



Sales and Use Tax Overview

Presented by:
Alesia Kennerson

www.ct.gov/drs or
www.ct.gov/tsc



Topics:

- Definitions
- Sales & Use Tax Basics
- Exemptions from Sales & Use Tax
- Taxable Services
- Contractors
- Sales Tax Return
- Record Keeping
- Miscellaneous

Definitions

- **Tangible Personal Property (TPP)** – Goods that are movable
- **Real Property** – Buildings and land
- **Exempt sales** – Non-taxable goods and services (food)
- **Exempt Entities** – Companies/Agencies that do not pay taxes
- **The Return** – The Sales and Use Tax form that is filed for your business
- **Remit** – The amount of sales/use tax that is paid with the return
- **Trust Tax** – Sales tax is collected on behalf of the State
- **The Taxpayer Service Center (TSC)** – Secure electronic filing system

Sales and Use Tax Basics – 6.35%

SALES TAX →

Seller charges customer sales tax and remits directly to DRS.

USE TAX →

Customer remits the sales tax directly to DRS. Seller did not charge tax.

Sales & Use Tax Basics

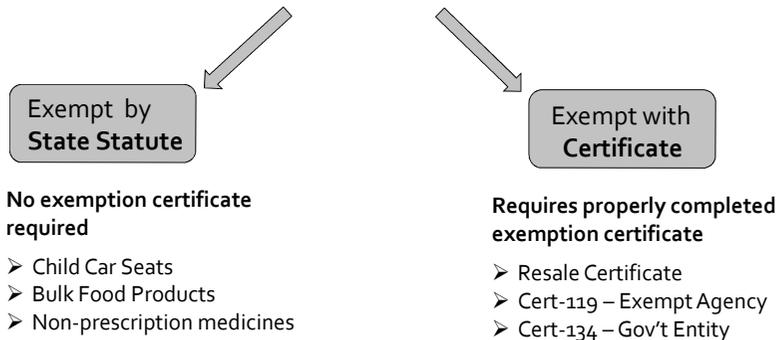
Goods

All goods (TPP) sold in CT are taxable unless there is a specific exemption.

Services

Only those services deemed to be taxable, are taxable.

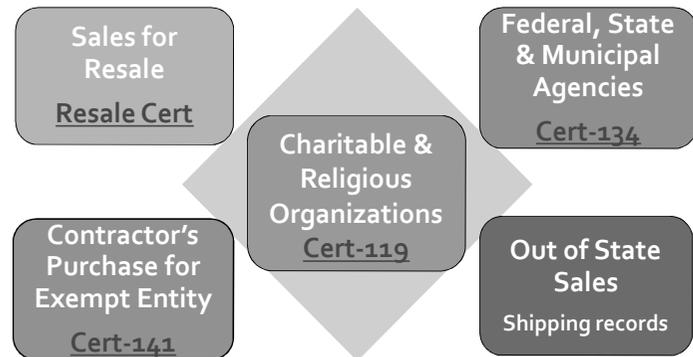
Exempt Sales of Goods or Services



See IP 2018(5) for full list

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Common Exempt Sales



See IP 2018(5) Sec. 4

See Exemption Certificates

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Resale Certificate

- Good Faith
- Blanket or Single Use
- Good for 3 years, (blanket)
- Completely filled out
- Description of business matches to description of items

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SALES & USE TAX RESALE CERTIFICATE			
Issued to (Seller)		Address	
FUNKY FABRIC		123 MAIN ST. WINSTED	
I certify that	Name of Firm (Buyer)	Is engaged as a registered	
	ORISKANY DOLLS LLC		
Street Address or P.O. Box No.	450 ELM ST.	<input type="checkbox"/> Wholesaler	<input checked="" type="checkbox"/> Retailer
City	WINSTED CT 06099	<input type="checkbox"/> Manufacturer	<input type="checkbox"/> Lessor
State	CT	<input type="checkbox"/> Other (specify)	
City or state	State Registration or I.D. No.	City or state	State Registration or I.D. No.
CT	XXXXXX-001	City or state	State Registration or I.D. No.
City or state	State Registration or I.D. No.	City or state	State Registration or I.D. No.
<p>and is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product to be resold, leased, or rented in the normal course of our business. We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:</p> <p>HAND MADE CLOTH DOLLS AND ACCESSORIES</p>			
<p>I further certify that if any property so purchased tax free is used or consumed by the firm as to make it subject to a sales or use tax we will pay the tax due direct to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until cancelled by us in writing or revoked by the city or state.</p>			
<p>General description of products to be purchased from the seller: CLOTH STUFFING, THREAD, GLUE</p>			
<p>I declare under the penalties of false statement that this certificate has been examined by me and to the best of my knowledge and belief is a true, correct and complete certificate.</p>			
Authorized Signature	<i>[Signature]</i>	Title	MEMBER
		Date	1/1/17

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CERT - 119

Purchases of Goods and Services by Exempt Organizations

Include either:

