

# 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 97(4)

## 1997 Legislation Affecting the Sales and Use Taxes, the Admissions, Cabaret and Dues Taxes, and the Tire Fee

**PURPOSE:** This Special Notice provides an overview of legislation enacted in 1997 and in prior years affecting the Admissions, Cabaret and Dues Taxes, Sales and Use Taxes Act, and the Tire Fee.

**EFFECTIVE DATES:** The effective dates of legislative changes are noted herein.

**STATUTORY AUTHORITY:** 1997 Conn. Pub. Acts 243, 1997 Conn. Pub. Acts 315, 1997 Conn. Pub. Acts 316 and previously enacted legislation cited herein.

**REPEAL OF THE TIRE FEE:** Effective for sales made on or after **July 1, 1997**, the \$2.00 fee charged on the retail sale in this state of each tire commonly used on a motor vehicle is repealed (1995 Conn. Pub. Acts 160, §64).

### ADMISSIONS, CABARET AND DUES TAXES:

#### EFFECTIVE JULY 1, 1997

**Form OR-129**, the certificate of registration for admissions, cabaret and dues tax, must be conspicuously displayed at the place for which it was issued (Conn. Gen. Stat. §12-555b, as amended by 1997 Conn. Pub. Acts 243, §39).

Persons wishing to appeal the Department's proposed disallowance of a claim for refund must now file a written protest of the proposed disallowance with the Commissioner of Revenue Services within 60 days. An appeal of the proposed disallowance directly to the Superior Court is no longer permitted. (**Effective for refund claims filed after July 1, 1997.**) (Conn. Gen. Stat. §12-550, as amended by 1997 Conn. Pub. Acts 243, §60).

The admission charge to a motion picture of not more than \$4.50 and the admission charge for live performances by actors or musicians presented at Gateway's Candlewood Playhouse or Ocean Beach Park are exempt from the admissions tax (Conn. Gen. Stat. §12-541, as amended by 1997 Conn. Pub. Acts 315, §2).

**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**Transitional Rules for Tax on Repealed Services:** Businesses that charge in advance for services that will no longer be subject to the tax should prorate the tax as follows: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, 1997 OR AS OTHERWISE NOTED**

- Tax preparation services (1995 Conn. Pub. Acts 160, §§48 and 49).
- Motion picture or video production equipment or sound recording equipment purchased or leased for use in this state for production activities which become an ingredient or component part of any master tapes, records, video tapes or film produced for commercial entertainment, commercial advertising or commercial educational purposes and equipment, including but not limited to, antennas used directly in the production or broadcast of programs to the general public by a television or radio station (Conn. Gen. Stat. §12-412(44), as amended by 1997 Conn. Pub. Acts 316, §1).
- Services and property sold to tourism districts (applicable to sales made on or after **May 28, 1996**) (1997 Conn. Pub. Acts 316, §2).
- Tangible personal property sold by nonprofit organizations at bazaars, fairs, picnics, tag sales or similar events to the extent of five such events of a day's duration held during any calendar year (applicable to sales made on or after **June 1, 1997**) (1997 Conn. Pub. Acts 316, §3).
- Services or tangible personal property to be incorporated into or used or consumed in the operation of a solid waste-to-energy facility, certified by the Commissioner of Environmental Protection, whether such purchases are made by the authority or an operating committee or are reimbursed by an authority or operating committee to the lessee or operator of such facility (1997 Conn. Pub. Acts 316, §4).
- Vegetable seeds suitable for planting to produce food for human consumption (1997 Conn. Pub. Acts 316, §4).
- Yarn for noncommercial use (1997 Conn. Pub. Acts 316, §4).
- Tangible personal property sold by historical societies (1997 Conn. Pub. Acts 316, §4).
- Tangible personal property or services sold by the Connecticut Development Authority (Conn. Gen. Stat. §32-23h, as amended by 1997 Conn. Pub. Acts 316, §5).
- Services rendered in connection with the creation, development, hosting or maintenance of all or part of a web site which is part of the Internet, commonly referred to as the World Wide Web (Conn. Gen. Stat. §12-407(2)(i)(A), as amended by 1997 Conn. Pub. Acts 316, §6).
- Private investigation, protection, patrol, and watchman services when provided by off-duty police or fire fighters (Conn. Gen. Stat. §12-407(2)(i)(D), as amended by 1997 Conn. Pub. Acts 316, §6).
- Oxygen supply equipment used for animals as well as for humans (Conn. Gen. Stat. §12-412(19), as amended by 1997 Conn. Pub. Acts 316, §8).
- Motor vehicle parking in municipally-operated railroad parking facilities in municipalities located within an area of the state designated as a *severe nonattainment area for ozone* under the Federal Clean Air Act (Conn. Gen. Stat. §12-407(2)(i)(N)).
- Auctioneer services (Conn. Gen. Stat. §12-407(2)(i)(S)).
- Services of a hypertrichologist licensed pursuant to chapter 388 of Connecticut General Statutes. (Conn. Gen. Stat. 12-407(2)(i)(CC)).
- Sales of municipal publications, sales of tangible personal property by public libraries, sales of property at auction by a municipality and book sales by library support groups (Conn. Gen. Stat. §12-412(24)).
- Food products sold through coin-operated vending machines. Request **SN 97(3)**, *Sales and Use Tax Exemption for Food Sold Through Coin-operated Vending Machines* from the Forms Unit for further information (Conn. Gen. Stat. §12-412(27)).
- 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 or for use in any vessel primarily engaged in interstate commerce (Conn. Gen. Stat. §12-412(79), as amended by 1997 Conn. Pub. Acts 243, §24).
- 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 (Conn. Gen. Stat. §12-412(90)).
- Safety apparel worn by employees for protection during the course of the employee's employment (Conn. Gen. Stat. §12-412(91)).
- Services or tangible personal property to be incorporated into or used or otherwise consumed in the operation of any project of the Connecticut Resource Recovery Authority established pursuant to Conn. Gen. Stat. §22a-261, whether the purchases are made directly by the Authority or are reimbursed by the Authority to the lessee or operator of such project (Conn. Gen. Stat. §12-412(92)).

