must request seasonal filing status in writing and include the request with **Form REG-1, Business Taxes Registration Application**, or send it separately to the DRS Operations Bureau/Registration.

Combined Returns: In general, you must file a return for each business location. However, if a single business operates multiple locations, it may request permission to file a combined sales and use tax return for all locations. Send the written request to the DRS Operations Bureau/Registration.

You **must** file a return **even if you made no sales** during the reporting period and no taxes are due. If you made no sales and you made no purchases subject to use tax, enter zero sales, zero purchases, and zero taxes due. Sign the return and file it on time.

Due Dates for Sales and Use Tax, Business Use Tax, Room Occupancy Tax, and Prepaid Wireless E 9-1-1 Fee Returns (Forms OS-114, OS-114BUT, OP-210, and OP-153)

For **monthly** filers, the reporting periods and due dates are:

<i>Monthly Reporting Periods</i>	<i>Due Dates</i>
January 1 - January 31	February 28/29
February 1 - February 28/29	March 31
March 1 - March 31	April 30
April 1 - April 30	May 31
May 1 - May 31	June 30
June 1 - June 30	July 31
July 1 - July 31	August 31
August 1 - August 31	September 30
September 1 - September 30	October 31
October 1 - October 31	November 30
November 1 - November 30	December 31
December 1 - December 31	January 31

For **quarterly** filers, the reporting periods and due dates are:

<i>Quarterly Reporting Periods</i>	<i>Due Dates</i>
January 1 - March 31	April 30
April 1 - June 30	July 31
July 1 - September 30	October 31
October 1 - December 31	January 31

For **annual** filers, the reporting period and due date is:

<i>Annual Reporting Period</i>	<i>Due Date</i>
January 1 - December 31	January 31

If the due date falls on a Saturday, Sunday, or legal holiday the return will be considered timely if filed and paid by the next business day.

If no tax is due or no business activity was conducted for a particular period, you must still file a sales and use tax return for that period.

Penalty and Interest

If you file your return late and a payment of tax is due, you are subject to additional charges for penalty and interest. The penalty for underpayment of tax is 15% of the tax not paid on or before the original due date of the return or \$50, whichever is greater.

If you are required to file a return electronically and pay by electronic funds transfer (EFT), you must use EFT to make payments. Payment by check does not meet your obligation to pay by EFT and subjects you to a 10% noncompliance penalty even if DRS's bank account is credited for the payment on or before the due date.

The following penalties will apply if a payment required to be remitted by EFT is late:

- 2% of the required tax due for EFT payments not more than 5 days late;
- 5% of the required EFT payments more than 5 days but not more than 15 days late; **and**
- 10% of the required EFT payments more than 15 days late.

The following graduated penalty amounts will apply if you fail to remit payments electronically:

- First offense: 10% penalty on the amount of the tax payment, but not more than \$2,500;
- Second offense: 10% penalty, but not more than \$10,000; and
- Third and subsequent offenses: 10% penalty.

Late payments are subject to interest at the rate of 1% per month or fraction of a month from the due date until the tax is paid in full.

If payment is delayed for reasons beyond your control, you may request a waiver of the penalty by submitting a completed **Form DRS-PW**, *Request for Waiver of Civil Penalty*. See **Policy Statement 2018(3)**, *Requests for Waiver of Civil Penalties*.

See **Informational Publication 2017(15)**, *Filing and Paying Connecticut Taxes Electronically*.

Filing an Amended Return

If you make a mistake or leave something off your return, you must correct the mistake by filing an amended return either by using the **TSC** or by completing a new Form OS-114. Check the box indicating that this is an amended return and complete it using the correct figures and information for the reporting period.

You must file an amended return claiming a refund of taxes already paid within three years of the original due date of the return. An explanation of the claim for refund must accompany the amended return. If tax was incorrectly collected from a customer, you must prove the sale was not subject to sales and use taxes or sales tax was otherwise paid in error, and prove the tax was returned to the customer (a canceled check or receipted bill).

Alternatively, the retailer may provide DRS with copies of letters or memoranda issued to its purchasers in which it promises either to refund the tax to them, or for current, active customers of the retailer, to credit the refund amounts against amounts due from the purchasers.

If the retailer has not refunded the tax to its purchasers before DRS issues the refund to the retailer, then within 120 days after DRS issues the refund, the retailer must prove it has refunded or credited the refund amounts to its purchasers. A retailer must immediately return to DRS any amounts not refunded or credited to the retailer's purchasers within 120 days after DRS issues a refund.

Send the amended return to:

Department of Revenue Services
Public Services Unit
450 Columbus Blvd, Ste 1
Hartford CT 06103

For information about DRS policies on issuing refunds of sales and use taxes, see **Policy Statement 98(5)**, *Sales and Use Tax Refund Policy*.

Closing a Business

You must file a final sales and use tax return if you close your business. Check the box indicating that you are out of business and complete the return to report sales made and taxes due, if any. Enter the last date of business in the designated space, sign the return, and file it on time. If you file or are required to file electronically, close your business through the **TSC** and destroy your *Sales and Use Tax Permit*. If you file paper sales tax returns, complete the back of your *Sales and Use Tax Permit* and return it in the same envelope with your final return.

You may also have to contact other state agencies, such as the Office of the Secretary of the State to properly close your Business Entity Tax and Corporation Tax accounts. If a business is not properly closed, future liabilities or obligations may be assessed.

Keeping Good Records

Every seller must keep accurate and complete records of all transactions subject to tax and all purchases made by the business for resale. These records will assist you when you file your federal and state tax returns and must be available if your business is audited. You **must** keep these records for at least six years. Records showing purchases made by the business for resale should show the disposition of that property. If the property is taken out of inventory and is no longer held for resale, records must show the payment of use tax by the business.

