

# O-88

## Instructions for Form OS-114

### Sales and Use Tax Return

#### What's New

##### Newly Taxable Services – Taxable on or After July 1, 2011

1. Intrastate transportation services provided by livery services, including limousines, community cars or vans, with a driver;
2. Manicure and pedicure services;
3. Motor vehicle storage services;
4. Motor vehicle towing and road services;
5. Packing and crating services;
6. Pet grooming, boarding and obedience services;
7. Services in connection with certain cosmetic medical procedures;
8. Services to industrial, commercial or income producing real property rendered in the voluntary evaluation, prevention, treatment, containment, or removal of hazardous waste or other contaminants of air, water or soil;
9. Spa services;
10. Valet parking at airports; and
11. Yoga instruction provided at a yoga studio

##### Newly Taxable Items – Taxable on or after July 1, 2011

1. Articles of clothing or footwear costing less than \$50;
2. Nonprescription drugs and medicines;
3. Cloth or fabric purchased for noncommercial sewing;
4. Yarn purchased for noncommercial use; and
5. Products which aid in the cessation of smoking.

##### New Tax Rates - Effective for Sales on or after July 1, 2011

1. The general sales tax rate is increased from 6% to 6.35%.
2. A new 7% "luxury" tax is imposed on certain motor vehicles, vessels, jewelry, clothing or footwear, and accessories. See **Column Instructions** on Page 2.
3. The sales tax rate on the rental of a passenger motor vehicle for 30 consecutive days or less is increased from 6% to 9.35%.

#### Filing Instructions

You must complete and file **Form OS-114, Sales and Use Tax Return**, even if no sales were made or no tax is due. If you are filing an **amended return**, check the box on the return. Complete the return in blue or black ink only.

##### Due Date

Form OS-114 is due on or before the last day of the month following the end of the filing period. The return may be filed electronically through the Department of Revenue Services (DRS) **Taxpayer Service Center (TSC)** website at [www.ct.gov/TSC](http://www.ct.gov/TSC). Visit the **TSC** to register and file electronically or print returns. If you file electronically you must also pay electronically.

If the return is mailed, the return must be postmarked on or before the due date. A return is filed timely if received or if the date shown by the U.S. Postal Service cancellation mark is on or before the last day of the month following the filing period shown on the return. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

##### Taxpayer Information

Verify that the correct Federal Employer Identification Number (FEIN), Connecticut Tax Registration Number, and period ending date appear on the return.

If this is an amended return, check the amended return box (to the right of the name and address section), fill in the last date of the amended reporting period in the appropriate box and complete it using the correct figures and information for the reporting period.

If you made any payment of tax with the original return, enter that amount on Line 11.

If this is your final return, check the box and enter your last business day.

If you have changed your **physical location**, check the box and enter your new location in the space provided.

If you have changed your **trade name**, check the box and enter your new trade name in the space provided.

##### Payment Options

**Pay Electronically:** Use the **TSC** to make a direct tax payment. After logging onto the **TSC**, select the *Make Payment Only* option and choose a tax type from the drop down box. Using this option authorizes DRS to electronically withdraw from your bank account (checking or savings) a payment on a date you select up to the due date. As a reminder, even if you pay electronically you must still file your return by the due date. Tax not paid on or before the due date will be subject to penalty and interest.

**Pay by Credit Card or Debit Card:** You may elect to pay your sales tax liability using your American Express® card, Discover® card, MasterCard® card, VISA® card, or comparable debit card. A convenience fee based on the total tax payment will be charged to your account by the credit card service provider. You will be informed of the amount of the fee and you may elect to cancel the transaction.

At the end of the transaction you will be given a confirmation number for your records. There are three ways to pay by credit card:

- Login to your account in the **TSC** and select *Make Payment by Credit Card*;
- Visit: [www.officialpayments.com](http://www.officialpayments.com) and select *State Payments*; or
- Call Official Payments Corporation toll-free at **1-800-2PAY-TAX** (1-800-272-9829) and follow the instructions. You will be asked to enter the Connecticut Jurisdiction Code: 1777.

Your payment will be effective on the date you make the charge.

