



25 Sigourney Street Ste 2
Hartford CT 06106-5032

SPECIAL NOTICE

2014 Legislative Changes to the Sales and Use Taxes, Room Occupancy Tax, Prepaid Wireless E 9-1-1 Fee and Admissions Tax

Purpose: This Special Notice summarizes legislative changes made during the 2014 regular session of the Connecticut General Assembly affecting the sales and use taxes, room occupancy tax, admissions tax, and prepaid wireless E 9-1-1 fee.

New Due Dates for Payment of Taxes and for Filing Returns:

Under Connecticut law, the due date for paying sales and use taxes and the due date for the filing of sales and use taxes returns are the same. Pursuant to legislation enacted in 2014, these due dates have been changed from the last day of the month following the end of the applicable monthly or quarterly period to the 20th day of the month following the end of the applicable monthly or quarterly period. The actual implementation of the changes in the due dates will take effect in 2015 and the Department of Revenue Services (DRS) will issue additional guidance to taxpayers in advance of the implementation date.

It is important to note that the changes in these due dates also apply for purposes of the room occupancy tax and the prepaid wireless E 9-1-1 fee.

Admissions to Two Venues Become Exempt from Admissions Tax:

Admissions charges made on and after **July 1, 2014** for events at the XL Center in Hartford and the Webster Bank Arena in Bridgeport are exempt. However, charges made before July 1, 2014 for events taking place after this date remain taxable.

Sales and Use Tax Exemptions:

Clothing and Footwear: Effective for sales occurring on and after **July 1, 2015**, sales of any article of clothing or footwear intended to be worn on or about the human body costing under \$50 are exempt.

Note: Although the exemption for articles of clothing and footwear costing less than \$50 will not be available until July 1, 2015, the one-week exclusion for clothing and footwear costing less than \$300 per item from the third Sunday in August through the following Saturday remains in effect for 2014.

Exemption for Nonprescription Drugs and Medicines: Effective for sales occurring on and after **April 1, 2015**, sales of nonprescription drugs and medicines will be exempt. The exemption will apply to sales of the following nonprescription drugs or medicines available for purchase for use in or on the body:

- Vitamin or mineral concentrates;
- Dietary supplements;
- Natural or herbal drugs or medicines;
- Products intended to be taken for coughs, cold, asthma or allergies, or antihistamines;
- Laxatives;
- Antidiarrheal medicines;
- Analgesics;
- Antibiotic, antibacterial, antiviral and antifungal medicines;
- Antiseptics;
- Astringents;
- Anesthetics;
- Steroidal medicines;
- Anthelmintics;
- Emetics and antiemetics;
- Antacids; and
- Any medication prepared to be used in the eyes, ears or nose.

Nonprescription drugs or medicines do not include cosmetics, dentrifices, mouthwash, shaving and hair care products, soaps or deodorants. These items will remain taxable.

Exemption for Sales to and by an Acute Care Hospital:

For the period from **July 1, 2014** to **June 30, 2017**, the sale of tangible personal property or services to and by an acute care hospital, operating as a **sole community hospital** in this state for its exclusive purposes are exempt.

Sole community hospital has the meaning described in 42 CFR 412.92, as one that is more than 35 miles from similar hospitals or located in a rural area and meets one of several other conditions.

Exemption for Sales to Connecticut Credit Unions: Effective for sales occurring on and after **July 1, 2016**, sales of tangible personal property or services to, and the storage, use or other consumption of tangible personal property or services by, a **Connecticut credit union** are exempt from sales and use taxes.

Connecticut credit union is defined in Conn. Gen. Stat. §36a-2(13).

Certain Delinquent Taxpayers May Be Required to Make Weekly Payments of Sales and Use Taxes: The DRS may require, by written notice, certain delinquent taxpayers to remit sales and use taxes on a weekly basis. The DRS is in the process of developing guidance with regard to the implementation of this new legislation and expects to begin contacting affected taxpayers in early 2015.

The new legislation prescribes that a weekly period will run from Saturday to Friday with each payment to be made by the Wednesday of the following week.

Department of Motor Vehicles Will Not Grant or Renew Delinquent Taxpayers' Seller's Licenses: Effective **July 1, 2014**, the Department of Motor Vehicles (DMV) will not grant or renew a license to buy or sell cars if the applicant or licensee is delinquent in paying sales tax. This affects the following licenses that allow a business to buy or sell motor vehicles:

- New car dealer;
- Used car dealer;
- Repairer; **and**
- Limited repairer.

Effective Date: As noted above.

Statutory Authority: 2014 Conn. Pub. Acts 47, §§47-49; 2014 Conn. Pub. Acts 130, §15; 2014 Conn. Pub. Acts 155, §14; 2014 Conn. Pub. Acts 217, §§196, 223, 225.

Effect on Other Documents:

Special Notice 2013(5), *2013 Legislative Changes Affecting Sales and Use Taxes*, is modified and superseded in part, with regard to the effective date for the exemption for clothing and footwear.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS.

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: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut publications and tax forms for your records.

REMINDER: Beginning with tax periods on or after January 1, 2014, all sales and use taxes, business use tax, room occupancy tax, admission and dues tax, income tax withholding, corporation business tax, and composite income tax **must** be filed and paid electronically.

Paperless Filing/Payment Methods (fast, easy, free, and confidential): Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the **TSC** to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the **TSC**. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.