

Form O-88BUT

Instructions for Form OS-114BUT, Connecticut Business Use Tax Return

If you engage in the sale, rental or lease of goods, sale of a taxable service, or operate a hotel, motel, lodging house or bed and breakfast establishment, you must register for a *Sales and Use Tax Permit*.

Any business that purchases taxable goods or services for use in Connecticut and does **not** pay Connecticut sales tax to the retailer must pay the Connecticut use tax. The use tax rates are identical to the sales tax rates. See **Informational Publication 2015(16), Q & A on the Connecticut Use Tax for Businesses and Professions**.

You must obtain a *Sales and Use Tax Permit* from the Department of Revenue Services (DRS) if you intend to engage in any of the following activities in Connecticut:

- Sale, rental, or lease of goods;
- Sale of a taxable service; **or**
- Operating a hotel, motel, lodging house or bed and breakfast establishment.

To obtain a Sales and Use Tax Permit, submit **Form REG-1, Business Taxes Registration Application** electronically using the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC.

For a list of taxable services, please visit the DRS website at www.ct.gov/DRS.

Filing Instructions

All taxpayers (except annual filers) must file electronically and make a tax payment by electronic funds transfer. The **TSC** is a free service that enables taxpayers to use the DRS website at www.ct.gov/TSC to file a return and make a tax payment.

Only annual filers, or those granted an electronic filing and payment waiver, may file paper returns and make payment by check. Complete the return in blue or black ink only. Do not use grayed out fields. To request a one-year waiver from the electronic filing requirement, visit www.ct.gov/drs/TSCfiling and complete **Form DRS-EWVR, Electronic Filing and Payment Waiver Request**.

Timely use tax returns may be filed by phone using the **Connecticut Business Telefile System** toll-free at 855-665-9471 or 860-449-1011 (from Groton area).

Late filed returns must be filed through the **TSC** or on paper Form OS-114BUT.

Due Date

Form OS-114BUT is due on or before the last day of the month following the end of the filing period. If the return is mailed, the return must be postmarked on or before the due date.

Taxpayer Information

Enter the complete name and address of your business. Verify that the correct Tax Registration Number, Federal Employer Identification Number, and period end date appear on the return.

If this is an amended return, check the Amended Return box and provide the correct figures and information for the reporting period. If you made any payment of tax with the original return, enter the tax amount on Line 11 (Do not include any penalty or interest amount).

If you wish to close your Business Use Tax account, check the Final Return box and enter your last day of business. Make address, trade name, or ownership changes on the appropriate lines.

Payment Options

Pay Electronically: You can make a free direct payment at the same time as filing your return through the **TSC**. Upon completion of the return, you will automatically be taken to the payment page where you may authorize DRS to electronically withdraw payment from your checking or savings account on any date up until the due date. You will receive a confirmation number upon successful filing and may print a copy for your records.

You may also log into the **TSC** and use the *Make Payment Only* option to initiate a payment without a return (to pay bills, returns, or make advance payments). Select the *tax type* and *period*.

You may also call the **Connecticut Business Telefile System** toll-free at 855-665-9471 or 860-449-1011 (from Groton area).

Pay by Credit Card or Debit Card: You may elect to pay your use tax liability using your American Express® card, Discover® card, MasterCard® card, VISA® card, or comparable debit card. A convenience fee based on the total tax payment will be charged to your account by the credit card service provider.

You will be informed of the amount of the fee and you may elect to cancel the transaction. At the end of the transaction you will be given a confirmation number for your records. There are two ways to pay by credit card:

- Login to your account in the **TSC** and select *Make Payment by Credit Card*; **or**
- Visit: www.officialpayments.com and select *State Payments*.

Your payment will be effective on the date you make the charge.

Pay by Mail (for those authorized only): Make your check payable to **Commissioner of Revenue Services**. Write your Connecticut Tax Registration Number on the front of your check to ensure it is applied to your account. Sign your check and paper clip it to the front of your return. DRS may submit your check to your bank electronically. **Do not send cash.**

Mail paper returns and payment to:

Department of Revenue Services
State of Connecticut
PO Box 5030
Hartford CT 06102-5030

DRS will return any improperly completed returns.

Rounding

You must round off cents to the nearest whole dollar on your returns and schedules. Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents.

Alternative Method

Use this alternative method to determine amounts for Lines 1, 2, and 3 if you do not account for sales tax separately from gross receipts.

Step 1: Deduct the total of all exempt sales from gross receipts.

Step 2: Column 1 -

- Multiply the receipts subject to the 1% tax rate on computer and data processing services by 99.01%.
- Multiply the receipts subject to the 2.99% tax rate on vessels, motors for vessels, and trailers used for transporting vessels by 97.10%.
- Multiply the remaining receipts subject to the 6.35% tax rate by 94.03%.