Other records you must keep include:

- Records of sales (sales receipts, cash register tapes, guest checks, invoices, etc.);
- Purchase records (invoices, cash disbursement journal);
- State and federal tax returns including schedules and worksheets;
- Documents that show price changes;
- General ledger;
- Sales, purchases, accounts receivable, and accounts payable journals; **and**
- Resale and exemption certificates and records of purchases made with certificates.

See **Conn. Agencies Regs. § 12-2-12** for more recordkeeping and record retention requirements.

7 Employer Information

If you employ one or more workers in your business, you are generally required to register with the Department of Revenue Services (DRS) to withhold Connecticut income tax. Use **Form REG-1**, *Business Taxes Registration Application*, to register for income tax withholding. If you are already registered for other state taxes (for example, sales and use taxes or corporation business tax), use Form REG-1 to add withholding tax to your registration.

If you acquire an existing business, you must complete Form REG-1 to obtain your own Connecticut Tax Registration Number. You cannot use the previous owner's registration number.

Income Subject to Withholding

All wages of a Connecticut resident are subject to Connecticut income tax even if the resident works outside of Connecticut. However, if the employee works in another state, Connecticut income tax must be withheld only to the extent the Connecticut tax **exceeds** the amount required to be withheld for the other state(s) for services performed there. Wages of a **nonresident** are subject to Connecticut income tax withholding if the wages are paid for services performed in Connecticut.

Knowing How Much to Withhold

You determine how much tax to withhold by using the current Connecticut income tax withholding tables along with the information on **Form CT-W4**, *Employee's Withholding Certificate*. You must have a completed Form CT-W4 on file for each of your employees. For more information on Connecticut income tax withholding from employees, see the current edition of *Connecticut Circular CT Employer's Tax Guide*.

Reporting Requirements

You must file all withholding forms electronically and pay any associated taxes by electronic funds transfer (EFT).

See **Informational Publication 2017(15)**, *Filing and Paying Connecticut Taxes Electronically*. For more information on payment by EFT, call **860-297-4973**.

Quarterly reconciliation

If you are registered for Connecticut income tax withholding, you must file **Form CT-941**, *Connecticut Quarterly Reconciliation of Withholding*, each calendar quarter even if no tax is due or has been withheld for that quarter.

Annual reconciliation

Form CT-W3, *Connecticut Annual Reconciliation of Withholding*, is due from you on or before January 31. No payment should be made with this form. You must file each state copy of federal Form W-2 (Copy 1 of the optional six-part federal Form W-2 or equivalent) reporting Connecticut wages paid during the previous calendar year with the annual reconciliation even if no Connecticut income tax was withheld.

Electronic Filing Through the Taxpayer Service Center (TSC)

File withholding information and pay any associated taxes through the **TSC**. It is a free, fast, easy, and secure way to conduct business with the Department of Revenue Services (DRS). Go to **portal.ct.gov/TSC**.

Other Employer Requirements

You must also register with the Internal Revenue Service (IRS) to withhold federal income tax and Social Security tax and with the Connecticut Department of Labor (DOL) for unemployment compensation tax. For more information on business requirements, see Chapters 8 and 9.

Withholding Rules for Seasonal Employers and Annual Filers

If you operate your businesses on a seasonal basis, you may submit a written request to DRS for seasonal filer status. The request must include the quarter or quarters during which the business will be active each year.

New registrants may submit written requests for seasonal filer status with Form REG-1. If you are already registered for Connecticut income tax withholding you may mail the request for a change in filer status to:

Department of Revenue Services
PO Box 2937
Hartford CT 06104-2937

8 Other State Taxes

Business Entity Tax (Form OP-424)

The business entity tax (BET) is a \$250 tax imposed once every 2 years on the following business types:

- S corporations (Qualified subchapter S subsidiaries (QSSS) are not liable for BET);
- Limited liability companies: an LLC or SMLLC that is, for federal income tax purposes, either:
 1. Treated as a partnership, if it has two or more members; or
 2. Disregarded as an entity separate from its owner, if it has a single member.
- Limited liability partnerships (LLP); **and**
- Limited partnerships (LP).

The BET applies to the business entities listed above if either:

- The entity was formed under Connecticut law; **or**
- The entity was not formed under Connecticut law but is required to register with or obtain a certificate of authority from the Connecticut Secretary of the State before transacting business in the state (regardless of whether or not the entities have complied with the requirement).

The BET applies to any year or part of a year when the organization was in existence. The BET is not prorated for businesses that open or close midway through a period.

If your BET account needs to be closed, you must officially dissolve your entity through the Connecticut Secretary of the State (if registered) and file your final BET return (Form OP-424) with the Connecticut Department of Revenue Services. Otherwise, future liabilities will continue as your business will be considered active.

See **Informational Publication 2016(14)**, *Q & A on the Business Entity Tax*.

Controlling Interest Transfer Tax

Connecticut imposes a tax on the transfer of a controlling interest in an entity that owns, directly or indirectly, Connecticut real property. Report this tax on **Form AU-330**, *Controlling Interest Transfer Taxes*.

Admissions and Dues Taxes

An **admissions tax** of 10% is imposed on the admission charge to any place of amusement, entertainment, or recreation including but not limited to theaters, amusement parks, fairgrounds, racetracks, dance halls, ballparks, golf courses, etc. The admissions tax rate on motion picture shows is 6%. Motion picture show admission charges of \$5 or less are exempt.

A **dues tax** of 10% is imposed on any amount paid as dues or initiation fees to any social, athletic, or sporting club either owned or operated by its members. A club is exempt from the dues tax if the annual dues of every member and any initiation fee are each \$100 or less. See **Informational Publication 2003(11)**, *Q & A: The Dues Tax*.

