



Q & A on the Connecticut Individual Use Tax

Purpose: This Informational Publication answers commonly asked questions about Connecticut use tax. You must pay Connecticut use tax on taxable goods and services when a Connecticut retailer fails to collect Connecticut sales tax from you or when you purchase taxable goods or services for use in Connecticut from an out-of-state retailer not registered to collect Connecticut use tax. If you do not comply with the use tax provisions, you may owe the tax plus penalties and interest.

1. What is the use tax?

Use tax is the tax you pay when Connecticut sales tax is not paid to a retailer. The use tax is complementary to the sales tax. Together, the sales and use taxes treat purchases that are made for use in Connecticut equally, whether the goods and services are purchased within or without Connecticut.

2. Who must pay use tax?

An individual who purchases taxable goods or services for use in Connecticut and does not pay Connecticut sales tax must pay the Connecticut use tax. If you do not comply with the use tax provisions, you may owe tax plus penalties and interest. For purchases made by a person engaged in a trade or business, see Question 6.

3. On what kinds of goods or services must I pay use tax?

You must pay use tax on nonexempt tangible personal property whether purchased or leased. Examples of taxable tangible personal property include items of clothing and footwear costing \$50 or more, automobiles, appliances, furniture, jewelry, cameras, VCRs, computers, and computer software. Some taxable services include repair services to your television, motor vehicle, or computer; landscaping services for your home; or reupholstering services for your household furniture.

4. Are there exemptions from the use tax?

Yes. Generally, any purchase or lease of goods or services exempted from Connecticut sales tax is also exempted from Connecticut use tax. Some examples are newspapers, magazines by subscription, compact fluorescent light bulbs, Internet access services, items of clothing and footwear that cost less than \$50, and repair and maintenance services to vessels.

5. What if a Connecticut retailer does not collect tax on a sale of taxable goods or services?

You must remit the use tax liability for your purchases to DRS. You are required to file a Connecticut income tax return and report purchases made during the preceding calendar year on your Connecticut **Forms CT-1040EZ**, *Connecticut EZ Resident Income Tax Return*; **CT-1040**, *Connecticut Resident Income Tax Return*; or **CT-1040NR/PY**, *Connecticut Nonresident or Part-Year Resident Income Tax Return*, whether you file a paper or electronic return. If you are not required to file a Connecticut income tax return, report your tax liability on **Form OP-186**, *Connecticut Individual Use Tax Return*.

6. Does a person engaged in a trade or business have to pay use tax on purchases made for use in the trade or business?

Yes. If the person makes taxable purchases of goods (such as office furniture, computers, and supplies) or services out-of-state for use in a trade or business in Connecticut, that person must register with DRS for business use tax purposes and report purchases on **Form OS-114**, *Sales and Use Tax Return*. See **Informational Publication 2003(31)**, *Q & A on the Connecticut Use Tax for Businesses and Professions*.

7. What is the use tax rate?

In general, the use tax rate for purchases of taxable goods or services is 6%. However, the tax on computer and data processing services is 1%.

8. When must individuals pay the use tax?

You must file your Connecticut income tax return by April 15 for the preceding calendar year. If you are not required to file a Connecticut income tax return, you must pay the use tax using Form OP-186. You must file Form OP-186 by April 15 for any use tax liability in the preceding calendar year. You may file Form OP-186 for the entire year or you may file several returns throughout the year.

If the purchases are made in connection with a trade or business carried on by an individual, see Question 6.

9. What if I buy taxable goods or services from an out-of-state mail-order company, television shopping channel, or over the Internet and the vendor does not charge Connecticut tax?

If you buy goods or services for use in Connecticut, you owe and must remit use tax on those purchases. You report the use tax liability for purchases you made during the preceding calendar year either on your Connecticut income tax return or Form OP-186.

10. Is an out-of-state merchant misleading me if he tells me I do not need to pay Connecticut tax on my purchase?

Yes. While you may not have to pay sales tax in the state where you bought the goods or services, you **must** pay Connecticut use tax on taxable goods or services purchased for use in Connecticut.

11. Can an out-of-state business, such as a mail-order company, collect Connecticut use tax on taxable goods mailed or delivered into Connecticut?

Yes. If the business has registered to collect Connecticut use tax, it must collect the tax from you. If the business is not registered, then you must report and pay the tax yourself.

12. What if I buy taxable goods or services in another state and the vendor charges sales tax for the other state?

If the goods or services were purchased for **use in** Connecticut and the tax due and paid to the other state is less than the Connecticut tax, you must report and pay the difference between the Connecticut tax and the tax paid to the other state. If the tax paid to the other state is equal to or more than the Connecticut tax, you owe no use tax to Connecticut.

Example: You purchased a \$1,000 refrigerator in another state and paid \$50 tax to that state. If you bought the refrigerator for use in Connecticut, you owe Connecticut use tax. The Connecticut tax of \$60 (\$1,000 x 6%) is reduced to \$10 after allowing \$50 credit for the tax paid to the other state. If no tax was paid to the other state, the Connecticut use tax is \$60.

13. Do I owe Connecticut use tax on all my out-of-state purchases of taxable goods and services?

No. If all the items purchased and **brought into** Connecticut at one time total \$25 or less, you do not have to pay Connecticut use tax. The \$25 exemption does not apply to items **shipped or mailed** to you.

14. What are the use tax filing requirements for motor vehicles, snowmobiles, vessels, and aircraft?

Generally, if the item is not purchased from a retailer, the Connecticut Department of Motor Vehicles collects the use tax when you register a motor vehicle, snowmobile, or vessel. You must report the use tax liability on aircraft on your Connecticut income tax return or on Form OP-186.

If you do not intend to register your motor vehicle, snowmobile, or vessel immediately after you purchase it, you must report the use tax liability for purchases made during the prior calendar year on your Connecticut income tax return or Form OP-186. If the purchase is made in connection with a trade or business carried on by an individual, see Question 6.

15. On what amount do I calculate the use tax?

Calculate the use tax by multiplying the total cost of the taxable goods or services purchased, including separately stated charges such as shipping and handling, by the tax rate which is generally 6%.

16. What are the penalties and interest for not paying the use tax?

The penalty is 10% of the tax due. Interest is charged at the rate of 1% per month from the due date of the tax return. There are also criminal sanctions for willful failure to file a tax return.

Effect on Other Documents: Informational Publication 2007(27) modifies and supersedes **Informational Publication 2005(17), Q & A on the Connecticut Individual Use Tax.**

Effect of This Document: An Informational Publication issued by the Department of Revenue Services (DRS) addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

For Further Information: Call DRS during business hours, Monday through Friday:

- **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.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at **www.ct.gov/DRS** to download and print Connecticut tax forms; **or**
 - **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone, or call **860-297-4753** (from anywhere).
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Paperless Filing Methods (fast, easy, free, and confidential):

- **For business returns, tax payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on the *TSC* logo or on *File/Register OnLine* for a complete list of taxes that can be electronically filed and paid.
 - **For income tax returns, extensions, estimated payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file personal income tax returns and extensions, or to make estimated payments and electronic bill payments over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on the *TSC* logo or on *File/Register OnLine*.
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