

Instructions for Form OS-114, Connecticut Sales and Use Tax Return

All monthly and quarterly filers must file Form OS-114 and pay its associated taxes electronically. To request a waiver from the electronic filing requirement visit www.ct.gov/drs/TSCfiling and complete **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request*.

Filing Instructions

Businesses **must** complete and file **Form OS-114**, *Connecticut Sales and Use Tax Return*, to report all sales activity in Connecticut, even if no sales were made or no tax is due. Both taxable and nontaxable sales must be reported in accordance with your monthly, quarterly, or annual filing frequency assigned by the Department of Revenue Services (DRS). Quarterly and monthly filers **must** file this return and make payment electronically through the **Taxpayer Service Center (TSC)** website at www.ct.gov/TSC.

Timely returns may be filed by phone using the **Connecticut Business Telefile System** toll-free at 855-665-9471 or 860-449-1011 (from Groton area). Late filed returns must be filed through the **TSC** or on paper Form OS-114.

Only annual filers, or those granted an electronic filing and payment waiver, may file paper returns and make payment by check. Complete the return in blue or black ink only. Do not use grayed out fields. To request a one-year waiver from the electronic filing requirement, visit www.ct.gov/drs/TSCfiling and complete **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request*.

Any business that purchases taxable goods or services for use in Connecticut and does **not** pay Connecticut sales tax must pay the Connecticut use tax. The use tax rates are identical to the sales tax rates. See **Informational Publication 2015(16)**, *Q & A on the Connecticut Use Tax for Businesses and Professions*.

Due Date

Form OS-114 is due on or before the last day of the month following the end of the filing period.

If the return is mailed, the return must be postmarked on or before the due date.

Taxpayer Information

Enter the complete name and address of your business. Verify that the correct Tax Registration Number, Federal Employer Identification Number, and period end date appear on the return.

If this is an amended return, check the *Amended Return* box and provide the correct figures and information for the reporting period. If you made any payment of tax with the original return, enter the tax amount on Line 11 (Do not include any penalty or interest amount).

If you wish to close your Sales and Use Tax account, check the *Final Return* box and enter your last day of business.

Make address, trade name, or ownership changes on the appropriate lines.

Payment Options

Pay Electronically: You can make a **free** direct payment at the same time as filing your return through the **TSC**. Upon completion of the return, you will automatically be taken to the payment page where you may authorize DRS to electronically withdraw payment from your checking or savings account on any date up until the due date. You will receive a confirmation number upon successful filing and may print a copy for your records.

You may also log into the **TSC** and use the *Make Payment Only* option to initiate a payment without a return (to pay bills, returns, or make advance payments). Select the *tax type* and *period*.

You may also call the **Connecticut Business Telefile System** toll-free at 855-665-9471 or 860-449-1011 (from Groton area).

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 two ways to pay by credit card:

- Login to your account in the **TSC** and select *Make Payment by Credit Card*; **or**
- Visit: www.officialpayments.com and select *State Payments*.

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

Pay by Mail (for those authorized **only**): Make your check payable to **Commissioner of Revenue Services**. Write your Connecticut Tax Registration Number on the front of your check to ensure it is applied to your account. Sign your check and paper clip it to the front of your return. DRS may submit your check to your bank electronically. **Do not send cash.**

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.

Rounding

You must round off cents to the nearest whole dollar on your returns and schedules. 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 1 -

- Multiply the receipts subject to the 1% tax rate on computer and data processing services by 99.01%.
- Multiply the receipts subject to the 2.99% tax rate on vessels, motors for vessels, and trailers used for transporting vessels by 97.10%.
- Multiply the receipts subject to the 4.5% tax rate on motor vehicle sales to an active duty nonresident member of the armed forces by 95.69%.
- Multiply the remaining receipts subject to the 6.35% tax rate by 94.03%.

Column 2 - Multiply the remaining receipts subject to the 7.75% tax rate by 92.81%.

Column 3 - Multiply the remaining receipts subject to the 9.35% tax rate by 91.45%.

Step 3: Add back the amount subtracted in Step 1.

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

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

Visit the DRS website at www.ct.gov/DRS or contact DRS 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 1* to report sales and purchases that are subject to the 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, 2.99% for vessels, motors for vessels, and trailers used for transporting a vessel (effective July 1, 2018) 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 2* to report sales and purchases that are subject to the luxury sales tax rate of 7.75%. Do not use grayed-out lines.