**Pay by Mail:** Make your check payable to **Commissioner of Revenue Services**. To ensure payment is applied to your account, write your Connecticut Tax Registration Number on the front of the check. Be sure to sign your check and paper clip it to the front of your return. **Do not send cash.** DRS may submit your check to your bank electronically.

Mail paper returns and payment to:

Department of Revenue Services  
State of Connecticut  
PO Box 5030  
Hartford CT 06102-5030

DRS will return any improperly completed returns or unsigned checks.

##### Rounding

You must round off cents to the nearest whole dollar on your returns and schedules. If you do not round, DRS will disregard the cents. Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents.

## Alternative Method

Use this alternative method to determine amounts for Lines 1, 2, and 3 if you do not account for sales tax separately from gross receipts.

Step 1: Deduct the total of all exempt sales from gross receipts.

Step 2: Column A - For receipts subject to the 6% tax rate, multiply the remaining balance by 94.3%.

Column B - For receipts subject to the 6.35% tax rate, multiply the remaining balance by 94%.

Column C - For receipts subject to the 7% tax rate, multiply the remaining balance by 93.5%.

Column D - For receipts subject to the 9.35% tax rate, multiply the remaining balance by 91.5%.

Step 3: Add back the amount subtracted for exempt sales.

Step 4: Enter total on applicable gross receipts line (Line 1, 2, or 3) and the applicable Column (Column A, B, C, or D).

## Successor's Liability

The purchaser of a business is liable for the taxes of the predecessor to the extent of the purchase price unless the purchaser obtains **Form AU-712, Tax Clearance Certificate for Sales and Use Taxes**, from DRS. See Conn. Gen. Stat. §12-424(2). New owners must obtain a new Connecticut Tax Registration Number.

## Responsible Person Liability

Responsible persons may be held liable for sales and use taxes incurred by their business under Conn. Gen. Stat. §12-414a.

## For More Information

If you have any questions, visit the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) or contact the Taxpayer Services Division at 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.

## Column Instructions

Use *Column A* to report sales and purchases made on or before June 30, 2011.

Include sales and purchases subject to the reduced sales tax rates of 1% for computer and data processing services and 4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut.

Use *Column B* to report sales and purchases made on or after July 1, 2011, that are subject to the new general sales tax rate of 6.35%. Include sales and purchases subject to the reduced sales tax rates of 1% for computer and data processing services and 4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut.

Use *Column C* to report sales and purchases of the items listed below made on or after July 1, 2011, that are subject to the new luxury sales tax rate of 7%.

- Most motor vehicles exceeding \$50,000;
- A vessel exceeding \$100,000;
- Each piece of jewelry exceeding \$5,000;
- Each piece of clothing or pair of footwear exceeding \$1,000;
- A handbag, luggage, umbrella, wallet, or watch exceeding \$1,000.

Use *Column D* to report rentals of passenger motor vehicles for 30 consecutive days or less entered into **on or after July 1, 2011**, that are subject to the new tax rate of 9.35%.

## Line Instructions

**Line 1 - Enter total gross receipts** from the sale of tangible personal property. See Newly Taxable Items on Page 1.

(a) Include receipts from:

- Sales of cigarettes and motor vehicle fuel;
- Tax-exempt sales;
- Total credit sales;
- Federal and state excise taxes and state petroleum products gross earnings tax;
- Sales of heating fuel, electricity, and gas; **and**
- Shipping and delivery charges.

(b) Exclude from Line 1 receipts from:

- Installment payments from conditional or credit sales previously reported;
- Sales and use taxes;
- Sales of real estate; **and**
- Commissions received, except sales agents services.

**Line 2 - Enter total gross receipts** from the leasing and renting of tangible personal property. Include receipts from:

- Royalties or periodic payments received;
- Maintenance charges;
- Cancellation charges;
- Installation charges; **and**
- Shipping and delivery charges.