Motor Vehicle Fuels Tax

A tax is imposed on motor vehicle fuels used to propel motor vehicles on public highways or roads. The rate on gasoline and gasohol is subject to change. Refer to the DRS website at portal.ct.gov/DRS for publications related to legislation about the motor vehicle fuels tax. **Fuel** includes gasoline, gasohol, diesel, and any other combustible gas or liquid that generates the power needed to propel a motor vehicle.

If you purchase, sell, or use petroleum products, you may need to register for either the motor vehicle fuels or petroleum products gross earnings tax, or both. Distributors of motor vehicle fuels are required to obtain a distributor's license prior to making sales of motor vehicle fuel. Distributors of motor vehicle fuels are also required to obtain and maintain a surety bond. See *Register With DRS* on Page 7.

Motor vehicle fuel distributors report monthly the number of gallons sold or used and remit the tax owed. The tax return and remittance are due no later than the 25th day of the month for the previous calendar month.

There are several exemptions from the motor vehicle fuels tax. These include, but are not limited to, fuel sold to the U.S. government, the State of Connecticut, and any Connecticut municipality or transit district when the fuel is used in vehicles owned and operated or leased and operated by any of the entities mentioned above.

Motor Carrier Road Tax

A tax is imposed on the use of motor fuel by motor carriers operating **qualified motor vehicles** in Connecticut. The rate is equivalent to the Connecticut motor vehicle fuels tax rate. A **qualified motor vehicle** is a motor vehicle used, designed, or maintained for transportation of persons or property and:

- Has 2 axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds;
- Has 3 or more axles regardless of weight; **or**
- Is used in combination and the combined gross vehicle weight or registered gross vehicle weight exceeds 26,000 pounds.

Connecticut is a member of the International Fuel Tax Agreement (IFTA). IFTA is an agreement among jurisdictions (states of the United States and Canadian provinces) to simplify the reporting of the fuel use taxes by interstate carriers. All 48 contiguous states as well as 10 Canadian provinces are members of the IFTA program.

Each motor carrier based in Connecticut that operates in at least one other IFTA jurisdiction must obtain a Connecticut IFTA license and decals. For carriers based in another jurisdiction that is also an IFTA member, the IFTA license and decals from that jurisdiction satisfy Connecticut license and decal requirements. Qualified motor vehicles based outside Connecticut in a non-IFTA jurisdiction or that operate only in Connecticut must obtain Connecticut fuel tax decals. Applications for registration may be obtained by contacting the DRS at **860-297-4872**. See **Informational Publication 2010(14)**, *State of Connecticut - International Fuel Tax Agreement (IFTA) Manual*.

Petroleum Products Gross Earnings Tax

Companies that sell petroleum products may be subject to the petroleum products gross earnings tax and must register with DRS for the tax. See *Register With DRS* on Page 7.

The tax is imposed on gross earnings derived from the first sale of petroleum products in Connecticut. The gross earnings tax on the first sale of gasoline or gasohol in Connecticut is capped at \$3.00 per gallon. The rate on petroleum products is subject to change. Refer to the DRS website at **portal.ct.gov/DRS** for publications related to legislation about the petroleum products gross earnings tax, including the current tax rate.

Gross earnings include but are not limited to gross earnings tax billed, freight or transportation costs, demurrage, and other delivery charges. Gross earnings **do not** include the amount of state or federal excise taxes on motor vehicle fuel or diesel fuel.

Companies that import, or cause to be imported, **petroleum products** into Connecticut for sale, use, or consumption in Connecticut are also subject to the petroleum products gross earnings tax.

Petroleum products means those products that contain or are made from petroleum or petroleum derivatives, except paraffin or microcrystalline waxes. Petroleum products include acid oil, alkylates, aromatic chemicals, asphalt and asphaltic materials, benzene, butadiene, petroleum coke, cosmetic grade mineral oil, gasoline, greases, hydrocarbon fluids, jet fuels, kerosene, liquefied petroleum gases, mineral jelly, mineral oil, mineral waxes, naphtha, naphthenic acids, fuel, lubricating and illuminating oils, nonmedicinal petrolatums, propane used in school buses, bituminous road materials, road oils, solvents and tar, or residuum.

There are several exemptions from the petroleum products gross earnings tax. These include but are not limited to the product commonly known as number 2 heating oil used exclusively for heating purposes or petroleum products used in a commercial fishing vessel that qualifies for exemption under Conn. Gen. Stat. § 12-412.

Companies subject to the tax must file a quarterly **Form OP-161**, *Petroleum Products Gross Earnings Tax Return*, on or before the last day of the month following the taxable period.

Cigarette Taxes

All cigarettes sold in Connecticut are subject to an excise tax that is paid by the distributor. Cigarettes are also subject to the 6.35% sales and use taxes. Licensed distributors purchase stamps or heat-applied decals that are affixed to each pack of cigarettes to indicate the cigarette tax has been paid. A cigarette distributor's license is required by those stamping cigarettes. Licensed distributors are responsible for filing monthly reports with DRS no later than the twenty-fifth day of each month indicating their cigarette activity for the previous calendar month. A cigarette dealer's license is required by those making retail sales of cigarettes. The license is valid from October 1 through September 30 each year.

Restrictions have been placed on **gray market cigarettes**, most notably the prohibition on the sale or possession of those cigarettes by licensed cigarette distributors or licensed cigarette dealers in Connecticut. In addition, it is illegal to sell or possess for sale cigarettes of a tobacco product manufacturer that is not included in the Connecticut Tobacco Directory, which can be found on the DRS website.

