

# 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\(8\)](#)  
and [SN 2003\(5\)](#).**

### SN 91(1)

## 1991 Legislative Changes Affecting Sales and Use Taxes

**Purpose:** This Special Notice describes changes affecting the Sales and Use Taxes Act made by the Regular and Special Sessions of the 1991 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):** October 1, 1991, except where otherwise noted.

**Statutory Authority:** 1991 Conn. Pub. Acts 3, §§103 to 120, inclusive, 155 and 165 (June Spec. Sess.); 1991 Conn. Pub. Acts 179.

**Rates For Sales And Use Taxes:** The following tax rates will become effective as a result of recent legislation:

**Effective August 22, 1991**--Motor vehicle dealers: The Sales and Use Taxes rate is 6% on the sale, rental, and lease of all motor vehicles, new or used, made by a motor vehicle dealer or rental agency on or after August 22, 1991. With respect to existing leases, the 6% rate applies to rental payments for that portion of the lease term that is on or after August 22, 1991 and the 8% rate applies to that portion before August 22, 1991. NOTE: Sales of motor vehicles by other than motor vehicle dealers remain subject to the 8% rate until October 1, 1991, when the rate is reduced to 6%;

**Effective October 1, -1991**--All other retailers:

1. The Sales and Use Taxes rate will decrease from 8% to 6%. The 6% rate applies to the sale, rental, or lease of goods delivered on or after October 1 (regardless of date of payment). With respect to existing leases, the 6% rate applies to rental payments for that portion of the lease term that is on or after October 1, 1991 and the 8% rate applies to that portion before October 1, 1991. Services are taxed at the rate in effect on the date the service is rendered (regardless of date of payment). (For taxpayers who make sales on a "tax included" basis, 94.3% of gross income is considered to be the gross receipts for such sales.);
2. The Room Occupancy Tax rate will increase from 8% to 12%;
3. The Sales and Use Taxes rate for the sale of a vessel by a Connecticut retailer to any nonresident is the lesser of 6%, or the rate of tax that a retailer in the nonresident's state would be required to collect provided:
  - the vessel is registered in the purchaser's state of residence within ten days from the date of sale; and
  - the Connecticut retailer obtains evidence concerning the purchaser's state of residence and the registration of such vessel in the other state.

**New Rules For Service Providers Who Are Cash Basis Filers With The Internal Revenue Service:**

Retailers whose only sales are of services enumerated in Conn. Gen. Stat. §12-407(2)(i) and who are cash basis filers with the IRS may report their sales during the filing period in which income for sales is received without regard to when the service was rendered. All other retailers are required to report sales during the period when the sales or leases of goods are made or when the services are rendered.

**New Services Subject To Sales And Use Taxes:** Effective October 1, 1991, the Sales and Use Taxes will apply to several new services. The examples cited herein to describe each taxable service are general guidelines and are not all inclusive. The new services or categories of services that will be taxable are:

- International telephone calls;
- 900 line services;
- Tax preparation services, including all charges for the preparation of any tax return by tax preparers, accountants, attorneys, and any persons engaged in the business of preparing tax returns;
- Photographic studio services; (Sales of goods by photographers and photographic studios remain taxable.)
- Personal services including, but not limited to: babysitting bureaus, bartering services, checkroom services, coin-operated service machines (i.e. scales, shoeshine, lockers, and blood pressure), dating services, debt counseling services, diet workshops, hair removal, hair weaving or replacement, locker rental, massage parlors, shopping services, tanning salons, and wardrobe services. Further information on this subject will be contained in Special Notice (SN) 91(4) which will be available shortly;
- Amusement, recreation and entertainment service fees for instruction, participation, membership or admission (except indoor and outdoor motion picture theatres) and fees for coin-operated amusements, excluding those services provided by:
  - the federal government, State of Connecticut and its municipalities, and their respective agencies
  - nonprofit charitable hospitals
  - nonprofit charitable, religious, or educational organizations that hold a valid Charitable and Religious Organizations Exemption Permit.

Further information on this subject will be contained in Special Notice (SN) 91(5) which will be available shortly;

- Warranty or service contracts for any item of tangible personal property, whether or not purchased at the time of sale;
- Transportation of passengers by any person authorized by the Connecticut Department of Transportation to do business in this State. "Transportation services" exclude those services rendered by a person along a regular, scheduled route, or by a taxicab, or by an employee for his employer. Transportation services are taxable when they originate and terminate in this State. Transportation services are also subject to sales and use taxes when charged to a customer or account located in this state if:
  1. the transportation service originates in Connecticut and terminates outside Connecticut or
  2. the transportation service originates outside Connecticut and terminates in Connecticut;
- Mooring or storage space for vessels both on land and in the water;
- Renovation and repair services to existing residential real property including: paving, painting, staining, wallpapering, roofing, siding, and exterior sheet metal work. (NOTE: Renovation and repair services to existing industrial, commercial, or income-producing property remain subject to the sales and use taxes. Services for new construction remain exempt from tax.)