- E-number issued to the organization by DRS

Or:

- IRS letter that designates the organization as a 501(c)(3) or (13) organization

- Completely Filled Out
- Blanket or Single Use
- Good for 3 Years (blanket)
- Paid for by exempt agency funds

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CERT - 141

Contractor's Exempt Purchase

May be used to purchase materials that will be physically incorporated into exempt properties such as:

1. CT State Government Agencies
2. CT Municipalities
3. Federal Government Agencies
4. Charitable or Religious entities - 501(c)(3)

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Common Taxable Services

Real Property

- Janitorial Services
- Landscaping Services
- Maintenance Services to Real Property
- Services to Existing Industrial, Commercial and Income Producing Real Property

Tangible Personal Property

- Motor Vehicle Repairs, Storage, Towing and Washing
- Computer & Data Processing Services 1%
- Repair Services to Tangible Personal Property

Personal Services

- Spa Services including Manicure/Pedicure
- Pet Grooming/Boarding/Obedience Services
- Cosmetic medical Procedures
- Health and Athletic Clubs

See IP 2018(5), Sec. 3 for full list

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Informational Publication 2018(2)

Building Contractors' Guide to Sales and Use Taxes

State of Connecticut
Department of Revenue Services

Issued: 12/19/2018

Replaces: IP 2006(35)

See IP 2018(2) for more info

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Contractor's Sales Invoice

Wrong Way

\$ 40,000.00 Materials (incl. tax
paid at purchase)

\$ 60,000.00 Service

\$100,000.00 Total

\$ 6,350.00 Sales Tax (on
\$100,000.00 total)

Right Way

\$ 40,000.00 Materials (incl. tax
paid at purchase)

\$ 60,000.00 Service

\$100,000.00 Total

\$ 3,810.00 Sales Tax (on
\$60,000.00 service)

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Landscapers

- Services to new construction and residential properties are not exempt
- May purchase items on resale - physically incorporated
- Get Resale Certificate if reselling the service
- Masons can be considered landscapers

See Reg. 12-407(2)(i)(V)-1

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Reporting Gross Receipts

Transactions subject to the 6.35% tax rate

	Column 1
1. Gross receipts from sales of goods	\$ 100,000.00
2. Gross receipts from leases and rentals	\$ 0.00
3. Gross receipts from labor and services	\$ 0.00
4. Purchases of goods by your business subject to use tax	\$ 0.00
5. Leases and rentals by your business subject to use tax	\$ 0.00
6. Purchases of services by your business subject to use tax	\$ 0.00
7. Total of Lines 1 through 6	\$100,000.00
8. Total deductions (Please select deductions to enter your deductions)	\$40,000.00
9. Balance subject to tax (Line 8 will be subtracted from Line 7 and displayed here -- not less than zero.)	\$60,000.00
10a. Gross amount of tax due (Line 9 will be multiplied by 6.35% and displayed here.)	\$3,810.00

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Taking the Deduction

To enter a deduction, please select the deductible item from the drop down box below.

Enter the dollar amount of the deduction, then select the "Enter Deduction" button. The information you enter will be displayed.

Deductible
Please select... ▼

Amount
\$

enter deduction

Delete	Deduction Line # and Description	Total Amount	Adjusted Total Amount
<input type="checkbox"/>	A - Other Adjustments - sales of goods	\$ 40,000.00	\$ 40,000.00
Total Deductions:		\$	40,000.00

delete

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Purchases Subject to Use Tax



4	Goods purchased by your business subject to use tax.	4	
5	Leases and rentals by your business subject to use tax.	5	
6	Services purchased by your business subject to use tax.	6	

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Sales and Use Tax – Form OS-114

Filing Status

New Businesses start as Monthly filers
Monthly, Quarterly or Annual returns
Filing frequency determined by DRS

Due Date

One month from the end of the period
Master Calendar of Due Dates
Return due even if no tax is due!

How

Monthly/quarterly Filers – On-line through TSC
Annual Filers – On-line through TSC or paper mail in



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Delinquency Notice

CT Tax Registration No.:
Corr. ID:
Date:

Dear Taxpayer:

Our records indicate you have not filed a tax return for the following period(s):

Form Type

Period Ending

Form OS-114, Sales and Use Tax Return, must be filed for each period even if no tax is due.

Use the **Taxpayer Service Center (TSC)** at _____ to electronically file and pay the amount due. If you are unable to file electronically, complete and mail with your payment in the envelope provided. If you are required by law to file electronically, that is the only way you can file. If the tax return has been filed, send a copy of the tax return with a copy of your cancelled check, both front and back, or confirmation of your electronic payment along with a copy of this notice to the Department of Revenue Services (DRS) in the envelope provided.