**Line 3 - Enter total gross receipts** derived from the rendering of all services including but not limited to (See Newly Taxable Services on Page 1):

- Computer and data processing services;
- Credit information and reporting services;
- Employment agencies and agencies providing personnel services;
- Private investigation, protection, patrol work, watchman, and armored car services excluding services of off-duty police officers and off-duty firefighters;
- Painting and lettering services;
- Photographic studio services;
- Telephone answering services;
- Stenographic services;
- Services to existing industrial, commercial, or income-producing real property. Services for the voluntary evaluation, prevention, treatment, containment, or removal of hazardous waste or other contaminants of air, water or soil are taxable on or after July 1, 2011;
- Business analysis, management, management consulting, and public relations services;
- Piped-in music services;
- Flight instruction and chartering services by a certified air carrier;
- Motor vehicle repair services;
- Motor vehicle parking, including valet parking at airports on or after July 1, 2011;
- Radio or television repair services;
- Furniture reupholstering and repair services;
- Repair services to electrical or electronic devices;
- Lobbying or consulting services;
- Sales agent services for selling tangible personal property, excluding auctioneer services;
- Locksmith services;
- Advertising or public relations services not related to the development of media advertising or cooperative direct mail advertising;

- v. Landscaping and horticulture services;
- w. Window cleaning services;
- x. Maintenance services;
- y. Janitorial services;
- z. Exterminating services;
- aa. Swimming pool cleaning and maintenance services;
- bb. Renovation and repair services to other than industrial, commercial, or income-producing real property;
- cc. Miscellaneous personal services (SIC Industry Group 729 or NAICS 532220, 812191, 812199, and 812990) excluding services by licensed massage therapists or licensed electrologists;
- dd. Repair or maintenance services to tangible personal property including any contract of warranty or service related to the item;
- ee. Business analysis, management, or management consulting services rendered by a general partner or an affiliate to a limited partnership;
- ff. Health and athletic club services, including yoga instruction provided at a yoga studio on or after July 1, 2011;
- gg. Telecommunications services;
- hh. Community antenna television services;
- ii. Noncommercial vessel storage or mooring charges (exclusive of the period from November 1 through April 30);
- jj. Prepaid telephone calling service; **and**
- kk. Furnishing of space for storage.

**Line 4** - Enter **gross purchases of tangible personal property** subject to use tax.

**Line 5** - Enter **gross lease and rental** payments subject to use tax.

**Line 6** - Enter **gross payments for services** subject to use tax.

**Line 7** - Enter **total** of Lines 1 through 6.

**Line 8** - Enter **deduction total** from the Total Deductions line on the back of the return for Columns A through C. Enter total of rentals to exempt entities in Column D

**Line 9** - **Subtract** Line 8 from Line 7 and enter the difference. If zero or less, enter "0."

**Line 10a** - **Multiply** the amount on Line 9 by the applicable Column tax rate.

**Line 11** - **For amended returns only:** Enter the tax paid on any prior return(s) filed for the period.

**Line 12** - **Subtract** Line 11 from Line 10b and enter the difference.

**Line 13** - **Interest:** If this is a late or amended return, interest is computed at the rate of 1% per month or fraction of a month from the due date until the date of payment. Interest is based on the amount that should have been remitted on time.

**Penalty for failure to pay tax when due:** 15% of the tax due or \$50, whichever is greater.

Penalties for late electronic funds transfer (EFT) payments are:

- 2% of the tax due for EFT payments not more than 5 days late;
- 5% for EFT payments more than 5 days but not more than 15 days late; **and**
- 10% for EFT payments more than 15 days late.

**Line 14** - **Add** Line 12 and Line 13 and enter the total.

### Deductions

You **must itemize** all deductions claimed on the back of the return.

DRS may require certificates from purchasers to support exempt sales including services, leases, and rentals. This section may **only** be used to report exempt sales by your business. Personal or business expenses must **not** be included.

**Lines 15 through 17** - **Sales for resale:** Enter total sales made during the period for which resale certificates have been accepted.

**Line 18** - **All newspapers** and subscription sales of magazines and puzzle magazines.

**Line 19** - **Commercial trucks** (including tractors and semitrailers) with gross vehicle weight rating over 26,000 pounds or operated actively and exclusively for carriage of interstate freight under a certificate or permit issued by the Interstate Commerce Commission or its successor agency.