**Repeal Of Certain Exemptions From The Sales And Use Taxes:** Effective October 1, 1991, the following sales, previously exempt from tax, will become subject to 6% sales and use taxes.

- The sales of livestock, rabbits, and poultry; feed for livestock, seeds, and tree seedlings; fertilizer; vegetable plants, berry bushes and fruit trees; and horses; (NOTE: Sales of products to be used exclusively in agricultural production to farmers who hold a valid Farmer's Tax Exemption Permit remain exempt from tax.);
- The sales of boats by ship builders or marine dealers to nonresidents;
- The sales of renewable energy systems or systems using cogeneration technology;
- The sales of ambulances and ambulance-type motor vehicles.

**Changes In The Taxability Of Certain Services And Goods:** Effective October 1, 1991, the rules for taxing certain services and goods are changed:

- Repairs or maintenance services to motor vehicles used for personal use are taxable. (NOTE: Repairs or maintenance services to motor vehicles used in a trade or business remain subject to sales and use taxes.);
- The tax on motor vehicle parking services which previously applied only to valet parking applies to all parking space, except metered space, in a lot or a garage having 30 or more spaces. Tax will not apply to rental of space in a seasonal parking lot which is provided by:
  - the federal government, State of Connecticut and its municipalities, and their respective agencies
  - nonprofit charitable hospitals
  - nonprofit charitable, religious, or educational organizations that hold a Charitable and Religious Organizations Exemption Permit;
- Landscaping services provided by a licensed landscape architect are no longer subject to tax. (Landscaping services rendered by others remain subject to the tax and horticultural services remain subject to the tax.)
- Advertising or public relations services related to the development of cooperative direct mail advertising are exempt from tax. (Advertising or public relations services, other than those related to the development of media advertising, remain taxable.)
- Sales of used cars by other than motor vehicle dealers are taxed at book value until the purchaser can prove to the Commissioner of Revenue Services that book value is incorrect;
- Sales of newspapers, except sales by subscription, are taxable, including sales over the counter or from vending machines. Subscription sales include, but are not limited to, newspapers delivered by carrier. (Sales of magazines, except by subscription, remain taxable.)
- The exemption for each item of clothing and footwear, which previously applied to items selling for under \$75, applies to each item of clothing or footwear that sells for under \$50. The exemption for clothing and footwear for children under age 10 is repealed. Each item of clothing and footwear that sells for \$50 or more, whether for adults or children, is subject to tax;
- The sales of any materials or equipment used in broadcasting to the general public by radio and television or used for purposes of accredited medical or surgical training are no longer exempt from tax. (Filmed and taped television or radio programs and any materials which become an ingredient or component part of films or tapes which are used directly in the production and transmission of finished programs or for purposes of accredited medical or surgical training remain exempt.)

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**Services And Goods No Longer Subject To Sales And Use Taxes:** Effective October 1, 1991, the following services and goods are no longer subject to Sales and Use Taxes:

- New motor vehicles powered exclusively by natural gas purchased on or before December 31, 1992 (P.A. 91-179);
- Conversion equipment incorporated into or used in converting vehicles to be powered either exclusively or partially by natural gas purchased on or before December 31, 1992 (P.A. 91-179);
- Equipment purchased on or before December 31, 1992 for incorporation into or use in a compressed natural gas filling station for vehicles powered by natural gas (P.A. 91-179);
- Architectural, building engineering and building planning or design services, interior design and decorating services;
- Commercial trucks, truck tractors, tractors and semitrailers, and vehicles used in combination therewith, are exempt from tax on the sale, rental or lease if they:
  - a. have a gross vehicle weight rating in excess of 26,000 lbs., or
  - b. are operated actively and exclusively for the carriage of interstate freight pursuant to an ICC certificate or permit;
- Machinery, equipment, tools, materials, and supplies used exclusively in the production of printed material by a commercial printer. The "production of printed material" includes all processes necessary to convert manuscript copy into printed material, including but not limited to, layout, color separation, and typesetting;
- Machinery, equipment, tools, materials, and supplies used exclusively in the production of typesetting, color separation, finished copy with type proofs and artwork or similar content mounted for photomechanical reproduction, or other similar products to be sold for use in the production of printed materials;

- Component parts of a machine purchased exclusively for the purpose of assembling a new machine for use directly in a manufacturing production process. This exemption does not apply to repair and replacement parts. An exemption certificate required for these purchases will be available from the Department prior to October 1.
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**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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