



## Motor Vehicle or Vessel Purchased by a Nonresident

An issue that is frequently raised at DRS tax classes and other speaking engagements is the application of Connecticut sales and use tax on the sale of motor vehicles and vessels in Connecticut to nonresidents. The purpose of this article is to remind both new and used Connecticut motor vehicle dealers and new and used Connecticut vessel dealers of their responsibilities in selling to nonresidents. If the conditions stated below are met, the purchaser and the dealer must



properly complete **CERT-125, Sales and Use Tax Exemption for a Motor Vehicle or Vessel Purchased by a Nonresident of Connecticut**, at the time of the sale. If the certificate is not properly completed at the time of the sale, it will be treated as a taxable sale. Also, **CERT-125** can **only** be used for qualifying sales of motor vehicles and vessels. It cannot be used in connection with the sale of dirt bikes, all terrain vehicles, or snowmobiles. If a nonresident purchases a dirt bike, all terrain vehicle, or snowmobile from a Connecticut dealer and title transfers to the purchaser in Connecticut, 6% Connecticut sales tax must be collected from the purchaser.

### Conditions for the Sale of a Motor Vehicle or Vessel by a Connecticut Dealer to a Nonresident to be Considered Exempt From Connecticut Sales and Use Tax

Motor vehicle dealers and vessels dealers know that when selling a motor vehicle or vessels to a nonresident, the sale may be exempt from Connecticut sales and use taxes. Generally, the individual purchaser must meet three conditions for the sale to be considered exempt:

1. **The purchaser is not a resident of Connecticut;**
2. **The purchaser does not maintain a permanent place of abode in Connecticut.** (A permanent place of abode is a dwelling place (a building or a structure where a person can live) permanently maintained by an individual (even if the individual does not permanently reside there), whether or not owned by or leased to the individual, and generally includes a dwelling place owned or leased to his or her spouse.); **and**

3. **The motor vehicle or vessel will not be presented for any type of registration with the Connecticut Department of Motor Vehicles.**
- If the purchaser is a business, rather than an individual, the partnership, corporation, or other business entity may qualify for the exemption only if:
1. **The entity maintains no Connecticut situs and owns no fixed assets located in Connecticut;**
  2. **No partner, officer, or member of the entity, and no operator of the motor vehicle or vessel, maintains a permanent place of abode in Connecticut; and**
  3. **The motor vehicle or vessel will not be presented for any type of registration with the Connecticut Department of Motor Vehicles.** T<sub>T</sub>

## Prepaid Calling Cards Taxable

The DRS Taxpayer Services Division reports that it has recently received an increased number of calls inquiring about the taxability of prepaid telephone calling cards. Prepaid telephone calling cards **are** subject to Connecticut sales and use taxes.

Effective October 1, 2000, the sale of prepaid telephone calling service (including but not limited to calling cards) and the recharge of such service is



a separate taxable service, and is no longer taxable as a telecommunications service. Tax is paid at the Connecticut retailer's place of business. However, if prepaid telephone calling service is not sold at a retailer's place of business, the sale or recharge is taxable at the customer's shipping address, or if no item is shipped, it is taxable at the customer's billing address or location associated with the customer's mobile telephone number.

*Prepaid telephone calling service* means advance payment for the right to purchase telecommunications service, that enables origination of calls using an access number or code, with a continuous means of knowing the amount of remaining units of prepaid service. T<sub>T</sub>

## Recently Issued DRS Publications

DRS recently issued the publications listed below. See the "Forms, Publications or Personal Assistance" section below for ways to obtain these and other DRS forms and publications.

### *Announcements*

- AN 2002(1)**, Annual List of Distributors for Motor Vehicle Fuels Tax Purposes
- AN 2002(3)**, Obtaining Connecticut Publications in Booklet Form
- AN 2002(4)**, Annual Revision of Form TPM-1

