

Sales Tax Information for New Connecticut Businesses



DEPARTMENT OF REVENUE SERVICES MISSION STATEMENT

The mission of the Department of Revenue Services is to instill public confidence in the integrity and fairness of tax collection; achieve the highest level of voluntary taxpayer compliance; continuously improve agency performance; contribute to the fiscal and economic well-being of the state; and provide a positive and professional workplace.

Registering a New Business for Sales Tax!

The Department of Revenue Services (DRS) has developed this pamphlet specifically for sellers of goods and certain services. In addition to explaining state sales tax obligations for new businesses, this pamphlet also includes other helpful resources for you to consider when operating your business.

Who Must Obtain a Sales and Use Tax Permit

You must obtain a Sales and Use Tax Permit from DRS if you intend to engage in any of the following activities in Connecticut:

- Sale, rental, or lease of goods;
- Sale of a taxable service; **or**
- Operating a hotel, motel, lodging house, or bed and breakfast establishment.

You must obtain a Sales and Use Tax Permit before making any sales. If you purchase an existing business, you may not use the Sales and Use Tax Permit issued to the previous owner; you must obtain a new Sales and Use Tax Permit. If you will have more than one location, you must obtain and display a Sales and Use Tax Permit for each location.

The requirement to obtain a Sales and Use Tax Permit applies to all businesses that will make sales in this state, regardless of the number of sales made or the amount of tax collected. These rules do not apply to casual sales or isolated sales, which are infrequent sales of a nonrecurring nature made by a person not engaged in the business of selling tangible personal property or taxable services.

Use **myconneCT** to register for sales and use taxes at portal.ct.gov/DRS-myconneCT.



If you sell goods or taxable services in Connecticut, the law requires you to charge and collect Connecticut sales tax. You must also file timely returns and pay the sales tax to DRS whether or not you collected the tax as required from your customers. If no tax is due or no business activity was conducted for a particular period, you must still file a sales and use tax return for that period.

Frequently Asked Questions (FAQs)

1. Is there a fee to obtain a Sales Tax Permit and how often do I need to renew it?

Yes, there is a \$100 fee to obtain a Sales and Use Tax Permit. The permit expires every two years. DRS will automatically send out a new permit without charge, provided your business has no outstanding liabilities or outstanding unfiled returns.

2. Will I receive the Sales and Use Tax Permit the same day I register?

The permit is available for you to print the next day on **myconneCT**. You will also receive the permit in the mail from DRS.

3. What is the sales tax rate?

The sales tax rate of 6.35% applies to the retail sale, lease, or rental of most goods, and taxable services. However, other sales tax rates may apply to certain sales. For more information, visit portal.ct.gov/DRS/Sales-Tax/Tax-Information.

4. How do I collect the sales tax and remit the sales tax to DRS?

You are required to collect the tax on your sales of taxable goods or services and remit such tax to DRS on a monthly basis. File **Form OS-114, Connecticut Sales and Use Tax Return**, monthly and remit any tax collected using **myconneCT**. A return must be filed for every monthly period, even if no taxable goods or services were sold for that monthly period.

5. How is sales tax computed?

Sales and use taxes are computed on the selling price of the goods or services. The selling price includes expenses related to the sale, such as the charges for shipping the goods to the purchaser (for example, charges for U.S. postage), handling charges, charges for labor, and charges for any other services that are part of the sale, whether or not separately stated on the invoice.

6. How do I purchase my inventory or goods for resale without paying sales tax?

If you purchase goods or services and intend to resell them or physically incorporate them in to another product or service you will sell, you must issue a resale certificate to the seller or you must pay sales tax to the seller. For more information, visit the DRS website.

7. What must customers provide to demonstrate that they are exempt from paying sales tax?

The customer must give you a completed State of Connecticut Exemption Certificate. There are several types of exemption certificates. For more information, visit portal.ct.gov/DRS/Sales-Tax/Tax-Information.

8. I am an in-state retailer but only sell through a marketplace facilitator that is collecting and remitting on my behalf, do I need to be registered for sales and use tax?

Yes, you are required to register for sales and use tax on **myconneCT**.

Resources

There are many things to consider when starting a new business.

Visit business.ct.gov an online, one-stop-shop, where you can find information required to start up or manage your business in Connecticut. [Business.ct.gov](https://business.ct.gov) includes a customized checklist tool to guide you through starting a new business in Connecticut, a virtual assistant to answer your general information questions, and more.

The Connecticut Business Helpline

Phone: 800-392-2122
Website: business.ct.gov

Internal Revenue Service

Phone: 800-829-4933
Website: www.irs.gov

Connecticut Department of Economic and Community Development

Phone: 860-500-2300
Website: portal.ct.gov/DECD

Veterans-Owned Business

Tax incentives, funding opportunities and technical resources are offered for all types of businesses.

Phone: 860-500-2300
Website: portal.ct.gov/DECD/Content/Business-Development/01_Type_of_Business/Veteran-Owned-Businesses

Connecticut Department of Labor

Phone: 860-263-6000
Website: portal.ct.gov/DOL

CT Paid Leave (CTPL) Program

All CT employers with one or more employees must participate in the CTPL Program.

Website: ctpaidleave.org

Connecticut Retirement Security Authority (CRSA)

If you will have at least five employees, and do not plan to offer a retirement program, you might be required to register for MyCT Savings.

Website: myct.savings.com

For additional information on your new business tax obligations, visit the DRS website.

portal.ct.gov/DRS



CONNECTICUT Revenue Services

DRS Contact Information

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Hartford, CT 06103

Phone: **800-382-9463** (CT only) or **860-297-5962**

Website: portal.ct.gov/DRS
Email: DRS@ct.gov