Column 2 - Multiply the remaining receipts subject to the 7.75% tax rate by 92.81%.

Column 3 - Multiply the remaining receipts subject to the 9.35% tax rate by 91.45%.

Step 3: Add back the amount subtracted in Step 1.

Step 4: Enter total on applicable gross receipts line (Line 1, 2, or 3) and the applicable Column (Column 1, 2, or 3).

Successor's Liability

The purchaser of a business is liable for the taxes of the predecessor to the extent of the purchase price unless the purchaser obtains **Form AU-712, Tax Clearance Certificate for Sales and Use Taxes**, from DRS. See Conn. Gen. Stat. § 12-424(2). New owners must obtain a new Connecticut Tax Registration Number.

All monthly and quarterly filers must file Form OS-114BUT and pay its associated taxes electronically. To request a waiver from the electronic filing requirement visit www.ct.gov/drs/TSCfiling and complete **Form DRS-EWVR, Electronic Filing and Payment Waiver Request**.

Responsible Person Liability

Responsible persons may be held liable for sales and use taxes incurred by their business under Conn. Gen. Stat. §12-414a.

For More Information

Visit the DRS website at www.ct.gov/DRS or contact DRS at **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) or **860-297-5962** (from anywhere). **TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling **860-297-4911**.

Column Instructions

Use Column 1 to report purchases that are subject to the general sales tax rate of 6.35%. Include purchases subject to the reduced sales tax rates of 1% for computer and data processing services and 2.99% for vessels, motors for vessels, and trailers used for transporting a vessel (effective July 1, 2018).

Use Column 2 to report purchases that are subject to the luxury sales tax rate of 7.75%. Do not use grayed-out lines.

- Most motor vehicles exceeding \$50,000;
- Each piece of jewelry exceeding \$5,000;
- Each piece of clothing or pair of footwear exceeding \$1,000;
- A handbag, luggage, umbrella, wallet, or watch exceeding \$1,000.

Use Column 3 to report rentals of passenger motor vehicles for 30 consecutive days or less that are subject to the tax rate of 9.35%. Do not use grayed-out lines.

Tax Rates

1. A 1% tax rate for computer and data processing services.
2. A 2.99% tax rate for vessels, motors for vessels, and trailers used for transporting a vessel.
3. The general sales tax rate is 6.35%.
4. A 7.75% *luxury* tax is imposed on certain motor vehicles, jewelry, clothing or footwear, and accessories.
5. The sales tax rate on the rental of a passenger motor vehicle for 30 consecutive days or less is 9.35%.

Line Instructions

Fill in all relevant lines, including Totals. Missing lines may delay the processing of your return.

Line 4 - Enter **gross purchases of tangible personal property** subject to use tax.

Line 5 - Enter **gross lease and rental** payments subject to use tax.

Line 6 - Enter **gross payments for services** subject to use tax.

Line 7 - Enter **total** of Lines 1 through 6.

Line 8 - Enter **deduction total** from the Total Deductions line for Column 1.

Line 9 - Subtract Line 8 from Line 7 and enter the difference. If zero or less, enter "0."

Line 10a - Multiply the amount on Line 9 by the applicable column tax rate.

Line 11 - For amended returns only: Enter the tax paid on any prior return(s) filed for the period. Do not include penalty or interest payments.

Line 12 - Subtract Line 11 from Line 10 and enter the difference.

Line 13 - Interest: If this is a late or amended return, interest is computed at the rate of 1% per month or fraction of a month from the due date until the date of payment. Interest is based on the amount that should have been remitted on time.

Penalty for nonpayment of tax or late payment by check:

15% of the tax due or \$50, whichever is greater.

Penalties for late electronic funds transfer (EFT) payments are:

- 2% of the tax due for EFT payments not more than 5 days late;
- 5% for EFT payments more than 5 days but not more than 15 days late; **and**
- 10% for EFT payments more than 15 days late.

Line 14 - Add Line 12 and Line 13 and enter the total.

Deductions

For purchases subject to a reduced rate, use one of the deduction lines explained below. Total deductions must be reported on Line 8, *Deductions*. Personal or business expenses may **not** be included.

Line 71 - Materials, tools, fuels, and machinery and equipment to be used primarily in manufacturing, as described in the Manufacturing Recovery Act of 1992. Multiply applicable purchases by 50%. DRS may require certificates from purchasers to document that purchases, leases or rentals qualify for a partial exemption.

Line 74 - Computer and data processing services; services in the creation, development, hosting and maintenance of a website taxable at 1%: Multiply the applicable purchases by 84.25%. Internet access services are not taxable.

Line 84 - Vessels, motors for vessels or trailers used for transporting vessels taxable at 2.99%: Multiply the applicable gross receipts by 52.91% (effective July 1, 2018).