**Line 21** - **Food products** for human consumption, vegetable seeds, and food sold through vending machines **and sales of certain nonfood products** purchased with food stamps. Food does not include alcoholic beverages, soda, candy, gum, tobacco products, or food prepared for immediate consumption at or near the seller's location.

**Line 23** - **Fuel for motor vehicles:** Enter the sales of gasoline and diesel fuels on which the Connecticut motor vehicle fuels tax has been paid. Do not include fuel purchased for use by the business filing this return.

**Line 24** - **Sales of electricity, gas, and heating fuel** for use in any residential dwelling.

**Line 25** - **Electricity to businesses** of \$150 or less per month.

**Line 26** - **Sales of electricity, gas, and heating fuel to agricultural producers and manufacturers** when 75% or more of the heating fuel gas or electricity is consumed in a building or location used for agricultural production or manufacturing.

**Line 27** - **Aviation fuel** used exclusively for aviation purposes.

**Line 29** - **Tangible personal property for exclusive use in agricultural production** if a copy of the *Farmer Tax Exemption Permit*, was provided.

**Line 30** - **Machinery and its replacement, repair, component and enhancement parts, materials, tools, and fuel for manufacturing production.** Sales of machinery and repair, replacement, component, and enhancement parts, and parts to build machinery used directly in the manufacturing process. Sales of materials, tools, and fuel used directly in an industrial plant in the manufacturing process or in furnishing gas, water, steam, or electricity when delivered to consumers through mains, lines or pipes. See Line 71 also.

**Line 31** - **Machinery, materials, tools, equipment, and supplies** used predominantly in the **production of printed material** by a commercial printer or in a related printing production process including publishing.

**Line 32** - **Sales for commercial fishing:** Sales of vessels, machinery, or equipment for exclusive use on commercial fishing vessels. Sales of materials, tools, and fuel used directly in commercial fishing.

**Line 33 and Line 34** - **Sales in interstate and foreign commerce** where delivery was provided by seller to a point outside of Connecticut, irrespective of transportation facilities involved.

**Line 35 - Out-of-state sales of services** when the benefit of the services is exclusively realized outside this state.

**Line 36 - Motor vehicles or vessels purchased by nonresidents:** Sales of motor vehicles or vessels are exempt from tax when the purchaser is not a resident of this state and does not maintain a permanent place of abode in this state, provided the motor vehicle or vessel is not presented for registration with the Department of Motor Vehicles in this state.

**Line 37 - Medicines, syringes, and needles by prescription; and diabetic equipment.** Also include test strips, tablets, lancets, and glucose monitoring equipment for diabetes, and any replacement, repair, and enhancement parts for the equipment.

**Line 38 - Nonprescription medicines sold on or before June 30, 2011:** The exemption includes items used in or on the body: vitamin or mineral concentrates; dietary supplements; natural or herbal medicines; cough, cold, or allergy medicines; antidiarrheal medicines; analgesics; antiviral, antibiotic, and antifungal medicines; antiseptics; astringents; antihistamines; anesthetics; steroidal medicines; anthelmintics; laxatives; emetics and antiemetics; antacids; and eye, ear, or nose medications. Excluded from the exemption are cosmetics, dentifrices, shaving and hair care products, mouthwash, soaps, and deodorants.

**Lines 39 through 41 - Sales to exempt charitable or religious organizations** under I.R.C. §501(c)(3) or cemetery organizations exempt under I.R.C. §501(c)(13) if the organization furnishes a valid exemption certificate.

**Lines 42 through 44 - Sales to governmental agencies:** Enter sales to the United States, State of Connecticut, or any political subdivision or agency of these governments including public schools, police, fire departments, etc.

**Line 45 - Certified items for air or water pollution abatement:** Enter the sales of tangible personal property or supplies to be incorporated into or used and consumed in facilities whose primary purpose is the reduction, control or elimination of air or water pollution, certified as approved for this purpose by the Commissioner of the Department of Environmental Protection.

**Line 47 - Nontaxable labor and service charges** included in Line 3 but not deductible on another line of this return. **Example:** Labor on new construction.

