



2000 Legislation Effecting Sales and Use Taxes

Effective July 1, 2000:

- Increases the exemption for items sold in vending machines to items costing 50 cents or less;
- Increases the exemption for items of clothing or footwear from items under \$50 to items under \$75;
- Exempts child car seats;
- Exempts college textbooks sold to students;
- Exempts passenger cars with EPA ratings of 50 mpg or more through June 30, 2002;
- Excludes from sales tax certain compensation and benefits of employees who are covered by a professional employee agreement.

Effective October 1, 2000:

- Exempts candy, confectionery, and non-alcoholic beverages in school dining halls, cafeterias, dormitories, fraternities, and sororities, to students or members, including all items sold under prepaid meal plan cards or arrangements;
- Exempts candy, confectionery, and beverages sold to residents or care recipients in assisted living facilities, senior centers, day care centers, hospitals, residential care homes, convalescent homes, nursing homes, and rest homes;
- Clarifies that nonprescription medicines used on animals are exempt;
- Expands existing language to enable the start-up farmer to apply for and receive a farmer's permit as long as the farmer intends to carry on agricultural production as a trade or business for at least two years and will meet income and expense requirements;

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First Annual "Tax Free Week" on Clothing and Footwear



Each year from the third Sunday in August through the following Saturday, most items of clothing and footwear costing less than \$300 each will not be subject to the Connecticut sales and use tax. In 2000, the week is from August 20 through August 26.

Clothing or footwear does not include:

- Any special clothing or footwear primarily designed for athletic activity or protective use and which is not normally worn except when used for the athletic activity or protective use for which it was designed; and
- Jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items carried on or about the human body but not worn on the body in the manner characteristic of clothing. T_T



New Employer's Tax Guide Now Available

DRS has issued a revised *Employer's Tax Guide* affecting wages paid on or after July 1, 2000. The new guide (**Informational Publication 2000(11)**, *Connecticut Circular CT, Employer's Tax Guide*) includes new withholding tables which reflect increased personal exemptions and credits allowed for single employees.

A new Column F was added to the withholding tables to correspond with a new Box F filing status designation that was added to **Form CT-W4** (see *Form CT-W4 Revised for July 1, 2000*, on back). Columns A, B, C, and D for taxpayers who will file as other than single on their federal income tax return are unchanged from the withholding tables included in **IP 92(8.4)**.

The following forms and publication included in **IP 2000(11)** have also been revised and are effective July 1, 2000:

- **Form CT-W4**, *Employee's Withholding or Exemption Certificate*, including the Supplemental Table for Married Couples Filing Jointly
- **Form CT-W4NA**, *Employee's Withholding or Exemption Certificate - Nonresident Apportionment*;
- **AN 2000(4)**, *Information About the Supplemental Withholding Table For Married Individuals Filing Jointly Who Both Earn Wage Income*.

The new withholding tables will remain in effect until new tables are issued. T_T

Form CT-W4 Revised For July 1, 2000

Beginning July 1, 2000, employees who will file as single on their federal income tax return are entitled to an increased personal exemption and credit. A new Box "F" was added to **Form CT-W4, Employee's Withholding or Exemption Certificate** (revised July 1, 2000), for employees who will file as "single" on their federal income tax return.

Employers must provide the new **Form CT-W4** (revised July 1, 2000) to all employees who checked Box "A" on a previously filed **Form CT-W4**. Employees who will file as single on their federal income tax return should check Box "F" to notify their employer to reduce the amount of Connecticut income tax withholding.

The revised **Form CT-W4** must be used by new employees to identify their Connecticut withholding status and by existing employees who wish to change their withholding status or amount withheld.

The new **Form CT-W4** is included in **Informational Publication 2000(11), Connecticut Circular CT, Employer's Tax Guide**, which was recently mailed to all Connecticut businesses registered with DRS. T_T

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

The 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. Programs are held from 6:30 p.m. to 9:00 p.m. Call Melvin Jones at 297-4935 to register.

2000

New Haven	September 7
Winsted	September 14
Waterford	September 21
Enfield	September 28
Farmington	October 5
Danielson	October 12
Danbury	October 19
Middletown	October 26
Norwich	November 2
Norwalk	November 16
Waterbury	December 7
Manchester	December 14

Call for 2001 Schedule

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- Allows the start-up fisherman to apply for and receive a fisherman tax exemption permit as long as the fisherman intends to carry on commercial fishing as a trade or business for at least two years and will meet income requirements;
- Requires purchasers of prepaid phone service (including cards) to pay sales tax when the service is purchased and removes prepaid phone service from telecommunications service category;
- Exempts from use tax any articles of tangible personal property purchased by a retailer for resale, if those articles are later withdrawn from inventory and donated by the retailer to:
 1. The United States, the State of Connecticut or any of its political subdivisions or its or their respective agencies; or
 2. Any organization that is recognized as exempt from federal income tax under I.R.C. §501(c)(3).

For more detailed information on all Sales Tax changes for 2000, request **SN 2000(3.1)** from DRS. T_T

For Tax Forms, Publications or Personal Assistance

- Visit the DRS Web site: 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

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

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 on forms, 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 the Department representative.

BRIDGEPORT	HAMDEN	HARTFORD	NORWICH	WATERBURY*
10 Middle St. 203-579-6251	3074 Whitney Ave., Bldg 2 203-287-8243	25 Sigourney St. 860-297-5962	2 Cliff St. 860-889-2669	91 Schrafts Dr. 203-596-4310

*This office will be moving. To verify the address, please call before you visit.

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