

Connecticut Department of Revenue Services



STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

450 Columbus Blvd
Hartford CT 06103

This Special Notice has been superseded by [AN 2000\(8\)](#).

SN 92(13.1)

1992 Legislative Changes Affecting Sales and Use Taxes

BACKGROUND: On June 25, 1992, the Department issued SN 92 (13) to describe changes affecting the Sales and Use Taxes Act. This Special Notice supersedes SN 92 (13) and corrects information concerning the effective date of the surcharge on passenger motor vehicles and the room occupancy tax for space in a campground.

PURPOSE: This Special Notice describes changes affecting the Sales and Use Taxes Act and the enactment of a Tourism Fund Surcharge Tax by the Regular and Special Sessions of the 1992 General Assembly. **This notice is intended to provide general information to taxpayers and should not be considered a ruling or regulation issued by the Department of Revenue Services.**

EFFECTIVE DATE(S): July 1, 1992, except where otherwise noted.

STATUTORY AUTHORITY: 1991 Conn. Pub. Acts 5 and 17 (May Spec. Sess.); 1992 Conn. Pub. Acts 184, 188, 193 and 202.

SURCHARGE ON PASSENGER VEHICLE LEASE OR RENTAL: Effective for rentals or leases of motor vehicles entered into on or after July 1, 1992, a Tourism Fund Surcharge Tax of \$1.00 is imposed on the lease or rental of a passenger motor vehicle for each day (or portion thereof) up to 30 days. A passenger motor vehicle, as defined in C.G.S. Sec. 1401 (59), is a noncommercial vehicle designed to carry 10 or fewer passengers.

The surcharge applies to all rental or lease agreements of 30 days or less where the vehicle is delivered in this state, regardless of where the vehicle is subsequently used. (NOTE: Exemption from the sales and use taxes does not entitle the lessee or renter to an exemption from the Tourism Fund Surcharge Tax.)

The surcharge is in addition to other taxes imposed on the lease or rental; however, sales and use taxes are computed on the gross receipts of the lease or rental, exclusive of the surcharge.

Businesses engaged in the leasing or rental of motor vehicles will receive additional information from this Department within the next few weeks about registration and filing requirements for the Tourism Fund Surcharge Tax. If a lessor or renter of passenger motor vehicles who is leasing or renting for 30 days or less does not receive an additional mailing by July 20, 1992, a letter requesting such information and including the businesses Connecticut tax registration number and federal identification number should be addressed to: Registration Unit, Department of Revenue Services, 25 Sigourney Street, Hartford, CT 06106.

RATES FOR SALES AND USE TAXES: The rate for sales and use taxes remains 6% and the rate for room occupancy tax remains 12%. **However, the 2.5% tax rate on aviation fuel is repealed.**

NEW SERVICES SUBJECT TO THE ROOM OCCUPANCY TAX: The 12% room occupancy tax applies to rental of space in a campground on or after **July 1, 1993** for a period of 30 consecutive calendar days or less.

NEW GOODS AND SERVICES SUBJECT TO THE SALES AND USE TAXES: Effective July 1, 1992, the sales and use taxes will apply to the following goods and services:

- Hypodermic needles and syringes sold without prescription (pursuant to P.A. 92-185). (Sales of hypodermic needles and syringes by prescription remain exempt from tax on the materials.)
 - Component materials of tangible personal property brought into the state by the fabricator of the property for use in this state. (For example, prefabricated building trusses brought into Connecticut by the fabricator of the trusses are subject to the tax.)
-

NEW SALES AND USE TAXES EXEMPTIONS FOR MANUFACTURERS: A five-year phase-in exemption from the sales and use taxes of 10% in the first year and an additional 10% in each of the following 4 years becomes effective with purchases made on or after **January 1, 1993**. The exemption applies to a percentage of the gross receipts for certain items purchased by those engaged in manufacturing, processing or fabricating of products to be sold, in any preparatory process, or in measuring or testing of such products. Further information on this subject will be contained in a Special Notice which will be available from the Department before the effective date.

CHANGES TO THE SALES AND USE TAXES ACT: The following clarifications were made by the legislature:

- Landscape architects that provide landscaping or horticultural services are required to charge tax on these services. (Architectural services, including those rendered by a landscape architect, remain exempt from the tax.)
 - The exemption from tax on the machinery, equipment, tools, materials and supplies used exclusively in the production of printed material applies to publishers as well as to commercial printers.
-

CHANGES TO THE DEFINITION OF SALES PRICE: Effective July 1, 1992 the definition of sales price is changed as follows:

- A retailer of a taxable service described in Section 12-407 (2) (i) is not permitted to deduct from the sales price of the service any charges for compensation or employment related expenses, whether or not separately stated, that are paid to or on behalf of employees of the retailer.

However, the sales price does not include the amount charged for separately stated compensation, fringe benefits, workers' compensation, and payroll taxes or assessments paid to or on behalf of employees of a retailer rendering property or business management services provided the employees perform such services solely for the service recipient at its property or business premises.

CHANGE IN USE OF RESALE CERTIFICATES: Effective June 19, 1992, an individual registered to collect sales and use taxes may purchase on a resale basis personal property he intends to use in the delivery of landscaping or horticultural services, provided the total sales price of the landscaping and horticultural services, including any charge for the property purchased on resale, is taxable. (The property shall be considered used in the delivery of the service if it is physically incorporated on or physically applied to the premises of the service recipient.)

