



Sales and Use Tax Exemptions for Purchases or Leases of Fuel-Efficient Passenger Motor Vehicles

Purpose: This Informational Publication describes two sales and use tax exemptions for purchases and leases of fuel-efficient passenger motor vehicles.

Effective Date: The exemption under Conn. Gen. Stat. §12-412(115) for purchases or leases of hybrid passenger cars is effective for purchases or leases occurring on or after October 1, 2004, and on or before September 30, 2008.

The exemption under Conn. Gen. Stat. §12-412(110) for purchases or leases of high miles per gallon (mpg) passenger motor vehicles is effective for purchases or leases occurring on or after January 1, 2008, and on or before June 30, 2010.

Statutory Authority: Conn. Gen. Stat. §12-412(110), as amended by 2007 Conn. Pub. Acts 242, §20 and 2007 Conn. Pub. Acts 4, §72 (June Spec. Sess.), and Conn. Gen. Stat. § 12-412(115).

Guidance for Both Exemptions: The two sales and use tax exemptions described below apply to purchases or leases of fuel-efficient passenger motor vehicles.

Passenger motor vehicles may be offered in different configurations (such as different choices of engine, transmission, and other major options) and the configurations may impact whether a particular passenger motor vehicle qualifies for this exemption. Therefore, **the ratings** for the particular passenger motor vehicle being purchased or leased **must be reviewed** to determine if it qualifies for exemption.

The exemptions apply to the purchase or lease of a new or used qualifying passenger motor vehicle from a motor vehicle dealer and to the purchase of a used

qualifying passenger motor vehicle directly from a non-dealer owner.

The lists of qualifying passenger motor vehicles provided in this publication are derived from information in the United States Environmental Protection Agency (USEPA) Green Vehicle Guide, which includes ratings back to the 2000 model year. Passenger motor vehicles made in **prior model years may also qualify** for exemption.

Go to www.epa.gov/greenvehicles/Index.do to view the Green Vehicle Guide.

The Exemption for Hybrid Passenger Cars: Purchases or leases of hybrid passenger cars that meet the following conditions qualify for exemption under Conn. Gen. Stat. §12-412(115). For all model years:

- The passenger car must be a hybrid passenger car;
- The passenger car must have a USEPA estimated highway mileage rating of at least 40 mpg; **and**
- The sale must occur on or after October 1, 2004, and before October 1, 2008.

For model years 2004 or later, a **hybrid passenger car** is defined as a passenger car or light truck that draws acceleration energy from two onboard sources of stored energy, which are both an internal combustion or heat engine using combustible fuel and a rechargeable energy storage system, and that is certified to meet or exceed the federal Tier II bin 5 low emission vehicle classification.

Federal Low Emission Vehicle Classifications: The rule of thumb on the federal Tier II standards is that the lower the bin number, the cleaner the vehicle. Thus, Tier II bin 1 is a zero-emission vehicle (ZEV), the cleanest federal Tier II standard, while Tier II bins 2 through 4 are cleaner than the average standard and Tier II Bin 5 is the average of the Tier II

standards. Tier II bins 6 through 9, which do not qualify for this exemption, are not as clean as the average requirement for a Tier II vehicle.

Many automakers list the emission standards for their vehicles under the *Vehicle Specs* sections of their websites. Some vehicles have stickers or window decals identifying the certification level. All vehicles, however, have a mandatory under-the-hood label that identifies the emission standard(s).

Purchases and leases of the following hybrid passenger cars qualify for exemption under Conn. Gen. Stat. §12-412(115) as long as the sales occur on or after October 1, 2004, and before October 1, 2008:

- Honda Civic Hybrid for model years 2003, 2004, 2005, 2006, 2007, and 2008;
- Honda Insight for model years 2000, 2001, 2002, 2003, 2004, 2005, and 2006; **and**
- Toyota Prius for model years 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008.

The Exemption for High MPG Passenger Motor Vehicles: Purchases and leases of passenger motor vehicles that meet the following conditions qualify for exemption under Conn. Gen. Stat. §12-412(110):

- The vehicle must be a passenger motor vehicle, as defined in Conn. Gen. Stat. § 14-1(63). A *passenger motor vehicle* means a motor vehicle used for the private transportation of persons and their personal belongings, designed to carry occupants in comfort and safety, and with a capacity of carrying not more than 10 passengers including the operator. A passenger motor vehicle may, but need not be, a hybrid passenger car;
- The vehicle must have a USEPA estimated city or highway mileage rating of at least 40 miles per gallon; **and**
- The purchase or lease must occur on or after January 1, 2008, and on or before June 30, 2010.

Purchases and leases of the following passenger motor vehicles qualify for exemption under Conn. Gen. Stat. §12-412(110) as long as the purchases and leases occur on or after January 1, 2008, and on or before June 30, 2010. Both automatic and manual transmissions of the models listed below qualify unless designated otherwise:

- Honda Civic Hybrid for model years 2003, 2004, 2005, 2006, 2007, and 2008;

- Honda Civic HX for model year 2002 (manual only);
- Honda Insight for model years 2000, 2001, 2002, 2003, 2004, 2005, and 2006;
- Toyota Prius for model years 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008;
- Volkswagen Golf (Diesel) for model years 2000, 2001, 2002, 2003, 2004 (manual only), and 2005 (manual only), and 2006;
- Volkswagen Jetta (Diesel) for model years 2000, 2001, 2002, 2003, 2004 (manual only), and 2005 (manual only);
- Volkswagen Jetta Wagon (Diesel) for model years 2002, 2003, and 2004 (manual only); **and**
- Volkswagen New Beetle (Diesel) for model years 2000, 2001, 2002 (manual only), 2003 (manual only), 2004 (manual only), 2005 (manual only), and 2006 (manual only).

Effect on Other Documents: None affected.

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).

Paperless Filing/Payment 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*.

DRS E-News Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-News** is easy to sign up for – visit www.ct.gov/DRS and follow the directions. Subscription services are available for employer’s withholding tax, *TSC-BUS* Online Filing Alerts, News – Press Releases, and Top 100 Delinquency List.

IP 2007(30)
Sales and use taxes
Motor Vehicles
Issued: 12/28/2007