**EFFECTIVE OCTOBER 1, 1997**

- Services to develop, construct, rehabilitate, renovate, repair or operate low and moderate income housing facilities that are constructed under the sponsorship of and owned or operated by nonprofit housing organizations. Before making exempt purchases, the nonprofit housing organization must obtain a letter of determination as to the eligibility of the project for exemption from the Commissioner of Revenue Services. (Conn. Gen. Stat. §12-412(29), as amended by 1997 Conn. Pub. Acts 243, §21).
- Repair or replacement parts exclusively for use in aircraft having a maximum certificated takeoff weight of 6,000 pounds or more and aircraft repair services when rendered in connection with aircraft having a maximum certificated takeoff weight of 6,000 pounds or more (Conn. Gen. Stat. §12-412(76) and (77), as amended by 1997 Conn. Pub. Acts 316, §9 ).
- Aircraft having a maximum certificated takeoff weight of 6,000 pounds or more. *Certificated takeoff weight* means the maximum such weight contained in the type certificate or airworthiness certificate (1997 Conn. Pub. Acts 316, §10).

---

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

### EFFECTIVE JULY 1, 1997 OR AS OTHERWISE NOTED

Taxpayers may apply to the Department for a refund of taxes paid on tangible personal property purchased from a Connecticut retailer when those goods will be shipped outside of Connecticut for exclusive use outside of Connecticut or will be incorporated into other property to be shipped outside of Connecticut for exclusive use outside of Connecticut. The Department may in the future adopt regulations that will allow taxpayers to obtain a permit to allow such purchases from Connecticut retailers to be made exempt the taxes (**Effective upon passage**) (1997 Conn. Pub. Acts 243, §48).

**Leased employee definition:** For the purpose of the exclusion from the sales price or gross receipts for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of a leased employee, an employee shall be treated as a *leased employee* if:

1. the employee is provided to the client at the commencement of an agreement with an employee leasing organization under which at least seventy-five per cent of the employees provided to the client at the commencement of such initial agreement qualify as leased employees pursuant to section 414(n) of the Internal Revenue Code of 1986, or
2. the employee is added to the client's workforce by the employee leasing organization subsequent to the commencement of such initial agreement and otherwise qualifies as a leased employee pursuant to the section 414(n) of the Internal Revenue Code of 1986, except that the employee has not worked on a substantially full time basis for at least one year, as required by subparagraph (B), Paragraph (2) of section 414(n).

A leased employee does not include any employee who is hired by a temporary help service and assigned to support or supplement the workforce of a temporary help service's client (Conn. Gen. Stat. §12-407(8) and (9), as amended by 1997 Conn. Pub. Acts §316, §7).

The sales and use taxes on repair or maintenance services to vessels will be phased out in three rate reductions. The new rates are: **effective July 1, 1997 - 4%, July 1, 1998 - 2%, July 1, 1999 - 0%**

**Vessel** means every description of watercraft, other than a seaplane on water, used or capable of being used as a means of transportation on water. (Conn. Gen. Stat. §12-408(1)).