### *Informational Publications*

- IP 2002(2.1)**, Topical Index to Rulings and Administrative Pronouncements Covering Income Tax
- IP 2002(3.1)**, Topical Index to Rulings and Administrative Pronouncements Covering Corporation Business Tax
- IP 2002(4.1)**, Numerical Index to Rulings and Administrative Pronouncements as Affected if at all by Later-Issued Rulings and Pronouncements
- IP 2002(5.1)**, Topical Index to Rulings and Administrative Pronouncements Covering Sales and Use Taxes
- IP 2002(6.1)**, Topical Index to Rulings and Administrative Pronouncements Covering Miscellaneous Taxes and Administrative Topics
- IP 2002(7)**, Q & A on the Cigarette Tax Increase for Licensed Cigarette Dealers

- IP 2002(8)**, Q & A on the Cigarette Tax Increase for Licensed Cigarette Distributors That Are Stampers
- IP 2002(9)**, Q & A on the Cigarette Tax Increase for Licensed Cigarette Distributors That Are Not Stampers

### *Special Notices*

- SN 2002(1)**, 2002 Legislation Increasing the Cigarette Tax and Affecting Licensed Cigarette Dealers
- SN 2002(2)**, 2002 Legislation Increasing the Cigarette Tax Affecting Licensed Cigarette Distributors That Are Stampers
- SN 2002(3)**, 2002 Legislation Increasing the Cigarette Tax Affecting Licensed Cigarette Distributors That Are Not Stampers

### *Certificates*

- CERT-127**, Exempt Purchases by Contractors in Connection with Construction Projects in Indian Country of the Mashantucket Pequot or Mohegan Tribes
- CERT-128**, Exempt Purchases by an Enrolled Member or by the Tribal Government of the Mashantucket Pequot Tribe or Mohegan Tribe

## Forms, Publications, or Personal Assistance

- Visit the DRS Web site: [www.drs.state.ct.us](http://www.drs.state.ct.us)
- Call CONN-TAX at **1-800-382-9463** (toll-free from within Connecticut) or **1-860-297-5962** (from anywhere). TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day, seven days a week by calling 860-297-4911.

Forms and publications may be obtained 24 hours a day, seven days a week, by using any of the following resources.

**Internet:** Preview and download forms from the DRS Web site at [www.drs.state.ct.us](http://www.drs.state.ct.us)

**DRS TaxFax:** Call **860-297-5698** from the handset attached to your fax machine.

**E-mail:** E-mail your request for forms to: [ctforms.drs@po.state.ct.us](mailto:ctforms.drs@po.state.ct.us)

**Telephone:** From a touch-tone phone 24 hours a day call **1-800-382-9463** (toll-free from within Connecticut) and select **Option 2**, or **860-297-4753** (from anywhere).

For free assistance, visit our offices from 8:00 a.m. to 5:00 p.m. (Monday through Friday). For pre-recorded directions to DRS offices, call CONN-TAX. If you require special accommodations, please advise DRS.

### DRS OFFICES

<b>BRIDGEPORT</b> 10 Middle St. 203-579-6251	<b>HARTFORD</b> 25 Sigourney St. 860-297-5962	<b>NORWICH</b> 2 Cliff St. 860-889-2669
<b>HAMDEN</b> 3074 Whitney Ave. Bldg 2 203-287-8243	<b>WATERBURY</b> 55 West Main St. Suite 100 203-805-6789	

**CONNECTICUT TAX TOPICS** is a quarterly newsletter about sales and use taxes and other state taxes of interest to businesses. This newsletter is designed to provide general information for taxpayers and tax practitioners. It is not designed to explain in depth a current Department policy or practice affecting the liability of taxpayers. Nothing in this publication supersedes, alters or otherwise changes provisions of Connecticut General Statutes, regulations, Department rulings or tax information publications.

## Understanding Connecticut Taxes Clearly

DRS is pleased to offer *Understanding Connecticut Taxes Clearly*, a free program designed to provide a broad overview of Connecticut tax requirements for new and existing small businesses.

Space is still available. Call now to register. Programs are held from 6:30 p.m. to 9:00 p.m. Call Melvin Jones at 860-297-4935 to register.

### 2002

NEW HAVEN .....	September 5
WINSTED .....	September 12
GROTON .....	September 19
ENFIELD .....	September 26
FARMINGTON .....	October 3
DANIELSON .....	October 10
DANBURY .....	October 17
MIDDLETOWN .....	October 24
NORWICH .....	November 7
BRIDGEPORT .....	November 14
WATERBURY .....	December 5
MANCHESTER .....	December 12

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