Gray market cigarettes are those manufactured in the United States and intended to be sold outside the United States, but which illegally reenter the United States.

Licensed cigarette distributors and licensed cigarette dealers are prohibited from attaching Connecticut cigarette tax stamps to gray market cigarettes. See **Special Notice 99(8)**, *Sale and Possession of "Gray Market" Cigarettes*.

Collection of Sales Tax by Cigarette Stampers and Non-stamping Distributors

Cigarette stampers and non-stamping distributors must collect sales tax on sales of cigarettes to licensed dealers, regardless of whether the dealer furnishes a resale certificate. Tax must be separately stated on invoices to dealers.

Stampers and non-stamping distributors report and remit the tax collected from licensed dealers on their sales tax returns.

When a licensed dealer sells cigarettes, it must collect and remit sales tax on the sales price it charges its customers. However, when the licensed dealer files its sales tax return, it will deduct the purchase price of cigarettes on which it paid sales tax to the stamper or non-stamping distributor on the back of the return.

See **Special Notice 2013(4)**, *2013 Legislative Changes Requiring Cigarette Stampers and Non-Stamping Distributors to Collect Sales Tax on Cigarettes*.

Tobacco Products Tax

The tobacco products tax is an excise tax imposed on all non-cigarette tobacco products. The tax is imposed on the distributor or the unclassified importer at the time the tobacco product or snuff-tobacco product is manufactured, purchased, imported, received, or acquired in Connecticut. The tax rate on tobacco products (other than tobacco snuff products) is 50% of the wholesale sales price of such tobacco products.

The tax rate on cigars is 50% of the wholesale sales price, not to exceed 50 cents (\$0.50) per cigar.

The tax on tobacco snuff products is \$3.00 per ounce or fractional part of an ounce of snuff.

See *Register With DRS* on Page 7 for information on how to register for the tobacco products tax. The license is issued annually and expires on June 30. You must file a monthly **Form OP-300**, *Tobacco Products Tax Return*, no later than the twenty-fifth day of each month for the previous calendar month.

Alcoholic Beverages Tax

The alcoholic beverages tax is an excise tax paid by each alcoholic beverage distributor on all sales of alcoholic beverages within Connecticut. All alcoholic beverages removed from inventory are taxable except for authorized adjustments or tax exempt sales. Alcoholic beverage distributors are also regulated by the Department of Consumer Protection. Applicable tax rates are:

<i>Beverage</i>	<i>Size</i>	<i>Tax Rate</i>
Still Wines - Not in excess of 21% alcohol by volume	Wine Gallon	\$0.72
Still Wines Produced by Small Wineries - Not in excess of 21% alcohol by volume	Wine Gallon	\$0.18
Fortified Wines in excess of 21% alcohol by volume and Sparkling Wines	Wine Gallon	\$1.80
Beer and Other Malt Liquors - Draft barrels only	Barrel	\$7.20
Beer and Other Malt Liquors - Other containers	Wine Gallon	\$0.24
Distilled Liquors	Wine Gallon	\$5.40
Liquor Coolers - Not more than 7% of alcohol by volume	Wine Gallon	\$2.46
Alcohol - in excess of 100 proof	Proof Gallon	\$5.40

Tourism Surcharge

A surcharge of \$1 per day or portion of a day is imposed on every lessor for the rental or lease of a passenger motor vehicle delivered to a lessee in Connecticut (regardless of where the vehicle is subsequently used) for a term of 30 consecutive calendar days or less. The lessor collects reimbursement for the surcharge from the lessee. The surcharge is due and payable with **Form OP-337**, *Tourism Surcharge Return*, required to be filed quarterly, or monthly if total yearly surcharge liability is \$4,000 or more. The return must show the number and rental period of all passenger motor vehicles leased by the lessor during the reporting period. See **Policy Statement 2002(5)**, *The Motor Vehicle Rental Surcharge and the Tourism Account Surcharge*.

Rental Surcharge

A rental surcharge is imposed on the rental of machinery by a rental company for a term of 365 consecutive calendar days or less, or under an open-ended contract for an undefined period of time. The rental surcharge rate for the rental of machinery is 2.75%. A “rental company” derives at least 51% of its total revenue from rentals.

On or before February 15, each rental company must file **Form OP-383**, *Rental Surcharge Annual Report*, with DRS and report the total rental surcharge actually collected on the rental of machinery by the rental company during the calendar year. Each rental company must also remit with Form OP-383 the portion of the rental surcharge collected that exceeds the sum of:

1. The personal property tax it actually paid during the year to a Connecticut municipality or municipalities on machinery rented by it to lessees during the year; **and**
2. The registration, licensing, and titling fees it actually paid to the Connecticut Department of Motor Vehicles (DMV) on the machinery.

See **Special Notice 2018(5.1)**, *Legislative Changes Affecting Motor Vehicle Fuels Tax, Sales and Use Taxes, and Rental Surcharge*, and **OCG-1**, *Office of the Commissioner Guidance Regarding the Rental Surcharge*.

Dry Cleaning Establishment Surcharge

The dry cleaning establishment surcharge of 1% of gross receipts from sales of dry cleaning services is used to fund grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning. The surcharge is due quarterly with **Form OP-374**, *Dry Cleaning Establishment Surcharge Return*.

All dry cleaning establishment locations must register with the DRS and display a Dry Cleaning Establishment Surcharge Certificate in order to legally conduct business in Connecticut. Locations not registered with DRS must submit a **Form REG-1**, *Business Taxes Registration Application*, and a **Form REG-1 Addendum B**, to receive a Dry Cleaning Establishment Surcharge Certificate. File these online at portal.ct.gov/TSC, or download the forms from the DRS website at portal.ct.gov/DRS. Registration must be renewed each year.