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Proposed Assessment Notice

Billing Notice

Notice Number:

Date Issued: 12/19/2014

REFER TO THIS NUMBER ON ANY CONTACT WITH DRS

BUS01

10677032274841

CT Tax Registration No.:

Tax Type:

Audit Period:

Liability No.:

Case ID.:

Explanation

1. This is a notice of assessment. To appeal, submit a written request for a hearing to the Commissioner stating your specific objections. Your right to protest this assessment expires 02/17/2016, after which the assessment becomes final. Appeal Instructions and APL-002 can be downloaded at www.ct.gov/APPEAL. For more information call (860) 297-4775.
2. This notice provides you with an explanation of your appeal rights. An explanation of the basis for the changes, proposed assessments, assessment and/or refund denials that are the subject of this notice was previously provided to you. Appeal Process Instructions and APL-002 can be downloaded at www.ct.gov/APPEAL.

For inquiries regarding this notice call (860) 541-4278.

	Summary of Amount Due
Total tax amount	1,000.00
Total Credits and timely payments	.00
Total late payments	.00
Current - Tax balance	1,000.00
Penalty Balance	150.00
Interest balance through 12/31/2014	50.00
Amount you owe - Due upon receipt	1,200.00
Amount due if paid after 12/31/2014	1,210.00

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Record Keeping

Source Documents

- Cash Register Tapes
- POS Reports - Detail
- Sales Invoices
- Guest Checks
- Purchase Invoices
- Bank / Credit Card Statements
- Exemption Certificates

Books of Record

- Daily Sales Summary
- POS Reports - Summary
- Sales Journal
- Cash Receipts Journal
- Check Register
- Purchase Journal
- General Ledger

Refer to Reg. 12-2-12 for record keeping requirements

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Time Requirement to Keep Records

Required

- State law requires business records be maintained 3 years

Recommended

- Certain circumstances may lead to audit review longer than 3 years, DRS recommends records be maintained 6 years

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When in Doubt, Don't Throw It Out!



Don't be like this lady – Get Organized!

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Remember

- Sales Tax is a “Trust-Fund Tax”.
- Businesses collect Sales Tax on behalf of the State, and hold it in trust until it is due to be paid.
- More stringent penalties for failure to pay the taxes held in trust

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Business Entity Tax (BET)

- For Entity types:
 - S Corps
 - LLC - Limited Liability Company
 - SMLLC – Single Member LLC
 - LLP – Limited Liability Partnership
 - LP – Limited Partnerships
- \$250 Biennial Tax – Every 2 years
- Form OP-424 due April 15 – Odd numbered years

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Research Library - Topical Indexes

CT.GOV HOME / DEPARTMENT OF REVENUE SERVICES

The screenshot shows a website interface for the Department of Revenue Services. On the left is a dark navigation menu with the following items: Featured Items, For Businesses, For Individuals, Practitioners, Refund Protection Program, Forms, and Publications. Below the menu is a search bar labeled 'Search Department of Revenue Services' with a 'by Keyword' input field and a magnifying glass icon. On the right, under the heading 'Most Popular', there is a list of items: Taxpayer Service Center - (TSC), File Business Entity Tax, Attorney Occupational Tax, Paid Preparers and Facilitators, Pass-Through Entity Tax, How do I?, Real Estate Conveyance, and Research Library. A white arrow points to the 'Research Library' item at the bottom of the list.

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Research Library - Topical Indexes

Research Library

1. Statutes
 - CT General Assembly
2. Regulations
 - Regulations of Connecticut State Agencies
 - Regulations - Title 12 (Taxation)
3. Cigarette and Tobacco
4. Indexes
 - Search for publications by topics

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Research Library - Topical Indexes

Topical Indexes

The Department of Revenue Services publishes four topical indexes of rulings and administrative pronouncements (by tax type) and a numerical index to rulings and administrative pronouncements. These indexes are updated four times a year.

- Sales and Use Taxes Index
- Income Tax Index
- Corporation Business Tax
- Miscellaneous Tax and Administrative Topics
- Numerical Index

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Research Library - Topical Indexes

Online Topical Index Guide to
Rulings and Administrative Pronouncements covering
Sales & Use Taxes

Additional Tax Topic Indexes:

1. Numerical Index
2. Income Tax Index
3. Corporation Business Tax Index
4. Miscellaneous Taxes Index

A | B | C | D | E | F | G | H | I | J | K | L | M
N | O | P | Q | R | S | T | U | V | W | X | Y | Z

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Received mail from DRS?

- Please read entire notice first and follow any instructions
- Take any action
- May be a missed return / delinquency notice – please file your return
- May be an issue with a payment
- May be a filing frequency change

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Additional Reference Links:

- [New Business Information Page](#)
- [IP 2018\(5\), Getting Started in Business](#)
- [IP 2018\(2\), Building Contractor's Guide](#)
- [Exemption Certificates](#)
- [Taxpayer Service Center \(TSC\)](#)
- [Sales Tax Topical Index](#)
- [Reg. 12-407\(2\)\(i\)\(V\)-1 Landscapers](#)

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