



CONNECTICUT TAX TOPICS



STATE OF CONNECTICUT

Department of Revenue Services

December 1999

Vol. 7 No. 4

CONN-TAX

To REACH CONN-TAX CALL:

1-800-382-9463 (IN-STATE)
OR

860-297-5962 (ANYWHERE)

Touch tone callers have several choices:

- For questions concerning the Connecticut individual income tax, including the status of your refund, **press 1** *
- To order tax forms or publications, **press 2** *
- If you are calling about a billing notice or if you would like account information, **press 3**
- For information on sales tax and information on how to register your new business, **press 4** *
- If you are notifying the Department of a change of address or if you have a question on the renewal of your sales tax permit, **press 5** *
- For directions to the regional offices, **press 6** *
- To speak with a Taxpayer Services representative, **press 0**

If you are calling from a rotary dial telephone, you can reach us during our normal business hours (8:00 A.M. to 5:00 P.M.).

(* 24 hour service)

TDD/TT 860-297-4911

(Telecommunications Device for the Deaf users only)

TAX-FAX

If you have a fax machine with a handset, state tax forms and tax information notices can be obtained 24 hours a day by calling **860-297-5698**.

INTERNET

You can obtain tax forms and publications 24 hours a day from our site on the World Wide Web at:

www.state.ct.us/drs

DRS OFFICES

Visit our main office in Hartford or our field offices in Bridgeport, Hamden, Norwich or Waterbury weekdays, 8:00 A.M. - 5:00 P.M. For directions, call CONN-TAX and **Press 6**.

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.

Counting Down to Y2K

After almost two years of preparing for **AY2K**, DRS is quietly counting down the days to 2000, confident that all systems are Y2K compliant and that DRS stands ready to continue business as usual into the new year.

The DRS Y2K Project Team worked closely with the Department of Information Technology (DOIT) in testing all Agency systems and received the highest level of certification of preparedness from DOIT.

DRS Commissioner Gene Gavin confidently affirms, "DRS is Y2K compliant." He is extremely proud of the tremendous effort put forth by Agency staff to successfully complete the difficult task of upgrading its many systems while continuing to maintain, and even increase, services provided to Connecticut taxpayers.

Commissioner Gavin feels that even "in the unlikelihood of a Y2K glitch," DRS will be ready. The Agency has full backup capabilities in place as a result of participating in a statewide contingency program coordinated by DOIT.

Commissioner Gavin says, "the Agency looks forward to providing taxpayers with continued service excellence in 2000 and beyond," and wishes everyone a Happy New Year. **T**



Internet Purchases Still Subject to Sales and Use Taxes

Businesses selling or purchasing taxable goods via the Internet should be aware that Connecticut sales and use taxes still apply to these transactions. This is not new tax policy, but is covered under existing Connecticut laws that include all remote sales transactions — mail order, TV shopping channels, phone shopping, etc.

Anyone who purchases taxable goods or services for use in Connecticut and does not pay Connecticut sales tax **must** pay the use tax. When a purchase is made and Connecticut sales or use tax is not paid to the retailer, the use tax must be paid by the purchaser directly to DRS. The use tax, like the sales tax, has been in effect since 1947, and it applies to any purchase of taxable goods or services for use in this state, except purchases made for the purpose of resale.

Use tax applies to the purchase or lease of assets such as furniture, equipment, machines, instruments and computers. It also applies to the purchase of goods such as office supplies, paper, stationery items, certain publications, packaged software, and books that are used by the business. Goods and services that are used in carrying on a business are being consumed by the business, and the tax must be reported and paid on them.

If purchases were made in connection with carrying on a trade, occupation, business or profession, the purchaser must be registered with DRS for business use tax and must report taxable purchases on **Form OS-114, Sales and Use Tax Return** for the period in which the taxable purchase was made, and pay any tax that is due.

If a business purchases taxable goods for its own use from an Internet company or an out-of-state mail-order company and no Connecticut tax is charged by the retailer, the business **must report** the purchase.

[▶ Internet Purchases, on back](#)

The **Mission of the Connecticut Department of Revenue Services** is to administer the tax laws of the State of Connecticut and collect the tax revenues in the most cost effective manner; achieve the highest level of voluntary compliance through accurate, efficient and courteous customer services; and perform in a manner which instills public confidence in the integrity and fairness of the State's tax programs.