See **Special Notice 2018(6)**, *Obligation of Dry Cleaners for the Dry Cleaning Establishment Surcharge and Business Use Tax*

Beverage Container Deposit Initiators

Distributors or manufacturers who sell beverages subject to the Connecticut Bottle Bill to dealers in Connecticut (“deposit initiators”) **must** collect beverage container deposits. Deposit initiators **must** maintain a separate bank account in which to deposit the monies they collect. Each deposit initiator files a quarterly report on **Form OP-515**, *Beverage Container Deposit Report*, and remits the amount left unclaimed after refunds are paid to customers and bank fees are deducted. **Form OP -515 must be filed electronically through the TSC.**

Prepaid Wireless E 9-1-1 Fee

The prepaid wireless E 9-1-1 fee is imposed on each sale of prepaid wireless telecommunications service by a retailer. The Connecticut Public Utility Regulatory Authority sets the amount of the fee each June. Use **Form OP-153**, *Prepaid Wireless E 9-1-1 Fee Return*, to report and remit the fee, using the same filing period as for sales and use tax except that annual filers **must** file the Form OP-153 each quarter. Retailers may keep 1% of the Prepaid Wireless E 9-1-1 Fee they collect. See **Special Notice 2018(3)**, *Change to the Prepaid Wireless E 9-1-1 Fee*.

9 Permits, Licenses, and Other Requirements

In addition to understanding the requirements of the Department of Revenue Services (DRS), a new business owner should become familiar with the requirements of other state agencies, municipalities, and the federal government. This chapter provides an overview of some of these requirements and refers you to other agencies you should contact for more information.

Permits and Licenses

Certain businesses are subject to regulation by the state or the federal government, or both, and may be required to obtain a permit or license to operate. **The Connecticut Business Helpline** can provide you with information about state permits, licenses, initial and annual fees, and other information about the application process. Contact the Connecticut Business Helpline at 1-800-392-2122.

The Department of Consumer Protection (DCP) issues many licenses and permits for jobs and businesses. Visit the DCP website at portal.ct.gov/DCP or contact the DCP at 860-713-6100.

Federal Tax Requirements

Contact the Internal Revenue Service (IRS) for information about federal tax liabilities and requirements. Federal taxes that may apply to your business include income tax, self-employment tax, employment taxes, and excise taxes. Visit www.irs.gov/help/telephone-assistance for answers and contact information.

The IRS has free publications for small businesses. You may order IRS Publication 334, Tax Guide for Small Business, and IRS Publication 583, Starting a Business and Keeping Records. Visit the IRS website at www.irs.gov/forms-instructions or call the IRS at 1-800-829-3676 to order federal tax forms and publications.

Requirements of Other State Agencies and Municipalities

Other state agencies administer the following Connecticut taxes:

- Corporation franchise tax;
- Unemployment compensation tax; **and**
- Motor vehicle fees.

Each municipality administers a property tax on real and tangible personal property.

Office of the Secretary of the State (SOTS)

Visit the SOTS website at portal.ct.gov/SOTS or contact the SOTS at 860-509-6200 for more information.

Corporation franchise tax

The SOTS collects a franchise tax from Connecticut corporations. Conn. Gen. Stat. § 33-618 establishes the corporate franchise tax.

- **Domestic corporations:** A domestic corporation must pay a franchise tax to the SOTS at the time of incorporation and at the time of any increase in the number of shares of authorized capital stock.

In addition to the corporation franchise tax, there are other fees for incorporating a domestic corporation such as for:

1. Filing the certificate of incorporation;
 2. Filing the organization report;
 3. Filing the annual report which is due every year on or before the last business day of the month in which the anniversary date of incorporation occurs; **and**
 4. Obtaining a certified copy of a corporate document.
- **Foreign corporations:** A corporation organized outside the state may obtain a certificate of authority to transact business in Connecticut by filing an application with the SOTS and appointing a registered agent to accept service of process. Applications may be obtained from the SOTS and must be accompanied by a filing fee and a certificate of legal existence from the state of its incorporation. Foreign corporations must file annual reports due on or before the last business day of the month that is the anniversary date of the filing of the application for certificate of authority. The annual report and license fee is payable upon filing of the annual report.

Department of Labor (DOL)

Unemployment Compensation Tax

The DOL administers the Unemployment Compensation Tax. For more information, and for registration forms, visit the DOL website at www.ct.gov/dol, call the DOL at 860-263-6550, or write to:

Connecticut Department of Labor
Employer Status Unit
200 Folly Brook Boulevard
Wethersfield CT 06109

Department of Motor Vehicles (DMV)

Motor Vehicle Fees

Motor vehicle registration is administered by the DMV. For more information on motor vehicle fees, visit the DMV website at www.ct.gov/dmv, call the DMV at 1-800-842-8222 (Connecticut calls from outside the Greater Hartford calling area only) or 860-263-5700 (from anywhere), or write to:

Connecticut Department of Motor Vehicles
60 State Street
Wethersfield CT 06161

Annual registration fees for commercial motor vehicles are based on the vehicle gross weight. Both tractors and trailers must be registered. There are fixed annual fees for saw rigs, spray rigs, and well drillers. Permanently mounted cranes require a fee by gross weight. There is a registration fee per year (not prorated) for heavy-duty vehicles (55,000 lbs. gross weight and over). Overweight vehicles require a special permit from the Connecticut Department of Transportation.

Specific registration classes exist for taxis, liveries, and buses each with special requirements and fees.

