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SPECIAL NOTICE

## Legislative Changes Affecting Admissions Tax and Sales and Use Taxes as of July 1, 2021

### Admissions Tax

The Connecticut General Assembly significantly limited the application of the admissions tax. As explained below, starting July 1, 2021, the admissions tax applies only to charges to certain motion picture shows.

**Admissions tax to apply only to certain motion picture shows:** Starting July 1, 2021, charges for admissions to most places of amusement, entertainment or recreation are no longer subject to the admissions tax. The only charges that remain taxable are charges for admission to motion picture shows where the charge is more than \$5.00; such charges remain taxable at a 6% rate.

**Application of admissions tax to charges made before July 1, 2021:** The admissions tax applies to charges for admissions to places of amusement, entertainment or recreation that were made on or before June 30, 2021, even if the event occurs on or after July 1, 2021. Thus, there will be no refunds allowed in connection with such charges.

**Exemption requests:** Where an exemption from admissions tax was requested for charges made on or before June 30, 2021, to an event conducted primarily to raise funds for a federally exempt organization under Conn. Gen. Stat. § 12-541(b)(4), as amended by 2021 Conn. Pub. Acts 2, § 434 (June Spec. Sess.), such charges will be exempt if the Department of Revenue Services (DRS) issues a letter of exemption for the event. If the charges to such an event are made on or after July 1, 2021, they are not taxable regardless of whether DRS issues a letter of exemption.

### Sales and Use Taxes

The Connecticut General Assembly enacted several exemptions from sales and use taxes that are effective for sales occurring on and after July 1, 2021. In addition, the Connecticut General Assembly enacted legislation that provides certain sales tax incentives to “qualified data centers” that locate within the state.

**Exemption for Breast Pumps and Supplies:** The Connecticut General Assembly enacted legislation

that exempts sales of breast pumps and certain related parts, supplies, kits, and repair services from sales tax. More specifically, the legislation exempts:

- (1) breast pumps and breast pump collection and storage supplies, when sold to individuals for home use;
- (2) repair services and repair or replacement parts for such breast pumps; **and**
- (3) breast pump kits, under certain conditions.

With regard to the portion of the exemption that pertains to breast pump kits, breast pump kits prepackaged by the manufacturer are exempt if they are sold to individuals for home use and contain only tax exempt breast pumps and breast pump collection and storage supplies. Breast pump kits are taxable if they contain taxable items for which the sales price is more than 10% of the kit’s total sales price.

To help determine the scope and application of the exemption, the legislation contains the following definitions:

- **Breast pump** means an electrically or manually controlled pump device used to express milk from a human breast during lactation, including any external power supply unit packaged and sold with the pump device at the time of sale to power the pump device.
- **Breast pump collection and storage supplies** mean items of tangible personal property that are used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption. Examples of such items include:

- breast shields and breast shield connectors, breast pump tubes and tubing adapters;
- breast pump valves and membranes;
- backflow protectors and backflow protector adapters;
- bottles and bottle caps specific to the operation of the breast pump;

- breast milk storage bags; **and**
- related items sold as part of a breast pump kit prepackaged by the breast pump manufacturer.

In addition, the legislation specifies that the following are **not** considered breast pump collection and storage supplies:

- bottles and bottle caps not specific to the operation of the breast pump;
  - breast pump travel bags or other similar carrying accessories, including ice packs, labels and other similar products, unless sold as part of a breast pump kit prepackaged by the breast pump manufacturer;
  - breast pump cleaning supplies, unless sold as part of a breast pump kit prepackaged by the breast pump manufacturer;
  - nursing bras, bra pads, breast shells or other similar products; **or**
  - creams, ointments and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.
- **Breast pump kit** means a prepackaged set that contains one or more of the following items:
    - a breast pump;
    - breast pump collection and storage supplies; **and**
    - other items of tangible personal property that may be useful to initiate, support or sustain breastfeeding using a breast pump during lactation.

**Exemption for Cannabis for Palliative Use:** The Connecticut General Assembly amended the exemption from sales and use taxes for nonprescription drugs. Specifically, and effective for sales occurring on and after July 1, 2021, the Connecticut General Assembly added cannabis sold for palliative use under chapter 420f to the list of nonprescription drugs and medicines. The legislation also contains language that expressly excludes cannabis or cannabinoids from the exemption for nonprescription drugs and medicines.

Prior to July 1, 2021, medical marijuana sold by licensed dispensaries was exempt as a nonprescription drug or medicine.

**Qualified Data Centers:** The Connecticut General Assembly enacted legislation incentivizing “qualified data centers” to locate in Connecticut. This legislation authorizes the Department of Economic and

Community Development (DECD) to enter into agreements to provide certain tax incentives to “qualified data centers” that locate within the state and make certain investments. The tax incentives include exemption from sales and use taxes.

Primary responsibility for this new legislation rests with DECD. When DECD enters into an agreement with any person, it must notify DRS. Upon notification, DRS must provide the person with a certificate that exempts the person and any of their contractors or subcontractors from sales and use taxes under certain conditions.

The following items and services are covered by this legislation and may be purchased with certificates issued by DRS:

- Qualified data center equipment acquired for incorporation into or used and consumed in the development, acquisition, construction, rehabilitation, renovation, repair or operation of a facility that is used or to be used as a qualified data center,
- Any service described under Conn. Gen. Stat. § 12-407(a)(37), that is used and consumed in the development, acquisition, construction, rehabilitation, renovation, repair or operation of a facility that is used or to be used as a qualified data center, **and**
- All electricity used by a qualified data center.

DRS will work with DECD to develop all appropriate certificates and issue all associated guidance.

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**Statutory Authority:** 2021 Conn. Pub. Acts 1, § 16; Conn. Gen. Stat. § 12-541, as amended by 2021 Conn. Pub. Acts 2, § 434 (June Spec. Sess.); Conn. Gen. Stat. § 12-412(125), as added by 2021 Conn. Pub. Acts 2, § 435 (June Spec. Sess.); Conn. Gen. Stat. § 12-412(120), as amended by 2021 Conn. Pub. Acts 1, § 129 (June Spec. Sess.).

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**Effect on Other Documents: Special Notice 2015(1), Sales and Use Tax Exemption for Nonprescription Drugs and Medicines,** is modified and superseded in part.

**Informational Publication 2020(2), Admissions Tax Exemptions and Reduced Rates of Tax,** is modified and superseded in part.

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**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 DRS.

**For Further Information:** Visit the DRS website at [portal.ct.gov/DRS](http://portal.ct.gov/DRS).

Call DRS Monday through Friday, 8:30 a.m. to 4:30 p.m. at:

- **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. Taxpayers may also call 711 for relay services. A taxpayer must tell the 711 operator the number he or she wishes to call. The relay operator will dial it and then communicate using a TTY with the taxpayer.

## **E-Services Update**

A new modernized system, **myconneCT**, will replace the **TSC** (Taxpayer Service Center) as part of a multi-year, multi-phase project. Many tax types are already able to be filed using **myconneCT** and more will be added each year. Use **myconneCT** to file taxes, make payments, view filing history, and communicate with the agency simply and more efficiently on virtually any mobile device, including laptops, tablets, and smartphones, 24 hours a day, 7 days a week. For updated information on the progress of this project and the transition schedule for specific taxes, please visit the DRS website at [portal.ct.gov/DRS-myconneCT](http://portal.ct.gov/DRS-myconneCT).

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