- Most motor vehicles exceeding \$50,000;
- 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 3* to report rentals of passenger motor vehicles for 30 consecutive days or less that are subject to the tax rate of 9.35%. Do not use grayed-out lines.

Tax Rates

1. A 1% tax rate for computer and data processing services.
2. A 2.99% tax rate for vessels, motors for vessels, and trailers used for transporting a vessel.
3. A 4.5% tax rate on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut.
4. The general sales tax rate is 6.35%.
5. A 7.75% *luxury* tax is imposed on certain motor vehicles, jewelry, clothing or footwear, and accessories.
6. The sales tax rate on the rental of a passenger motor vehicle for 30 consecutive days or less is 9.35%.

Line Instructions

Fill in all relevant lines, including Totals. Missing lines may delay the processing of your return.

Line 1 - Enter **total gross receipts** from the sale of tangible personal property.

- 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;
 - Shipping and delivery charges;
 - Articles of clothing or footwear; **and**

- Nonprescription drugs and medicines.
- 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:

- a. Computer, data processing, and website services;
- b. Credit information and reporting services;
- c. Employment agencies and agencies providing personnel services;
- d. Private investigation, protection, patrol work, watchman, and armored car services excluding services of off-duty police officers and off-duty firefighters;
- e. Painting and lettering services;
- f. Photographic studio services;
- g. Telephone answering services;
- h. Stenographic services;
- i. Services to existing industrial, commercial, or income-producing real property;
- j. Business analysis, management, management consulting, and public relations services;
- k. Piped-in music services;
- l. Flight instruction and chartering services by a certified air carrier;
- m. Motor vehicle repair services;
- n. Motor vehicle parking, including valet parking at airports;
- o. Radio or television repair services;
- p. Furniture reupholstering and repair services;
- q. Repair services to electrical or electronic devices;
- r. Lobbying or consulting services;
- s. Sales agent services for selling tangible personal property, excluding auctioneer services;
- t. Locksmith services;
- u. 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;
- gg. Telecommunications services;
- hh. Community antenna television services;
- ii. Noncommercial vessel storage or mooring charges (exclusive of the period from October 1 through May 31);
- jj. Prepaid telephone calling service;
- kk. Furnishing of space for storage;
- ll. Intrastate transportation services provided by livery services, including limousines, community cars or vans, with a driver;
- mm. Manicure and pedicure services;
- nn. Motor vehicle storage services;
- oo. Motor vehicle towing and road services;
- pp. Packing and crating services;
- qq. Pet grooming, boarding and obedience services;
- rr. Services in connection with certain cosmetic medical procedures;
- ss. Services to industrial, commercial or income producing real property rendered in the evaluation, prevention, treatment, containment, or removal of hazardous waste or other contaminants of air, water or soil;
- tt. Spa services; **and**
- uu. Car wash services.

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 page 4 of the return for Columns 1 and 2. Enter total of rentals to exempt entities in Column 3

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. Do not include penalty or interest payments.

Line 12 - Subtract Line 11 from Line 10 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 nonpayment of tax or late payment by check: 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

All nontaxable sales required to be reported must be itemized on the appropriate deduction lines on Form OS-114. Total deductions must be reported on Line 8, *Deductions*.

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*.

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 drugs and medicines: Includes items used in or on the body. 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 Energy and 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 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; services in the creation, development, hosting and maintenance of a website taxable at 1%: Multiply the applicable gross receipts by 84.25%. 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 \$100: Enter total receipts from the sale of clothing or footwear under \$100 nontaxable for one week per year. The exclusion applies from the third Sunday in August through the following Saturday.

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 29.13% or 41.93% for sales of luxury vehicles (See *Tax Rates*, on Page 2).

Line 83 - Applies only for licensed cigarette dealers. Enter the total purchases of cigarettes taxed by distributors.

Line 84 - Vessels, motors for vessels or trailers used for transporting vessels taxable at 2.99%: Multiply the applicable gross receipts by 52.91% (effective July 1, 2018).

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. Also include on Line A, sales of feminine hygiene products and disposable or reusable diapers, effective July 1, 2018. For a complete list of sales and use tax exemptions, see Conn. Gen. Stat. §12-412.