Office of Policy and Management (OPM)

Property Tax

The property tax is not administered by DRS, but by each Connecticut municipality. For more information on the property tax, visit the OPM website at www.ct.gov/opm or write to:

Intergovernmental Policy Division
Office of Policy and Management
450 Capitol Avenue
Hartford CT 06106-1379

You can obtain specific information from the city or town assessor where the business will be located.

Each company pays an ad valorem property tax to the community in which it has real or personal property. Manufacturing inventories of finished goods and goods in process are exempt, as are mercantile inventories.

Assessment Date: October 1 is the annual assessment date. Not later than November 1, each company must file a declaration of its personal property with the local assessor. Personal property and motor vehicles are revalued annually. Real property is revalued every four years. Increases in assessed values of real property resulting from revaluation may be phased-in for up to four years at the community's option.

Any municipality with a population in excess of 35,000 persons may establish a special service district to construct, own, operate, and maintain public improvements, and to provide within that district the services a municipality is authorized to provide (except elementary and secondary education). The district may levy a property tax to be administered by the municipality.

Exemptions: Newly acquired manufacturing machinery and equipment, including property used in the production of motion pictures, videos, and sound recordings, may be exempt from the property tax for a five-year period. New commercial motor vehicles used exclusively for the interstate or intrastate transport of freight for hire may also be exempt for a five-year period. Both exemptions must be claimed annually between October 1 and November 1. Applications for exemption and personal property declaration forms are available from the local assessor.

Connecticut has a free port law that permits goods shipped in from out-of-state to remain free of local property taxes while stored in a public warehouse not owned by the seller or buyer provided the goods remain in their original packages.

10 For More Help

Connecticut Department of Revenue Services (DRS)

Visit the DRS website at portal.ct.gov/DRS or call DRS at **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) or **860-297-5962** (from anywhere) for tax information and other services during business hours, Monday through Friday, 8:30 a.m. to 4:30 p.m. For walk-in assistance, visit any of the DRS offices.

10 Middle Street, Bridgeport, CT

450 Columbus Blvd, Hartford, CT (only THIS office accepts cash)

401 West Thames Street, Building #700, Norwich, CT

55 West Main Street, Suite 100, Waterbury, CT

Internal Revenue Service (IRS)

Visit the **IRS** website at www.irs.gov or call the IRS to order federal tax forms and publications or for federal tax information.

IRS Toll-Free Telephone Numbers

Federal Tax Information.....	1-800-829-1040
Tele-Tax (recorded tax information).....	1-800-829-4477
Federal Tax Forms and Publications.....	1-800-829-3676
Telecommunications Device for the Deaf.....	1-800-829-4059

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Appendix

Connecticut Tax Forms, Publications, and Certificates

The following forms, publications, and certificates are of interest to most business people. The publication numbers referenced are updated at the time of printing, but the information may change. Look for the most current version on the DRS website at portal.ct.gov/DRS.

Sales and Use Taxes

- Topical Index to Rulings and Administrative Pronouncements Covering Sales and Use Taxes
- OS-114 Connecticut Sales and Use Tax Return
- OS-114BUT Connecticut Business Use Tax Return
- O-88..... Instructions for Form OS-114, Connecticut Sales and Use Tax Return
- O-88BUT Instructions for Form OS-114BUT, Connecticut Business Use Tax Return
- OP-186 Connecticut Individual Use Tax Return
- IP 2018(2)..... Building Contractors' Guide to Sales and Use Taxes
- IP 2018(3)..... Exemptions From Admissions Tax
- IP 2018(19)..... Farmer's Guide to Sales and Use Taxes, Motor Vehicle Fuels Tax, Estimated Income Tax, and Withholding Tax
- IP 2016(19)..... Q & A on the Connecticut Individual Use Tax
- IP 2015(16)..... Q & A on the Connecticut Use Tax for Businesses and Professions
- IP 2011(17)..... Sales and Use Taxes on Returned Goods, Even Exchanges, and Trade-Ins
- IP 2009(13)..... Sales and Use Taxes Guide for Manufacturers, Fabricators, and Processors
- IP 2009(14)..... Fisherman's Guide to Sales and Use Taxes and Estimated Income Tax
- IP 2009(15)..... Notice to Retailers on Sales and Use Tax Resale Certificates
- IP 2003(11)..... Q & A: The Dues Tax
- IP 2002(11)..... Nonprofit Hospitals, Nonprofit Nursing Homes, Nonprofit Rest Homes, and Nonprofit Residential Care Homes
- PS 2017(2) Room Occupancy Tax and Sales Tax on Campground Rentals
- PS 2017(3) Room Occupancy Tax on Short-Term Home Rentals
- PS 2017(7) Room Occupancy Tax and Sales and Use Taxes for Hotels, Motels, and Bed & Breakfasts
- PS 2010(7) Tax Exempt Purchases by Connecticut State Agencies and Municipalities
- PS 2007(5) Sales Tax Treatment of Coupons, Scan Cards, Cash Equivalents, Promotional Items, and Rebates
- PS 2007(7) Taxation of Services by Employment Agencies and Agencies Providing Personnel Services
- PS 2006(8) Sales and Use Taxes on Computer-Related Services and Sales of Tangible Personal Property
- PS 2004(4) Sales and Use Tax Exemption for Safety Apparel
- PS 2002(2) Sales and Use Taxes on Meals
- PS 2002(3) Sales and Use Tax Exemptions for Sales by Eleemosynary Organizations and Elementary and Secondary Schools
- PS 2002(6) Sales and Use Tax Exemptions for Low and Moderate Income Housing Facilities
- PS 2001(4) Sales of Motor Vehicles to Nonresident Military Personnel and Joint Sales of Motor Vehicles to Nonresident Military Personnel and Their Spouses
- PS 2001(5) Sales and Use Tax Exemption for Food Sold Through Coin-Operated Vending Machines
- PS 2001(9) Sales and Use Taxes on Sales and Purchases Made by Veterinarians
- PS 2001(11)..... Admissions Tax Exclusion for Health Clubs
- PS 2000(4) Sales and Use Tax on Charges for Personnel Training Services
- PS 98(5) Sales and Use Tax Refund Policy
- PS 98(8) Exemption from Sales and Use Taxes for Items Used Directly in the Biotechnology Industry
- SN 2018(6) Obligation of Dry Cleaners for the Dry Cleaning Establishment Surcharge and Business Use Tax
- SN 2015(1) Sales and Use Tax Exemption for Nonprescription Drugs and Medicines
- SN 2007(1) Sales and Use Taxes on Health and Athletic Club Services
- SN 2003(1) Exempt Sales of Food and Beverages at Schools and Care Facilities
- SN 2002(9.1) Sales and Use Taxes on the Furnishing of Space for Storage
- SN 2002(15) Sales and Use Taxes on Sale and Leaseback Arrangements
- SN 2001(2) Miscellaneous Personal Services
- SN 2001(5) The "Buy Connecticut" Provision
- SN 2000(9) Sales and Use Tax Exemption for College Textbooks

