

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 93(7)

1993 Legislation Affecting the Sales and Use Taxes, the Tourism Fund Surcharge and the Tire Fee

PURPOSE: This Special Notice describes 1993 legislation concerning the Sales and Use Taxes Act, 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 Tourism Fund Surcharge is effective July 1, 1993. The Tire Fee is effective July 1, 1993.

STATUTORY AUTHORITY: 1993 Conn. Pub. Acts 74, 122, 166, 199, 332 and 360.

TIRE FEE: Effective for sales made on or after July 1, 1993, a retailer shall pay to the Commissioner of Revenue Services a \$2.00 fee on the retail sale in this state of each tire commonly used on a motor vehicle. Businesses engaged in the sale of motor vehicle tires were mailed a certificate of registration and information about the tire fee in June. If a retailer of tires did not receive this mailing, the retailer must send a request including the business's Connecticut tax registration number and federal employer identification number to: Registration Unit, DRS, 25 Sigourney Street., Hartford, CT 06106.

CHANGE TO THE TOURISM FUND SURCHARGE: Effective for rentals or leases of motor vehicles entered into on or after July 1, 1993, the surcharge shall be at a rate of \$1.00 for each day, or portion of a day up to thirty days for which the lessor charges the lessee for the lease or rental, rather than for each calendar day (or portion thereof). (Consult SN 93(10) for more about the tourism fund surcharge.)

REPEAL OF TAX ON CAMPGROUNDS: Effective July 1, 1993, the room occupancy tax scheduled to apply to the rental of space in a campground on or after July 1, 1993 has been repealed.

CHANGES TO THE QUALIFICATIONS FOR SALES TAX EXEMPTIONS: Effective **October 1, 1993**, a commercial farmer whose income from agricultural production exceeds \$2500 can now apply for a farmer's tax exemption permit whether the person files a Schedule C or a Schedule F for federal income tax purposes. "Agricultural production" includes the raising and harvesting of fish.

Effective **January 1, 1994**, state and municipal funding received by organizations described in 501(c)(3) of the Internal Revenue Code shall be considered "private funding" for the purpose of qualifying as a charitable organization for a Connecticut sales and use taxes exemption permit.

GOODS AND SERVICES NO LONGER SUBJECT TO 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:

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- 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. (Public Act 92-17 (May Spec. Sess.);
- 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. (Public Act 92-17 (May Spec. Sess.);
- Materials, tools, fuel, machinery and equipment used by a manufacturer operating an aircraft manufacturing facility in this state (Public Act 92-17 (May Spec. Sess.);
- Machinery, equipment, tools and materials used exclusively in the fabrication of optical lenses;
- New motor vehicles purchased on or before December 31, 1997, that are powered exclusively by natural gas, electricity, or propane. (Previously this exemption was applicable only to motor vehicles powered by electricity or natural gas and was applicable only to vehicles purchased on or before December 31, 1993.);
- Conversion equipment purchased on or before December 31, 1997, 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, 1993.);
- Equipment purchased on or before December 31, 1997 for incorporation into or use in a compressed natural gas filling station for vehicles powered by natural gas or an electric recharging station. (Previously this exemption was applicable only to compressed natural gas filling stations and to purchases on or before December 31, 1993.).

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- Amusement and recreation services;
- Apnea monitors;
- Car washing;
- Commercial motor vehicles and commercial buses, as defined in Conn. Gen. Stat. §§14-1(a)(11) and (44) respectively, provided 75% of the revenue from their days in service is derived from out-of-state trips or trips crossing state lines and the vehicles are being operated under a permit issued by the Department of Transportation under Conn. Gen. Stat. §13b-88 or 13b-89. The purchaser must provide a certificate prescribed by Department to the retailer certifying that the vehicles' usage is in compliance with this law;
- Custom-made wigs or hairpieces for persons with medically diagnosed total and permanent hair loss from a disease or the treatment of a disease;
- Dry or wet storage or mooring of noncommercial vessels rendered from November 1 in any year to and including April 30 of the next succeeding year;
- Equipment used to produce filmed or taped programs for accredited medical or surgical training;
- Repairs to hearing aids;
- Sales agent services in relation to motor vehicles being sold at auction to persons who are engaged in the business of reselling motor vehicles;
- Sales of items for not more than \$100.00 each by any nursing home, rest home, home for the aged, convalescent home or any adult day care center approved for such purpose by the Commissioner of Aging provided the sales are made through a gift shop located on the premises and the profits are retained for the patients or persons using the facility;
- Sales to and by nonprofit nursing homes, nonprofit rest homes and nonprofit homes for the aged licensed by the state under Chapter 368v for the exclusive purposes of such institutions;
- Valet parking provided at any airport.

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The following services rendered at the residence of a person eligible (in accordance with federal regulations) to receive permanent disability benefits under Social Security:

- landscaping and horticultural, window cleaning and maintenance.

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- Tax preparation services provided for a business including business schedules related to an individual income tax return.

NEW SERVICES SUBJECT TO THE SALES AND USE TAXES: Effective on or after the date noted, the sales and use taxes will apply to the following services:

Effective **July 1, 1993**, charges for participation in swimming activities unless organized exclusively for those 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, nonprofit charitable hospitals, nonprofit charitable, religious, or educational organizations that hold a valid Charitable and Religious Organizations Exemption Permit (Public Act 92-17 (May Spec. Sess.));

Effective **January 1, 1994**, business analysis, management or management consulting services rendered by a general partner to a limited partnership, provided that the general partner is compensated for the services (other than through a distributive share of partnership profits) and the general partner offers such services to others, including any other partnership.

OTHER CHANGES TO THE SALES AND USE TAXES ACT EFFECTIVE JULY 1, 1993:

SHIPPING OR DELIVERY CHARGES: Shipping or delivery charges made by a retailer to a customer are subject to sales and use taxes whether or not the charges are separately stated on a contract or invoice to the customer and whether or not the shipping or delivery is provided by the retailer or a third party. Shipping or delivery charges made by a retailer to a customer are not subject to sales and use taxes where the shipped or delivered items are not subject to the sales and use taxes;

LEASED EMPLOYEES: The charges for "leased employees," including the amount charged for separately stated compensation, fringe benefits, workers' compensation, and payroll taxes or assessments paid to or on behalf of a leased employee are not subject to the sales and use taxes. (A leased employee does not include an employee hired by a temporary help service and assigned to support or supplement a client's workforce.);

NEW MODULAR OR PREFABRICATED HOMES: The sales price of these homes will be deemed for the calculation of the taxes to be 70% of the manufacturer's sales price applicable with respect to the sale. A "new modular or prefabricated home" means one that has not been previously occupied. (The resale of such home is exempt from the sales and use taxes and is subject to the real estate conveyance tax.);

NONRESIDENT CONTRACTOR BOND: The bond required of nonresident contractors has been raised from 3% to 5% of the total amount to be paid under the contract and secures payment of any state tax due from the contractor.

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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