



25 Sigourney Street
Hartford CT 06106-5032

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

SN 2007(2.1)

SPECIAL NOTICE

2007 Legislation Granting a Connecticut Sales and Use Tax Exemption for Sales of Energy Star Rated Household Appliances

Purpose: Recently enacted legislation exempts from Connecticut sales and use taxes any sales of household appliances that meet the federal Energy Star standard as long as the sales occur on or after June 4, 2007, and on or before September 30, 2007 (the exemption period). The legislation was amended to reduce the term of the exemption from its original end date of June 30, 2008. This Special Notice provides rules regarding the exemption.

Effective Date: June 4, 2007.

Statutory Authority: 2007 Conn. Pub. Acts ___, §70 (2007 House Bill No. 7432, as amended by House Amendment A (LCO No. 8629)) and 2007 Conn. Pub. Acts ___, §129, (June Special Sess.) (2007 House Bill No. 8001 (LCO No. 9697)).

Definition: *Household appliances that meet the Energy Star standard* means the appliances meet strict energy efficient guidelines set by the U. S. Environmental Protection Agency and the U. S. Department of Energy. An Energy Star qualified appliance must carry the Energy Guide label. Energy Guide labels will note whether the product is Energy Star qualified. Sales of the following appliances, which are Energy Star qualified, are exempt from sales and use taxes:

- Refrigerators and freezers
- Clothes washers
- Dishwashers
- Room air conditioners
- Dehumidifiers
- Room air cleaner units
- Water coolers
- Battery chargers

The exemption applies only to sales of the household appliances listed above. See www.energystar.gov for a specific product list for each appliance category listed above.

Exempt Sales of Energy Star Rated Appliances:

Sales and use taxes do not apply to sales of appliances meeting the Energy Star standard as long as the sales occur during the exemption period.

The appliance must contain the Energy Star designation and appear on the Product List of the Energy Star federal government website.

The exemption applies to sales to any purchaser provided the sale occurs during the exemption period. The exemption applies to sales made by Connecticut retailers, sales made by out of state retailers required to collect Connecticut use tax on sales to Connecticut customers, and purchases by Connecticut customers on which they would otherwise be required to self assess use tax.

The exemption applies whether the Energy Star household appliance is purchased by an individual or a business and whether or not the household appliance is to be used for residential purposes.

Mail Order, Telephone, and Internet Sales:

Tax does not apply to the sale of household appliances that meet the Energy Star standard sold during the exemption period by mail, telephone, or over the Internet.

Determining When a Sale Takes Place: The following rules apply in determining whether a sale takes place during the exemption period.

Sales Made During the Exemption Period

If, during the exemption period, the customer purchases Energy Star household appliances and at the same time **takes delivery** of the product, the exemption applies.

If, during the exemption period, a customer **orders** an Energy Star household appliance and **pays for the product in full at the time of the order**, the customer will receive the benefit of the exemption whether or not the item is currently in stock. For purposes of this exemption, **pays in full** means the customer pays the full purchase price or is fully charged for the purchase price. As long as the qualifying item is ordered and paid for during the exemption period, the transaction qualifies for the exemption even if the product is delivered to the customer after September 30, 2007.

If, during the exemption period, the customer **orders** an Energy Star household appliance and **pays a deposit to the retailer**, the customer will only receive the benefit of the exemption if the product is delivered to the customer on or before September 30, 2007. Delivery is made to the customer when the retailer delivers the product to the customer at the retailer's establishment or at the customer's location or places the product in shipment to the customer.

If, during the exemption period, the customer puts an Energy Star household appliance on **layaway**, the item qualifies for the exemption and none of the customer's payments on the item are taxable even if they are made after the exemption period. The item will not be taxable when the customer takes delivery or possession of it.

Sales Made After the Exemption Period

If, after the exemption period, the customer purchases an Energy Star household appliance and at the same time, or any later time, takes delivery of the product, sales and use taxes will apply.

Rain Checks

It does not matter when a rain check is issued. The taxability of a purchase of an Energy Star household appliance is determined by reference to the rules described above. Thus, an Energy Star household appliance purchased during the exemption period using a rain check is not taxable. If a retailer issues a rain check to a customer during the exemption period for an Energy Star appliance and the customer purchases the item after the exemption period has ended using the rain check, the item is taxable.

Reporting Requirements: Sales of Energy Star household appliances are reported on Line 1 (Gross receipts from sales of goods) of **Form OS-114, Sales and Use Tax Return**. The nontaxable sales of Energy Star household appliances sold during the exemption period are deducted on the back of Form OS-114.

Effect on Other Documents: This Special Notice modifies and supersedes **Special Notice 2007(2), 2007 Legislation Granting a Connecticut Sales and Use Tax Exemption for Sales of Energy Star Rated Household Appliances**.

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 the Department of Revenue Services (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: 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** from a touch-tone phone, or call **860-297-4753** (from anywhere).
-

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns:** Use **Fast-File** to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, attorney occupational tax, nursing home provider fee, admissions and dues tax, or withholding tax returns over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on **File/Register OnLine**.

- **For payment of business taxes other than those listed above:** Use **Fast-File** to pay your business taxes over the Internet or by phone. Visit the DRS website at **www.ct.gov/DRS** and click on **Electronic Services** for a list of eligible taxes. The ACH debit method is used to make the transfer. No preregistration is required.
- **For resident income tax returns:** Use **WebFile** to file personal income tax returns over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on **File/Register OnLine**.
- **For electronic filing of income tax extensions, estimated payments, and for electronic bill payments:** Use **WebFile** to electronically file personal income tax returns over the Internet. You can also use **WebFile** to make an electronic income tax payment for a prior year. Visit the DRS website at **www.ct.gov/DRS** and click on **File/Register OnLine**.

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-News** is easy to sign up for – visit **www.ct.gov/DRS** and follow the directions. Subscription services are available for employer's withholding tax, **Fast-File** information, Alerts, News – Press Releases, and Top 100 Delinquency List.

SN 2007(2.1)
Sales and use taxes
Household Appliances
Issued: 06/28/2007