



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

AN 2008(6)

25 Sigourney Street
Hartford CT 06106-5032

ANNOUNCEMENT

Sales and Use Tax on Purchases Made Using Digital Converter Box Coupons

Purpose: This Announcement describes how sales and use tax is to be calculated on transactions using digital converter box coupons.

Effective Date: Effective for sales made on and after January 1, 2008.

Statutory Authority: Conn. Gen. Stat. § 12-407(a)(8)(A) and (9)(A).

What is the digital television transition?

At midnight on February 17, 2009, all full-power television stations in the United States will stop broadcasting in analog and switch to 100% digital broadcasting. Digital broadcasting will provide a clearer picture, more programming options, and will free up airwaves for use by emergency responders.

Will my TV work after February 17, 2009?

Analog TV sets receiving free broadcast signal using an antenna will not work after February 17, 2009. Television viewers with sets that are **not** connected to a pay TV service (cable TV or satellite) will need to take action before February 17, 2009, to ensure their television sets continue to work.

What are my options so I can continue to get TV after February 17, 2009?

Consumers have a variety of options. If you're not sure what to do, take a quick quiz to help you figure out what to do at www.DTVTransition.org. Options to explore include:

- Keep your existing analog television and purchase a TV converter box. A converter box

plugs into your television and will keep it working after February 17, 2009;

- Connect to cable, satellite or other pay service;
or
- Purchase a TV with a digital tuner.

What is a digital converter box?

A digital converter box is a product that plugs into your analog TV and, along with your antenna, will keep your analog set working after February 17, 2009. A digital converter box is a one-time purchase and is expected to cost between \$40 and \$70. Televisions connected to cable, satellite, or other pay TV services do not require a digital converter box.

What is the TV Converter Box Coupon Program?

Congress created the TV Converter Box Coupon Program for households wishing to keep using their analog television sets after February 17, 2009. The Program allows U.S. households to obtain up to two \$40 coupons that can be applied toward the cost of eligible converter boxes. The National Telecommunications and Information Administration (NTIA), part of the U.S. Department of Commerce, is operating the TV Converter Box Coupon Program at the direction of Congress.

How do I get my coupons?

Between January 1, 2008, and March 31, 2009, consumers can apply for up to two \$40 coupons per household by calling 1-888-DTV-2009 (1-888-388-2009), by going to the DTV website at www.dtv2009.gov, or by mailing an application to PO Box 2000, Portland OR 97208-2000. Coupons will be mailed to requesters.

Coupons Reduce Taxable Price: The terms **sales price** and **gross receipts** are defined in Conn. Gen. Stat. §12-407(a)(8)(A) and (9)(A) to exclude cash discounts allowed and taken on sales, and to exclude the full face value of any coupon used by a purchaser to reduce the price paid to the retailer for an item of tangible personal property.

Digital converter box coupons are excluded from tax, requiring sales and use taxes to be calculated on the sales price minus the value of the digital converter box coupon.

Example: A customer uses a \$40 coupon from the TV Converter Box Coupon Program to buy a digital converter box for \$59.99. The price net of the coupon is \$19.99 (\$59.99 - \$40.00). The sales tax is \$1.20 (6% x \$19.99). Thus, the final charge to the customer is \$21.19 (\$19.99 + \$1.20).

Refunds of Tax: Customers charged tax on the full price of a digital converter box (including the amount of the coupon) are due a refund of the excess sales tax paid. Such customers should contact the retailer for the refund. See **Policy Statement 98(5), Sales and Use Tax Refund Policy**, for details on the refund procedure.

Effect on Other Documents: None.

Effect of This Document: Announcements alert taxpayers to new developments (other than newly enacted or amended Connecticut or federal laws or newly released judicial decisions), including new administrative positions, policies, or practices.

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, tax payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on the *TSC* logo or on *File/Register OnLine* for a complete list of taxes that can be electronically filed and paid.
- **For income tax returns, extensions, estimated payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file personal income tax returns and extensions, or to make estimated payments and electronic bill payments over the Internet. Visit the DRS website at **www.ct.gov/DRS** and click on the *TSC* logo or on *File/Register OnLine*.

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