

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 95(5)

1995 Legislation Affecting the Sales and Use Taxes, the Admissions Tax, the Tourism Fund Surcharge and the Tire Fee

PURPOSE: This Special Notice describes 1995 legislation affecting the Sales and Use Taxes Act, the Admissions Tax, the Tourism Fund Surcharge and the Tire Fee.

EFFECTIVE DATE(S): The dates of legislative changes are effective as noted herein.

STATUTORY AUTHORITY: 1995 Conn. Pub. Acts 26; 1995 Conn. Pub. Acts 160; 1995 Conn. Pub. Acts 260; 1995 Conn. Pub. Acts 327; and 1995 Conn. Pub. Acts 359.

CHANGES TO THE ADMISSIONS TAX: Effective **July 1, 1995**, the rate of interest on underpayments or deficiencies is reduced from 15% per year to 12% per year. The rate of interest paid on overpayments is reduced from 9% per year to 8% per year (1995 Conn. Pub. Acts 26, §§26, 27, and 28).

CHANGE TO THE TOURISM FUND SURCHARGE: Effective **July 1, 1995**, the rate of interest on underpayments and payments made on extension is reduced from 20% per year to 12% per year (1995 Conn. Pub. Acts 26, §37).

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1, 1997**, the \$2.00 fee charged on the retail sale in this state of each tire commonly used on a motor vehicle is repealed (1995 Conn.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).

NOTE: The repeal of the tire fee was originally scheduled for July 1, 1996 (1994 Conn. Pub. Acts 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Transitional Rules for Tax on Repealed Services: Businesses that charge in advance for services that will no longer be subject to the tax should prorate the tax as follows: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.

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Repair services provided to artificial devices as described in Subparagraph (B) of Conn. Gen. Stat. §12-412(19); to artificial limbs, artificial eyes and other equipment described in Subparagraph (C) of Conn. Gen. Stat. §12-412(19); and to other equipment used in support of vital life functions as described in Subparagraphs (E) of Conn. Gen. Stat. §12-412(19) are exempt from tax effective July 1, 1995. Repair services provided to crutches, walkers, and wheel chairs as described in Subparagraph (D) of Conn. Gen. Stat. §12-412(19) are exempt from tax effective **January 1, 1991**. (1995 Conn. Pub. Acts 160, §40).

NOTE: Repair Services means services that are described in Subparagraphs (Q) or (EE) of Conn. Gen. Stat. §12-407(2)(i).

A motor vehicle that has been declared a total loss pursuant to the provisions of Conn. Gen. Stat. §14-16c and subsequently rebuilt for sale or use, provided the transferee was subject to the sales tax imposed for the last taxable sale of the motor vehicle (1995 Conn. Pub. Acts 260).

Goods and services sold to an organization that is exempt from federal income tax under section 501(a) of the Internal Revenue Code of 1986 and that the United States Treasury Department has expressly determined by letter to be an organization that is described in section 501(c)(3) or (13) of the Internal Revenue Code (1995 Conn. Pub. Acts 359).

NOTE: Organizations who meet the above qualifications will no longer be required to apply for a Sales and Use Taxes Exemption Permit from the Department. Further information on procedures to be used by organizations making purchases will be forthcoming.

Oxygen, blood, or blood plasma sold for medical use in animals (1995 Conn. Pub. Acts 359).

NOTE: This provision extends the existing exemption to the sale of such products for medical use in animals as well as in humans.

Computer and data processing services rendered to a customer by a retailer provided that the retailer acquired the data processing operations from the customer and the customer previously conducted data processing operations for its own use. Purchases of computer and data processing equipment by the retailer are also exempt from sales or use tax when such equipment is used by the retailer to render computer and data processing services to the customer (1995 Conn. Pub. Acts 160, §45).

EFFECTIVE JULY 1, 1996

Rare or antique coins (1995 Conn. Pub. Acts 160, §44).

Puzzle Magazines sold by subscription (1994 Conn. Pub. Acts 4, §18 (May Spec. Sess.)).

EFFECTIVE JULY 1, 1997

Services of a hypertrichologist licensed pursuant to Chapter 338 of Connecticut General Statutes (1995 Conn. Pub. Acts 160, §49).