NEW FILING DATE FOR INDIVIDUAL USE TAX RETURNS: The use tax return filing date for taxable year 1992 and thereafter has been changed from January 31 to April 15 in the year following the taxable year. Individuals who purchase taxable goods out-of-state for use in Connecticut must file a use tax return on or before April 15 if Connecticut sales tax was not collected by the retailer.

CHANGE IN RULES FOR SALES OF VESSELS TO OUT-OF-STATE RESIDENTS: Effective July 1, 1992, retailers making sales of vessels to out-of-state residents must obtain an affidavit or other evidence of the purchaser's state of residence in order to charge the purchaser a tax rate that is the lesser of the Connecticut sales tax or the rate in effect in the purchaser's home state. (Previously, retailers making such sales were also

required to obtain proof from the purchaser of registration in the buyer's home state within 10 days of the sale.)

NEW EXEMPTIONS FROM THE SALES AND USE TAXES: Sales and use taxes do not apply to the sale, rental, or lease of the following goods delivered on or after July 1, 1992 or to the following services rendered on or after July 1, 1992, regardless of the date of payment:

- Dance lessons;
- Land surveying;
- Charter bus services;
- Aviation fuel used exclusively for aviation purposes;
- Services rendered by a massage therapist licensed pursuant to Chapter 384a. (Massage services rendered by other than a licensed massage therapist remain taxable.);
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil for use in any vessel having a displacement exceeding four thousand dead weight tons;
- Returnable dairy product containers;
- Special equipment installed in a motor vehicle for the exclusive use of a physically disabled person;
- Motor vehicle parking in a parking lot that is owned or leased under the terms of a lease of at least 10 years duration AND is operated by an employer for the exclusive use of its employees;
- New motor vehicles purchased on or before December 31, 1993, that are powered exclusively by natural gas or electricity. (Previously this exemption only applied to motor vehicles powered by natural gas and was applicable to vehicles purchased on or before December 31, 1992.);
- Conversion equipment purchased on or before December 31, 1993, that is incorporated into or used in converting vehicles to be powered either exclusively or partially by natural gas. (Previously this exemption was applicable to purchases on or before December 31, 1992.);
- Equipment purchased on or before December 31, 1993 for incorporation into or use in a compressed natural gas filling station for vehicles powered by natural gas. (Previously this exemption was applicable to purchases on or before December 31, 1992.);
- Sales of computer and data processing services rendered by a retailer which, on or after July 1, 1991, acquired the operations of a data processing facility from the customer receiving the services, provided such customer operated the facility for its own use. (Effective January 1, 1993.);
- Repair or replacement parts exclusively for use in aircraft owned or leased by a certificated air carrier or in the significant overhauling or rebuilding of aircraft or aircraft parts or components on a factory basis. (Effective July 1, 1993.);
- Aircraft repair services rendered in connection with aircraft owned or leased by a certificated air carrier or with the significant overhauling or rebuilding of aircraft or aircraft parts or components on a factory basis. (Effective July 1, 1993.);
- Materials, tools, fuel, machinery and equipment used by a manufacturer operating an aircraft manufacturing facility in this state. (Effective July 1, 1993.).

CHANGES TO TAXABILITY OF AMUSEMENT AND RECREATION SERVICES: Effective July 1, 1992, certain rules for taxing amusement and recreation services are changed:

Charges for participation in athletic or sporting activities [except for golf services on municipally-owned golf courses or swimming services*] that are not organized exclusively for participants under the age of 19 are no longer exempt from the tax when provided by:

- the federal government, state of Connecticut and its municipalities, and their respective agencies
- non profit charitable hospitals
- nonprofit charitable, religious, or educational organizations that hold a valid Charitable and Religious Organizations Exemption Permit.

NOTE: Other amusement and recreation services provided by these entities nor provided in a facility owned or managed by the federal, state or municipal government are exempt from the tax. However, amusement and recreation services (including swimming, golfing and other athletic or sporting activities) remain fully taxable when provided by organizations other than those listed above.

*Golf services on municipally-owned golf courses become taxable on or after January 1, 1993 and swimming activities offered by the above organizations and government entities become taxable on or after July 1, 1993 **unless the swimming or golfing is organized exclusively for participants under age 19.**

Amusement and recreations services which are included in a fee or charge for admission, dues and initiation that is subject to the Admissions Tax or the Dues Tax are now exempt from the sales and use taxes if the services are provided without additional charge.

EFFECT ON OTHER DOCUMENTS: This Special Notice supersedes SN 92 (13) and corrects information concerning the effective date of the surcharge on passenger motor vehicles and the room occupancy tax for space in a campground. SN 92 (13) is superseded by this Special Notice and may no longer be relied upon.

PLEASE NOTE THE FOLLOWING NEW INFORMATION ABOUT DRS.

FOR FURTHER INFORMATION: To order forms and publications or for further information, call the Department of Revenue Services at 860-297-5962 (Hartford area or out-of-state) or 1-800-382-9463 (in-state). Forms and publications may be ordered through voice-mail 24-hours a day by choosing Option 3 on your touch tone telephone.

Electronic Delivery Options: You can also obtain tax forms and publications 24-hours a day from our Web home page at <https://www.ct.gov/drs>. Telecommunications Device for the Deaf (TDD/TT) users only call 860-297-4911 during business hours.

SN 92(13.1)
Sales and Use Taxes
Issued 6/30/92