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

**effective July 1, 1997 - 5%**

**effective July 1, 2000 - 2%**

**effective July 1, 1998 - 4%**

**effective July 1, 2001 - 1%**

**effective July 1, 1999 - 3%**

**effective July 1, 2002 - 0%**

**(Conn. Gen. Stat. §12-408(1)).**

Persons wishing to appeal the Department's proposed disallowance of a claim for refund must now file a written protest of the proposed disallowance with the Commissioner of Revenue Services within 60 days. An appeal of the proposed disallowance directly to the Superior Court is no longer permitted. (**Effective for**

**refund claims filed after July 1, 1997.)** (Conn. Gen. Stat. §12-412d(c), as amended by 1997 Conn. Pub. Acts 243, §55 and Conn. Gen. Stat. 12-425(5), as amended by 1997 Conn. Pub. Acts 243, §56).

Personal liability for failure to collect and pay over the taxes is extended to any person, other than the retailer, who is required to collect and pay over the tax on behalf of the retailer. *Person* includes any individual, corporation, limited liability company or partnership and any officer or employee of any corporation, including a dissolved corporation, and any member or employee of any partnership or limited liability company who is under a duty to file a tax return or collect taxes on behalf of the retailer. (Conn. Gen. Stat. §12-414a, as amended by 1997 Conn. Pub. Acts 243 §27).

The Commissioner may now make more than one assessment for a tax period in the event that new information comes into his possession (Conn. Gen. Stat. §12-415(1), as amended by 1997 Conn. Pub. Acts 243, §28 and Conn. Gen. Stat. §12-416(1), as amended by 1997 Conn. Pub. Acts 243, §29).

**Aircraft trade-in allowance:** When a customer trades in an aircraft (as defined in Conn. 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 (Conn. Gen. Stat. §12-430(4)).

### **EFFECTIVE OCTOBER 1, 1997**

The sales price and gross receipts of a sale include any amount due and owing to the retailer for the sale or lease of tangible personal property, the rental of a room, or sale of a service, whether or not the payment is actually received by the retailer. (Conn. Gen. Stat. §12-407 (8) and (9), as amended by 1997 Conn. Pub. Acts 243, §13).

The rate of 4.5% on the sale of a motor vehicle to a member of the armed forces of the United States who is on full-time active duty in Connecticut applies only to an individual who is considered, under 50 APP USC 574, a resident of another state. The retailer is required to maintain an affidavit or other evidence of the purchaser's state of residence (Conn. Gen. Stat. §12-408(1)(C), as amended by 1997 Conn. Pub. Acts 243, §17).

To qualify to purchase a vessel at the lesser of 6% or the tax rate in effect in the purchaser's state of residence, a purchaser must be a resident of another state, may not maintain a permanent place of abode in Connecticut and must not present the vessel for registration with the Connecticut Department of Motor Vehicles (Conn. Gen. Stat. §12-408(1)(D), as amended by 1997 Conn. Pub. Acts 243, §17).

The exemption from taxes for the sale of services between affiliated corporations no longer requires that the transaction be rendered for expense allocation purposes only. (Conn. Gen. Stat. §12-412(62), as amended by 1997 Conn. Pub. Acts 243, §22).

Machinery, equipment, tools, materials and supplies purchased for use in the production of printed material by a commercial printer or publisher or for use in the production of typesetting, color separation, finished copy with type proofs and artwork or similar content mounted for photomechanical reproduction will now qualify for exemption if used predominantly, rather than exclusively, in such production. (Conn. Gen. Stat. §§12-412(71) and (72), as amended by 1997 Conn. Pub. Acts 243, §23).

The purchaser of a motor vehicle from a licensed motor vehicle lessor is now required to pay the sales tax to the licensed motor vehicle lessor and the licensed motor vehicle lessor is required to collect the sales tax on such sales (Conn. Gen. Stat. §12-431(a), as amended by 1997 Conn. Pub. Acts 243, §31).

---

**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.

---

**FOR FURTHER INFORMATION:** If you have questions about Connecticut taxes, please call the Department of Revenue Services during business hours, Monday through Friday:

- **860-297-5962** (Hartford calling area or from out-of-state); or
- **1-800-382-9463** (toll-free from within Connecticut)

**FORMS AND PUBLICATIONS:**

Forms and publications are available all day, seven days a week:

- **Telephone:** use the phone numbers listed above and select **Option 3** from a touch-tone phone;
- **Internet:** preview and download forms and publications from the DRS web site:  
<https://www.ct.gov/drs>.

Telecommunications Device for the Deaf (TDD/TT) users **only** call 860-297-4911 during business hours.

---

SN 97(4)  
Sales and Use Taxes  
Issued 6/25/97