Services of off-duty police officers at construction sites (1995 Conn. Pub. Acts 160, §49).

Sales of municipal publications, sales of tangible personal property by public libraries, sales of property at auction by a municipality are exempt from tax regardless of the sales price (1995 Conn. Pub. Acts 160, §41).

NOTE: Previously, this exemption applied only to such items sold for less than \$5.00. Book sales by library support groups are also exempt from tax.

Any vessel primarily engaged in interstate commerce (1995 Conn. Pub. Acts 160, §46).

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 (1995 Conn. Pub. Acts 160, §49).

Food products sold through vending machines (1995 Conn. Pub. Acts 160, §42).

NOTE: Food Products means products as defined in Conn. Gen. Stat. §12-412(13).

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 (1995 Conn. Pub. Acts 160, §43).

Any 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 (1995 Conn. Pub. Acts 160, §47).

IMPORTANT: The effective date of the following exemptions was originally scheduled for July 1, 1996 (1994 Conn. Pub. Acts 4, (May Spec. Sess.)). The new effective date for each is July 1, 1997.

Tax preparation services (1995 Conn. Pub. Acts 160, §§48 and 49).

Auctioneering services (1995 Conn. Pub. Acts 160, §§48 and 49).

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 (1995 Conn. Pub. Acts 160, §64).

Safety apparel worn by employees for protection (1995 Conn. Pub. Acts 160, §64)

OTHER 1995 LEGISLATIVE CHANGES TO THE SALES AND USE TAXES ACT:

EFFECTIVE JULY 1, 1995

Core component trade-in allowance: When a retailer of remanufactured truck parts sells such a part to the owner of a truck and accepts from the purchaser in return a core component or core part of a transmission, rear axle carrier, engine, or air brake system, the sales or use tax applies to the difference between the purchase price and the amount allowed by the retailer on the returned core component or core part. (1995 Conn. Pub. Acts 327).

The exemption for commercial trucks, truck tractors, tractors and semitrailers (Conn. Gen. Stat. §12-412(70)), has been amended to require that the vehicle purchased under the exemption be operated actively and exclusively for the carriage of interstate freight during the one year period commencing with the date of purchase. (1995 Conn. Pub. Acts 359).

The exemption for motor vehicles that are sold in Connecticut but are to be used exclusively outside of Connecticut and are not to be registered in Connecticut (Conn. Gen. Stat. §12-412(25)), is repealed (1995 Conn. Pub. Acts 359).

The exemptions for commercial motor vehicles and motor buses (Conn. Gen. Stat. §§12-412(82) and (83)), have been amended to require that the vehicles purchased under the exemption derive 75% of their revenue from their days in service from out-of-state trips or trips crossing state lines during the one year period commencing with the date of purchase (1995 Conn. Pub. Acts 359).

Changes to the Farmer Tax Exemption Permit: An applicant whose gross income from agricultural production in the previous year is less than \$2500 may now qualify for the Farmer Tax Exemption Permit provided (i) the farmer purchased, during the current or immediately preceding taxable year, an agricultural trade or business from a seller who was issued a Farmer Tax Exemption Permit and (ii) such agricultural production trade or business shall be carried on by such purchaser during the period commencing upon the purchase and ending five years after the date of purchase. If the five-year requirement is not met, the applicant will be liable for the sales or use tax otherwise due (1995 Conn. Pub. Acts 359).

EFFECTIVE JULY 1, 1997

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

effective July 1, 2001 - 1%
effective July 1, 2002 - 0%

(1995 Conn. Pub. Acts 160, §39).

NOTE: This phase-out was originally scheduled to commence on July 1, 1996 (1994 Conn. Pub. Acts 4, §17 (May Spec. Sess.)).

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 (1995 Conn. Pub. Acts 160, §64).

NOTE: The effective date of this trade-in allowance was originally scheduled for July 1, 1996 (1994 Conn. Pub. Acts 4, §20 (May Spec. Sess.)).

INTEREST RATE REDUCTION: The rate of interest accruing on or after July 1, 1995 on taxes that have not been timely paid has been reduced to 1% per month. The rate of interest accruing before July 1, 1995 on taxes that were not timely paid has not been reduced.

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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