

Sales and Use Tax Overview

Topics:

Definitions

Sales & Use Tax Basics

Exemptions from Sales

& Use Tax

Taxable Services

Sales Tax Return

Record Keeping

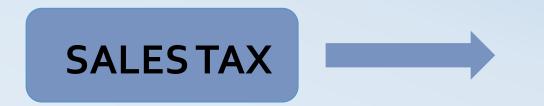
Reference Links

www.ct.gov/drs or
www.ct.gov/tsc

Definitions

- Tangible Personal Property (TPP) Goods that are movable
- Real Property Buildings and land
- Exempt sales Non-taxable goods and services (food)
- Exempt Entities Companies/Agencies that do not pay taxes
- The Return The Sales and Use Tax form that is filed for your business
- Remit The amount of sales/use tax that is paid with the return
- Trust Tax Sales tax is collected on behalf of the State
- The Taxpayer Service Center (TSC) Secure electronic filing system

Sales and Use Tax Basics - 6.35%



Seller charges customer sales tax and remits directly to DRS.

USETAX

Customer remits the sales tax directly to DRS. Seller did not charge tax.

Sales & Use Tax Basics

Goods

All goods (TPP) sold in CT are taxable unless there is a specific exemption.

Services

Only those services deemed to be taxable, are taxable.

Exempt Sales of Goods or Services



No exemption certificate required

- Child Car Seats
- Bulk Food Products
- Non-prescription medicines

Exempt with Certificate

Requires properly completed exemption certificate

- Resale Certificate
- Cert-119 Exempt Agency
- Cert-134 Gov't Entity

Common Exempt Sales

Sales for Resale

Resale Cert

Contractor's
Purchase for
Exempt Entity
Cert-141

Charitable & Religious Organizations <u>Cert-119</u>

Federal, State & Municipal Agencies Cert-134

Out of State
Sales
Shipping records

Common Taxable Services

Real Property

- Janitorial Services
- Landscaping Services
- Maintenance Services to Real Property
- Services to Existing Industrial, Commercial and Income Producing Real Property

Tangible Personal Property

- Motor Vehicle <u>Repairs</u>, <u>Storage</u>, <u>Towing</u> and <u>Washing</u>
- Computer & Data
 Processing Services 1%
- Repair Services to Tangible Personal Property

Personal Services

- Spa Services including Manicure/Pedicure
- Pet Grooming/Boarding/ Obedience Services
- Cosmetic medical Procedures
- Health and Athletic Clubs

Sales and Use Tax - Form 0S-114

Filing Status

New Businesses start as Monthly filers Monthly, Quarterly or Annual returns Filing frequency determined by DRS

Due Date

One month from the end of the period Master Calendar of Due Dates

Return due even if no tax is due!

How

Monthly/quarterly Filers – On-line through TSC Annual Filers – On-line through TSC or paper mail in



Record Keeping

Source Documents

- Cash Register Tapes
- POS Reports Detail
- Sales Invoices
- Guest Checks
- Purchase Invoices
- Bank / Credit Card Statements
- Exemption Certificates

Books of Record

- Daily Sales Summary
- POS Reports Summary
- Sales Journal
- Cash Receipts Journal
- Check Register
- Purchase Journal
- General Ledger

Refer to Reg. 12-2-12 for record keeping requirements

Time Requirement to Keep Records

Required

State law requires business records be maintained 3 years

Recommended

 Certain circumstances may lead to audit review longer than 3 years, DRS recommends records be maintained 6 years

When in Doubt, Don't Throw It Out!



Don't be like this lady – Get Organized!

Received mail from DRS?

- Please read entire notice first and follow any instructions
- Take any action
- May be a missed return / delinquency notice please file your return
- May be an issue with a payment
- May be a filing frequency change



Want to stay connected?
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Additional Reference Links:

- New Business Information Page
- IP 2017(25), Getting Started in Business
- IP 2006(35), Building Contractor's Guide
- Exemption Certificates
- Taxpayer Service Center (TSC)
- Sales Tax Topical Index