Certain Private Delivery Services Authorized to Meet Timely Filing Requirements

Certain private delivery services, in addition to the US Postal Service, are now authorized to deliver returns, claims, statements or other documents or payments to DRS for the purposes of the "timely mailing as timely filing/payment" provisions set forth in Conn. Gen. Stat. §12-39aa. This became effective October 1, 1999.

DRS has accepted the list of private delivery services that is currently published by the Internal Revenue Service. This list is subject to change, and not all types of delivery by these services are approved. See **Special Notice 99(14), Designated Private Delivery Services.**

The following is the current list of designated private delivery services:

- **Airborne Express (Airborne):**
 - Overnight Air Express Service
 - Next Afternoon Service
 - Second Day Service
- **DHL Worldwide Express (DHL):**
 - DHL "Same Day" Service
 - DHL USA Overnight
- **Federal Express (FedEx):**
 - FedEx Priority Overnight
 - FedEx Standard Overnight
 - FedEx 2Day
- **United Parcel Service (UPS):**
 - UPS Next Day Air
 - UPS Next Day Air Saver
 - UPS 2nd Day Air
 - UPS 2nd Day Air A.M.

DRS also identifies use tax liabilities through periodic audits of businesses registered with Connecticut. In addition, Connecticut has reciprocal agreements with numerous states. These agreements enable Connecticut and other states to share information on purchases subject to use tax.

A resale certificate may only be used to purchase goods or services that are intended for resale in the regular course of business.

The penalty for late payment or underpayment of use tax is 15% of the tax due or \$50, whichever is greater. Interest is charged at the rate of 1% per month or fraction of a month from the due date of the tax return. There are also criminal sanctions for willful failure to file a tax return. T_T

1999 CONNECTICUT PACKAGE X

The **1999 Connecticut Package X**, containing over 100 of the most recently revised versions of commonly used income, sales and use taxes, corporation, and gift tax forms will soon be available.

Package X also includes certificates used to claim exemptions from sales and use taxes and several corporation business tax credit forms.

Order your **1999 Connecticut Package X** now for January delivery. Send a printed or typed request (including name, company name, and complete mailing address) along with a check for \$13.00 per copy to:

DRS, Forms Unit-Package X
25 Sigourney St.
Hartford CT 06106

Make checks payable to "DRS." Copies will also be sold in January at the DRS Registration Section, 25 Sigourney Street, for \$8.00 per copy. Call DRS to verify availability. T_T

Updated Sales Tax Guides Now Available

The Department of Revenue Services recently reissued both **Informational Publication 99(19), Building Contractors' Guide to Sales and Use Taxes** and **Informational Publication 99(18), Sales and Use Taxes Guide for Manufacturers, Fabricators and Processors.** They are now available from the Department.

These booklets, as well as all other DRS pronouncements, are available on the DRS Web site (www.state.ct.us/drs) for reading and downloading at no cost.

To have copies of informational publications in booklet form mailed to you, provide a 9" x 12" self-addressed envelope, with the amount of postage affixed as listed below. The postage stated for mailing each publication is the cost of first class delivery by the United States Postal Service of one copy of the requested booklet to an addressee anywhere in the United States.

To order **Informational Publication 99(19), Building Contractors' Guide to Sales and Use Taxes**, send a self-addressed envelope with **\$1.87 postage affixed** to:

Department of Revenue Services
Mail Unit, Building Contractors' Guide
25 Sigourney Street
Hartford, CT 06106-5032

To order **Informational Publication 99(18), Sales and Use Taxes Guide for Manufacturers, Fabricators and Processors**, send a self-addressed envelope with **\$1.87 postage affixed** to:

Department of Revenue Services
Mail Unit, Manufacturer's Guide
25 Sigourney Street
Hartford, CT 06106-5032

HARTFORD
25 Sigourney Street
Hartford CT 06106-5032
860-297-5962

BRIDGEPORT
10 Middle Street
Bridgeport CT 06610
203-579-6251

HAMDEN
3074 Whitney Avenue, Bldg 2
Hamden CT 06518
203-287-8243

NORWICH
2 Cliff Street
Norwich CT 06360
860-889-2669

WATERBURY  *Moving soon, call before you visit.*
91 Schraffts Drive
Waterbury CT 06708
203-596-4310