**Line 48 - Sales of services between wholly-owned business entities:** The exemption applies to services between entities, including entities other than corporations, where either entity owns a 100% controlling interest in the other. Business entities include corporations, trusts, estates, partnerships, limited partnerships, limited liability partnerships, limited liability companies, sole proprietorships, nonstock corporations, and federally recognized indian tribes. The exemption also applies to telecommunications services and community antenna television services. A business entity cannot purchase services on resale when the services are purchased for resale to another affiliate.

**Line 50 - Trade-ins:** Enter total trade-in allowance on any like-kind item of tangible personal property. All trade-ins, other than motor vehicles, farm tractors, snowmobiles, vessels, aircraft, and certain construction equipment, must be intended for resale.

**Line 52 - Returned goods:** Enter goods returned for credit within 90 days of date of sale in the applicable column.

**Line 56 - Oxygen, blood, artificial devices, crutches, and wheelchairs:** Enter sales of oxygen, blood or blood plasma, prostheses, or the sales or repair services of crutches, walkers, wheelchairs, inclined stairway chairlifts, etc., vital life support equipment, and replacement, repair, and enhancement parts for this equipment.

**Line 58 - Printed material** delivered to Connecticut where

purchaser has certified it will be delivered for use out of state within 30 days.

**Line 59 - Clothing or footwear under \$50 each on or before June 30, 2011:** This exemption does not apply to purchases of: special clothing or footwear primarily designed for athletic activity or protective use; jewelry, handbags, luggage, wallets, umbrellas, watches, and similar items carried on or about the human body.

**Line 60 - Cloth and components and yarn on or before June 30, 2011,** used in the noncommercial production of clothing.

**Line 63 - Funeral expenses:** Enter sales of caskets used for burials and cremation and the first \$2,500 of tangible personal property for each funeral.

**Line 69 - Aircraft** and repair or replacement parts and repair services exclusively for use in the aircraft or in significant overhauling or rebuilding of aircraft on a factory basis.

**Line 71 - Materials, tools, fuels, and machinery and equipment** to be used primarily in manufacturing, as described in the Manufacturing Recovery Act of 1992. Multiply applicable gross receipts by 50%.

**Line 72 - Machinery, equipment, tools, supplies, and fuel** used directly in the **biotechnology industry**.

**Line 73 - Fabrication labor and repair and maintenance services for vessels: Vessel** means every description of watercraft, other than seaplane.

**Line 74 - Computer and data processing services** taxable at 1%: Multiply the applicable gross receipts by 83.33% for services on or before June 30, 2011, and 84.25% for services on or after July 1, 2011. Internet access services are not taxable.

**Line 75 - Renovation and repair services to residential property:** Paving, painting or staining, wallpapering, roofing, siding, and exterior sheet metal work services to other than industrial, commercial, or income-producing real property.

**Line 77 - Sales to direct payment permit holders:** Direct payment permits allow taxpayers to pay use tax on certain purchases directly to DRS rather than paying sales or use taxes to vendors.

**Line 78 - College textbooks** to full-time or part-time students enrolled at institutions of higher education and private occupational schools with the presentation of valid student identification cards. The exemption applies only to new and used books and related workbooks required or recommended for courses.

**Line 79 - Sales tax holiday**

**Clothing and footwear under \$300:** Enter total receipts from the sale of clothing or footwear under \$300 nontaxable for one week per year. The exclusion applies from the third Sunday in August through the following Saturday.

**Line 81 - Residential weatherization products and compact fluorescent light bulbs:** Enter sales of residential weatherization products and sales of compact fluorescent light bulbs.

**Line 82 -** Enter motor vehicle sales to an active duty nonresident member of the armed forces taxable at 4.5%. Multiply the applicable gross receipts by 25% for sales on or before June 30, 2011, 29.13% for sales on or after July 1, 2011, and 35.71% for sales of luxury vehicles on or after July 1, 2011.

**Lines A, B, and C**

**Other adjustments:** Explain fully. On the applicable line, enter and describe any other deductions for exempt sales not enumerated. For example, include on these lines: Sales to senior centers or sales made by eleemosynary nonprofit organizations of not more than \$20. For a complete list of sales and use tax exemptions, see Conn. Gen. Stat. §12-412, as amended by 2011 Conn. Pub. Acts 6 and 2011 Conn. Pub. Acts 61.