Miscellaneous

- Numerical Index to Rulings and Administrative Pronouncements as Affected, if at all, by Later-Issued Rulings and Pronouncements
- Topical Index to Rulings and Administrative Pronouncements Covering Miscellaneous Taxes and Administrative Topics
- Online Guide to Connecticut Business Tax Credits
- REG-1..... Business Taxes Registration Application
- LGL-001..... Power of Attorney
- LGL-002..... Request for Disclosure of Tax Returns or Tax Return Information
- LGL-003..... Limited Power of Attorney
- CT-8822..... Change of Address
- IP 2018(6)..... Procedures to Request Disclosure of Tax Returns and Tax Return Information
- IP 2018(10)..... Successor Liability and Request for Tax Clearance
- IP 2017(15)..... Filing and Paying Connecticut Taxes Electronically
- IP 2017(20)..... Q & A Concerning Freedom of Information Act Requests
- IP 2016(14)..... Q & A on the Business Entity Tax
- IP 2010(14)..... State of Connecticut-International Fuel Tax Agreement (IFTA) Manual
- PS 2017(1) Your Rights as a Connecticut Taxpayer
- PS 2012(2) Designated Private Delivery Services and Designated Types of Service
- PS 2008(2) Requests for the Issuance of a Ruling
- SN 2018(3)..... Change to the Prepaid Wireless E 9-1-1 Fee
- SN 99(3)..... Effect of Federal Tax Law Changes on the Taxation of Limited Liability Companies and S Corporations and Their Shareholders
- SN 99(8)..... Sale and Possession of “Gray Market” Cigarettes

Sales and Use Taxes Exemption Certificates

- Sales & Use Tax Resale Certificate (Regulations 1 & 23)
- Printed Material Certificate
- CERT-100..... Materials, Tools, and Fuel
- CERT-101..... Machinery, Component Parts, and Replacement and Repair Parts of Machinery Used Directly in a Manufacturing Process
- CERT-102..... Certified Rehabilitation Certificate for Certified Historic Structures
- CERT-103..... Residential Condominium Association
- CERT-104..... Services Certificate for New Construction
- CERT-105..... Commercial Motor Vehicle Purchased Within Connecticut for Use Exclusively in the Carriage of Freight in Interstate Commerce
- CERT-106..... Claim for Refund of Use Tax Paid on Motor Vehicle Purchased From Other Than a Motor Vehicle Dealer
- CERT-108..... Partial Exemption of Materials, Tools, and Fuels
- CERT-109..... Partial Exemption for Machinery, Equipment, or Repair and Replacement Parts
- CERT-110..... Aircraft Repair Services — Aircraft Repair and Replacement Parts
- CERT-111 Machinery, Equipment, Materials, Tools, and Fuel Used by an Aircraft Manufacturer Operating an Aircraft Manufacturing Facility
- CERT-112 Exempt Purchases of Meals or Lodging by Exempt Entities
- CERT-113 Purchases of Tangible Personal Property and Services by Certain Hospitals, Nonprofit Nursing Homes, Nonprofit Rest Homes, or Nonprofit Residential Care Homes
- CERT-114 Commercial Motor Vehicle or Motor Bus Purchased Within Connecticut for Use in Interstate Commerce as an Interstate Motor Bus
- CERT-115 Exempt Purchases of Gas, Electricity, and Heating Fuel
- CERT-116 Exempt Petroleum Products Certificate
- CERT-117 Purchases of Tangible Personal Property Incorporated Into or Consumed in Air Pollution Control Facilities
- CERT-119 Purchases of Tangible Personal Property and Services by Qualifying Exempt Organizations
- CERT-120..... Machinery, Equipment, Tools, Materials, and Supplies Used in the Production of Printed Material or in Prepress Production
- CERT-121..... Exemption for Landscaping and Horticulture Services, Window Cleaning Services, and Maintenance Services Provided to Recipients of Total Disability Benefits
- CERT-122..... Refund of Tax Paid on Purchases of Meals or Lodging by Exempt Entities

