

Connecticut Department of Revenue Services



STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

450 Columbus Blvd
Hartford CT 06103

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

SN 94(12)

1994 Legislation Affecting the Sales and Use Taxes, the Admission Tax, the Tourism Fund Surcharge and the Tire Fee

PURPOSE: This Special Notice describes 1994 legislation concerning the Sales and Use Taxes Act, the Admissions Tax, the Tourism Fund Surcharge and the Tire Fee.

EFFECTIVE DATE(S): The changes to the Sales and Use Taxes Act are effective as noted herein. The change to the Admissions Tax is effective July 1, 1994. The change to the Tourism Fund Surcharge is effective October 1, 1994. The change to the Tire Fee is effective July 1, 1996.

STATUTORY AUTHORITY: 1994 Conn. Pub. Acts §§21, 82, 95 and 175; 1994 Conn. Pub. Acts 4 (May Spec. Sess.); 1994 Conn. Pub. Acts 1 (May 25 Spec. Sess.).

CHANGE TO THE ADMISSIONS TAX: Effective July 1, 1994, charges for admission to any carnival or to any amusement ride are exempt from the 10% admissions tax (Public Act 94-4, §22 (May Spec. Sess.)). Special Notice SN 94(7), available from the Department's Forms Unit, has further information on this exemption.

CHANGE TO THE TOURISM FUND SURCHARGE: Effective October 1, 1994, the title "Tourism Fund" is changed to "Tourism Account" (Public Act 94-95).

REPEAL OF THE TIRE FEE: Effective for sales made on or after July 1, 1996, the \$2.00 fee charged on the retail sale in this state of each tire commonly used on a motor vehicle (Public Act 93-74, §47) is repealed (Public Act 94-4, §82 (May Spec. Sess.)).

GOODS AND SERVICES EXEMPT 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 the date noted or to the following services rendered on or after the date noted, regardless of the date of payment.

Transitional Rules for Tax on Repealed Services: Businesses that charge in advance for services that will no longer be subject to the tax should prorate the tax as follows:

Charges for services provided before and after the date of repeal are subject to tax only on the portion of the service provided before the date of repeal. The portion of the charges for services provided after the date of the repeal of tax is not subject to tax.

EFFECTIVE JULY 1, 1989

Voluntary evaluation, prevention, treatment, containment or removal of hazardous waste defined in Conn. Gen. Stat. §22a-115 or other contaminants of air, water or soil and environmental consulting services. Further information on this exclusion will be forthcoming (Public Act 94-4, §13).

EFFECTIVE APRIL 1, 1994

Sales of goods and services that are eligible benefits under Medicare, Medicaid or Champus insurance and that are made to eligible beneficiaries of these insurers are exempt from tax regardless of whether payment is made to the retailer by the beneficiary or by the insurer. Further information on this exemption will be forthcoming (Public Act 94-175, §26).

EFFECTIVE MAY 25, 1994

Business services sold by one affiliate to another affiliate participating in a program involving the Local Initiatives Support Corporation and concerning federal subsidies for housing and community development (Public Act 94-82).

EFFECTIVE JANUARY 1, 1995

Health and athletic club services (Public Act 94-4, §14 (May Spec. Sess.)).

EFFECTIVE JULY 1, 1996

All tax preparation services. (Public Act 94-4, §15 (May Spec. Sess.)) (NOTE: Tax preparation services provided for a business, including business schedules related to an individual income tax return, are excluded from tax as of January 1, 1995 (Public Act 93-74, §24)).

Auctioneering services (Public Act 94-4, §15 (May Spec. Sess.)). (NOTE: Sales agent services in relation to motor vehicles being sold at auction to persons who are engaged in the business of reselling motor vehicles are exempt as of January 1, 1994 (Public Act 93-74, §23)).

Puzzle magazines by subscription (Public Act 94-4, §18 (May Spec. Sess.)).

Tangible personal property and services sold to a water company for use in maintaining, operating, managing or controlling any pond, lake, reservoir, stream, well, distributing plant or system for the purpose of supplying water to fifty or more consumers (Public Act 94-4, §19 (May Spec. Sess.)).

Safety apparel worn by employees for protection (Public Act 94-4, §19 (May Spec. Sess.)).

OTHER 1994 LEGISLATIVE CHANGES TO THE SALES AND USE TAXES ACT:

EFFECTIVE MAY 2, 1994

Statutory provisions requiring the purchaser of a service for resale to separately state the service being resold and the cost to the reseller on the bill or invoice to the customer are repealed. The purchaser is now required only to maintain detailed records of such purchases in such form as the Commissioner may require. (Public Act 94-21).

EFFECTIVE JUNE 9, 1994

The sentence for fraudulent or false information concerning a tax return is increased from not more than 1 year to not more than 5 years nor less than 1 year (Public Act 94-4, §78 (May Spec. Sess.)).

EFFECTIVE JANUARY 1, 1995

Business analysis, management, or managing consulting services will now be taxable when rendered to a limited partnership by an affiliate of a general partner, provided the compensation for the services is other than through a distributive share of partnership profits or an annual percentage of partnership capital or assets and the general partner or affiliate thereof offers the services to others. An "**affiliate of a general partner**" means an entity which is directly or indirectly owned fifty per cent or more in common with a general partner. (NOTE: Such services offered by general partners to limited partnerships are currently taxable.) (Public Act 94-4, §14 (May Spec. Sess.)).

EFFECTIVE JULY 1, 1995

The rate of interest on underpayments or deficiencies of sales and use taxes is reduced from 20% per year to 12% per year (Public Act 94-4, §§37-40).

EFFECTIVE JULY 1, 1996

The sales and use taxes on computer and data processing services will be phased out in six annual rate reductions. The new rates are as follows:

effective July 1, 1996 - 5%
effective July 1, 1997 - 4%
effective July 1, 1998 - 3%
effective July 1, 1999 - 2%
effective July 1, 2000 - 1%
effective July 1, 2001 - 0%

(Public Act 94-4, §17 (May Spec. Sess.)).

Aircraft trade-in allowance: When a customer trades in an aircraft (as defined in Con. Gen. Stat. §15-34(5)) in connection with the purchase of an aircraft from an aircraft dealer, the sales tax applies to the difference between the sales price of the aircraft purchased and the amount allowed on the trade in (Public Act 94-4, §20 (May Spec. Sess.)).

SERVICES EXEMPT FROM THE SALES AND USE TAXES PURSUANT TO 1993 LEGISLATION, EFFECTIVE AS OF JULY 1, 1994: Sales and use taxes do not apply to the sale of the following services, regardless of the date of payment:

Services Rendered At The Residence Of A Permanently Disabled Person: Landscaping and horticultural services, window cleaning, and maintenance services rendered at the residence of a person eligible in accordance with federal regulations to receive permanent total disability benefits under the Social Security Act are exempt from tax (Public Act 93-74, §31). "**Maintenance services**" to residential property include, but are not limited to, housewashing, chimney sweeping, carpet cleaning, gutter cleaning, snow removal and driveway sealing. (NOTE: Maintenance services **do not include** paving, painting, staining, wallpapering, roofing, siding and exterior sheet metal work or janitorial services (defined as cleaning the interior of buildings, structures or dwellings). These services remain taxable.

EFFECT OF THIS DOCUMENT: A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates the Department's informal interpretation of Connecticut tax law and may be referred to for general guidance by taxpayers or tax practitioners.

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.

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