



INFORMATIONAL PUBLICATION

Notice to Retailers on Sales and Use Tax Resale Certificates

Purpose: This Informational Publication is a general guide to retailers about the proper use of resale certificates. The gross receipts from the sale of a taxable item or service are subject to sales tax unless the purchaser issues a properly completed resale certificate or exemption certificate to you at the time of the sale and you keep a copy for your records. The Informational Publication has been revised to modify the documentation required when an out-of-state business makes purchases for resale.

Effective Date: Effective upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-410, Conn. Agencies Regs. §12-410(5)-1, and Conn. Agencies Regs. §12-426-1.

1. Who may issue a resale certificate to a retailer?

A person who:

- Is engaged in the business of selling goods or services of the type being purchased or who will resell the taxable service being purchased without change or will resell a service enumerated in Conn. Gen. Stat. §12-407(a)(2)(I) as an integral, inseparable part of another service enumerated in Conn. Gen. Stat. §12-407(a)(2)(I);
- Has a sales and use tax permit issued by the Department of Revenue Services (DRS) or is similarly registered by the revenue agency of another state; **and**
- At the time of purchase, intends to sell what is being purchased in the regular course of business.

2. Who may not issue a resale certificate to a retailer?

A person who:

- Is not engaged in the business of selling the type of goods or services being purchased from the retailer; **or**
Example: A car dealer may not issue a resale certificate when purchasing a computer system. Car dealers are not engaged in the business of selling computers.
 - Does not intend to sell the goods or services being purchased in the regular course of business.
Example: A contractor who does not sell at retail may not issue a resale certificate for goods consumed in completing a construction contract.
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3. What information must a resale certificate include?

An issuer may purchase items for resale by giving the seller a *Connecticut Sales and Use Tax Resale Certificate* or a certificate that substantially resembles the official DRS form. The resale certificate must:

- Be signed by the issuer;
- Have the name and address of the issuer;
- Describe the general character of the property or service sold by the issuer in the regular course of business;
- Describe the property or service being purchased by the issuer from the seller; **and**
- Have the Connecticut Tax Registration Number as it appears on the issuer's Connecticut Sales and Use Tax Permit. See Question 4 for information required for out-of-state retailers.

You cannot accept the purchaser's Tax Registration Number instead of a resale certificate.

DRS accepts the Multistate Tax Commission's *Uniform Sales & Use Tax Certificate — Multijurisdiction* as a valid resale certificate, but not as a valid exemption certificate for any other purpose.

You may accept a faxed copy of a properly completed resale certificate at the time an order is taken from a customer purchasing tangible personal property or services for resale in the regular course of business without being required to subsequently accept a signed original resale certificate.

4. Is additional information needed if an out-of-state business that is not required to have a Connecticut Sales and Use Tax Permit issues a resale certificate?

The Connecticut resale certificate should have the tax identification number from the issuer's state of business or, if none, the Federal Employer Identification Number (FEIN).

If an issuer is not required to have a Connecticut Sales and Use Tax Permit, the issuer should attach a statement to the resale certificate stating that the issuer is not required to have a Connecticut Sales and Use Tax Permit because it is not making sales in Connecticut or making sales that are otherwise subject to Connecticut sales and use taxes.

5. As a retailer with a place of business in Connecticut, may I accept a resale certificate from a seller with a place of business outside Connecticut that purchases items from me to be resold outside Connecticut?

Yes. You may accept a resale certificate from a seller with a place of business outside Connecticut who intends to resell the purchased items in the regular course of business. It does not matter whether the state or country in which the purchaser has a place of business imposes sales and use taxes.

6. Must I obtain a new resale certificate for each purchase by the same purchaser?

No. A resale certificate may be issued for one purchase or may be issued as a blanket certificate for a continuing line of purchases. To use a resale certificate for a continuing line of purchases, the purchaser marks the certificate *Blanket Certificate*. The certificate must be renewed at least every three years from the date it is issued.

A blanket certificate is only valid for:

- Purchases of items or services described in the certificate; **and**
- The period in which the issuer is purchasing those items for resale.

7. What is my responsibility in accepting a resale certificate?

You may only accept a resale certificate in good faith from the issuer. The property purchased must be similar to or of the same general character as what you could reasonably assume the issuer would sell. If a service is being purchased, it must either be similar to or of the same general character as what you could reasonably assume the issuer would resell. If a service enumerated in Conn. Gen. Stat. §12-407(a)(2)(I) is being purchased, you must reasonably assume that it will become an integral, inseparable component part of another service enumerated in Conn. Gen. Stat. §12-407(a)(2)(I). You may **not** accept a resale certificate if you have reason to believe that:

- The issuer does not ordinarily sell the types of goods or services purchased; **or**

Example: If an auto repair shop tries to buy a computer using a resale certificate, you should not accept the certificate. You have reason to believe that auto repair shops do not ordinarily sell computers in the regular course of business.

- The goods or services will not be resold.

Example 1: If a computer store tries to buy a personal computer using a resale certificate and asks that it be delivered to the store owner's home, you should not accept the resale certificate. You have reason to believe that the computer will not be resold.

Example 2: A management company provides taxable services to industrial, commercial, or income-producing real property and contracts with a protective services company for taxable watchman services to guard the property it manages. It may purchase the protective services using a resale certificate. However, if the management company purchases protective services to guard its own offices, you should not accept a resale certificate because the management company is not reselling the services as an integral, inseparable part of its services.

8. How long should I keep resale certificates that have been issued to me?

You should keep resale certificates for at least six years. Do not mail resale certificates to DRS.

9. What penalties are imposed for the improper issuance or acceptance of a resale certificate?

DRS can review resale certificates and make audit assessments either against retailers who accept improperly issued certificates, against purchasers who improperly issue resale certificates, or against both the retailer and the purchaser. False statements made knowingly on resale certificates are punishable by a fine of not more than \$5,000 or by imprisonment not more than five years, or both.

Effect on Other Documents: This Informational Publication modifies and supersedes **Informational Publication 2000(14), Notice to Retailers on Sales and Use Tax Resale Certificates.**

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).

Select **Option 6** to speak to a representative.

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** or call **860-297-4753** (from anywhere).
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Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can 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 select an option from the list on the *TSC* image.

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-Alerts** provide information for employer’s withholding tax, *TSC-BUS* Online Filing Alerts, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at **www.ct.gov/DRS** and select e-Alerts from the left navigation bar.