CERT-123.....	Blanket Certificate for Exempt Qualifying Purchases of Meals or Lodging by an Exempt Organization or Qualifying Governmental Agency
CERT-124.....	Purchases of Tangible Personal Property Incorporated Into or Consumed in Water Pollution Control Facilities
CERT-125.....	Sales and Use Tax Exemption for a Motor Vehicle Purchased by a Nonresident of Connecticut
CERT-126.....	Exempt Purchases of Tangible Personal Property or Services for Low and Moderate Income Housing Facilities
CERT-127.....	Exempt Purchases by an Enrolled Member or by the Tribal Government of the Mashantucket Pequot Tribe or Mohegan Tribe
CERT-128.....	Exempt Purchases by Contractors in Connection With Construction Projects in Indian Country of the Mashantucket Pequot or Mohegan Tribes
CERT-129.....	Exemption for Items Used Directly in the Biotechnology Industry
CERT-131.....	Exemption for Projects of the Connecticut Resources Recovery Authority and Solid Waste-to-Energy Facilities
CERT-132.....	Sales and Use Tax Exemption for Purchases Made Under the Buy Connecticut Provision
CERT-133.....	Contractor's Exempt Purchase Certificate for a Renovation Contract With a Direct Payment Permit Holder
CERT-134.....	Exempt Purchases by Qualifying Governmental Agencies
CERT-135.....	Reduced Sales and Use Tax Rate for Motor Vehicles Purchased by Nonresident Military Personnel and Their Spouses
CERT-136.....	Purchases of Items by Eleemosynary Organizations and Schools That Will Be Resold Tax-Exempt for \$20 or Less
CERT-137.....	Sales and Use Tax Certificate for Sale and Leaseback Arrangements
CERT-138.....	Purchases for Use in Audio or Video Production or Broadcasting
CERT-139.....	Sales and Use Tax Exemption for a Vessel Purchased by a Nonresident of Connecticut
CERT-140.....	Solar Heating Systems, Solar Electricity Generating Systems, and Ice Storage Cooling Systems
CERT-141.....	Contractor's Exempt Purchase Certificate
CERT-142.....	Items Used Directly in the Renewable Energy and Clean Energy Technology Industries
CERT-143.....	Sales and Use Tax Exemption for Purchases of Vessels Docked in Connecticut for 60 or Fewer Days in a Calendar Year

Withholding Tax

CT-941.....	Connecticut Quarterly Reconciliation of Withholding
CT-941X.....	Amended Connecticut Reconciliation of Withholding
CT-8109.....	Connecticut Income Tax Withholding Tax Payment Form for Nonpayroll Amounts
CT-945.....	Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts
CT-W3.....	Connecticut Annual Reconciliation of Withholding
CT-W4.....	Employee's Withholding Certificate
CT-1096.....	Connecticut Annual Summary and Transmittal of Information Returns
CT-W4P.....	Withholding Certificate for Pension or Annuity Payments
CT-W4NA.....	Employee's Withholding Certificate – Nonresident Apportionment

• **Denotes no form number.**

•• **Denotes online information.**

Effect on Other Documents

This publication modifies and supersedes **Informational Publication 2017(25)**, *Getting Started in Business*, **Informational Publication 2014(21)**, *Business Taxes*, and **Informational Publication 2003(26)**, *Q & A on Sales and Use Taxes for a New Business*. **Informational Publication 2010(25)**, *Personal Taxes*, is modified and superseded in part.

Effect of This Document

An Informational Publication issued by the Department of Revenue Services (DRS) addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

Paperless Filing/Payment Methods (fast, easy, free, and confidential)

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at portal.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.







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Pay Electronically: You can pay taxes for tax returns that cannot be filed through the **TSC**. Log in and select the *Make Payment Only* option. Choose a payment date up to the due date of the tax and mail a paper return to complete the filing process. After filing you will receive a confirmation number for your records. You can also view all of your processed or scheduled payments from the main menu of the **TSC**.



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Internet	Find important information for Individual and Business filers, and all of the latest DRS news including new legislation, policies and press releases on the DRS website at portal.ct.gov/DRS	View, download, and print all Connecticut forms and publications by visiting the DRS website at portal.ct.gov/DRS	Internet				
							
	DRS Website						
Email	Send routine tax questions to drs@po.state.ct.us (do not send account-related inquiries). For account-related questions, including bill and refund inquiries, use the Secure Mailbox feature by logging into the TSC .		Email				
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Phone	For telephone assistance, call the Department of Revenue Services (DRS) at 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only); or 860-297-5962 (from anywhere).	 	Phone				
		860-297-5962 800-382-9463					
Phone		For forms and publications, call 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) and select Option 2 ; or 860-297-4753 (from anywhere).	Phone				
							
		860-297-4753					
Walk-In	Free personal taxpayer assistance and forms are available by visiting our offices. Walk-in assistance at all DRS locations is available Monday through Friday, 8:30 a.m. to 4:30 p.m. (arrive by 4:00 p.m.). Directions to DRS offices are available using the DRS phone menu or by visiting the DRS website. If you require special accommodations, please advise the DRS representative. All calls are answered at our main office in Hartford, not at the field offices.		Walk-In				
	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Bridgeport 10 Middle St</td> <td style="text-align: center;">Hartford 450 Columbus Blvd</td> <td style="text-align: center;">Norwich 401 West Thames St Building 700</td> <td style="text-align: center;">Waterbury 55 West Main St Suite 100</td> </tr> </table>	Bridgeport 10 Middle St	Hartford 450 Columbus Blvd	Norwich 401 West Thames St Building 700	Waterbury 55 West Main St Suite 100	Directions	
Bridgeport 10 Middle St	Hartford 450 Columbus Blvd	Norwich 401 West Thames St Building 700	Waterbury 55 West Main St Suite 100				
Federal Tax Information		Statewide Services					
For questions about federal taxes , visit www.irs.gov or call the Internal Revenue Service (IRS) at 800-829-1040. To order federal tax forms , call 800-829-3676.		Visit the <i>Official State of Connecticut Website</i> at portal.ct.gov for information on statewide services and programs.					
