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## Q & A on the Connecticut Individual Use Tax

**Purpose:** This Informational Publication answers commonly asked questions about Connecticut individual use tax.

This Publication updates *Question 9* of IP 2019(3) to reflect that, starting with returns first due on or after September 30, 2020, all business use tax filers must use **Form OS-114, Connecticut Sales and Use Tax Return**, to report and pay their business use tax.

**Effective Date:** Upon issuance.

**Statutory Authority:** Conn. Gen. Stat. § 12-411; Conn. Gen. Stat. § 12-413; Conn. Gen. Stat. § 12-414.

### 1. What is use tax?

Use tax is the tax you are required to pay when you use a taxable good or service in Connecticut on which you did not pay sales tax to a retailer. The use tax is complementary to the sales tax. Together, the sales and use taxes treat purchases of taxable goods and services that are used in Connecticut equally, whether the goods and services are purchased within or outside Connecticut.

### 2. Who must pay use tax?

Anyone who purchases taxable goods or services for use in Connecticut and does not pay Connecticut sales tax on such goods or services must pay the use tax. If you do not comply with the use tax provisions, you may owe penalties and interest in addition to the tax.

If you paid no tax because the purchase was made from an out-of-state Internet or mail order company that did not collect tax, the use tax due is equal to the Connecticut sales tax due on the sale as if it occurred in Connecticut.

If another state's tax was properly paid on purchases made in that state, the use tax due is limited to the amount, if any, by which the Connecticut tax exceeds the tax already paid.

Goods or services that are not subject to Connecticut sales tax are not subject to use tax.

### 3. When is the use tax due?

The Connecticut use tax may be paid at the time of purchase, but not later than April 15 for purchases made during the preceding calendar year.

For purchases made by a person engaged in a trade or business, see *Question 9*.

### 4. How do I report use tax liability?

You are required to report your use tax liability on **Form OP-186, Connecticut Individual Use Tax Return**, **Form CT-1040, Connecticut Resident Income Tax Return**, **Form CT-1040NR/PY, Connecticut Nonresident and Part-Year Resident Income Tax Return**, or **Form CT-1040X, Amended Connecticut Income Tax Return for Individuals**, for purchases made during the preceding calendar year.

If you are not required to file a Connecticut income tax return, you must file and pay your use tax liability using Form OP-186 for the entire year or you may file several returns throughout the year.

### 5. On what kinds of goods or services must I pay use tax?

You must pay use tax on taxable goods whether purchased, leased, or rented, and taxable services.

Examples of taxable goods include clothing, furniture, jewelry, appliances, cameras, computers, computer software, and electronic cigarette products.

Examples of taxable services include repair services to your television, motor vehicle, or computer; landscaping services for your home; and reupholstering services for your household furniture.

### 6. What are the individual use tax rates?

The use tax rates for purchases of taxable goods or services are identical to the sales tax rates:

- 1% for computer and data processing services;
- 2.99% for vessels, motors for vessels and trailers used for transporting a vessel;

- 6.35% for most goods and services;
  - 7.75% for luxury items including jewelry with a sales price of more than \$5,000, articles of clothing or footwear intended to be worn on or about the human body, and handbags, luggage, umbrellas, wallets and watches with a sales price of more than \$1,000, and most motor vehicles with a sales price of more than \$50,000; **and**
  - 9.35% for the rental or leasing of a passenger motor vehicle for 30 consecutive days or less.
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### **7. Are there exemptions from the use tax?**

Yes. Generally, any purchase or lease of goods or services not subject to Connecticut sales tax if purchased in Connecticut is not subject to use tax. Some examples are newspapers, magazines by subscription, Internet access services and repair and maintenance services to vessels.

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### **8. What if a Connecticut retailer does not collect tax on a sale of goods or services that is subject to Connecticut tax?**

If a Connecticut retailer does not collect sales tax on a sale of taxable goods or services, you must remit the use tax liability for your purchases to the Department of Revenue Services (DRS).

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### **9. Does a person engaged in a trade or business have to pay use tax on purchases made for use in the trade or business?**

Yes. If the person makes purchases of taxable goods (such as office furniture, computers, and supplies) or services out-of-state for use in a trade or business in Connecticut, that person must register with DRS for business use tax purposes and report purchases on **Form OS-114**. See **Informational Publication 2020(9)**, *Q & A on the Connecticut Use Tax for Businesses and Professions*.

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### **10. What if I buy taxable goods or services over the Internet, from an out-of-state mail-order company, or television shopping channel and the retailer does not charge Connecticut tax?**

If you buy taxable goods or services for use in Connecticut and did not pay Connecticut sales tax, you owe and must remit use tax to Connecticut on those purchases.

### **11. Is an out-of-state merchant misleading me if he tells me I do not need to pay Connecticut tax on my purchase?**

Yes. While you may not have to pay sales tax in the state where you bought the goods or services, you **must** pay Connecticut use tax on taxable goods or services purchased for use in Connecticut.

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### **12. Can an out-of-state business, such as an online retailer, collect Connecticut sales or use tax on taxable goods mailed or delivered into Connecticut?**

Yes. If the business has registered to collect Connecticut sales or use tax, it must collect the tax from you. If the business has not collected Connecticut use tax, you must report and pay the tax yourself.

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### **13. What if I buy taxable goods or services in another state and the retailer charges sales tax for the other state?**

If you purchased the goods or services for use in Connecticut and the sales tax correctly paid to the other state is less than the Connecticut use tax, you must report and pay the difference between the Connecticut tax and the tax paid to the other state. If the sales tax correctly paid to the other state is equal to or more than the Connecticut tax, you owe no use tax to Connecticut. There is no credit given for tax paid to another state if the tax was incorrectly paid to another state.

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**Example:** An individual purchased a \$1,000 computer in another state, and paid \$50 (\$1,000 x 5%) tax to that state. If the individual bought the computer for use in Connecticut, he or she owes Connecticut use tax. The Connecticut tax of \$63.50 (\$1,000 x 6.35%) is reduced to \$13.50, after allowing a \$50 credit for the tax paid to the other state. If no tax was paid to the other state, the Connecticut use tax due is \$63.50.

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### **14. Do I owe Connecticut use tax on all my out-of-state purchases of goods that are taxable in Connecticut?**

No. If all the goods purchased and **brought into** Connecticut at one time total \$25 or less, you do not have to pay Connecticut use tax. The \$25 exemption does not apply to goods **shipped or mailed** to you.

### 15. What are the use tax filing requirements for motor vehicles, snowmobiles, vessels, and aircraft?

Generally, if the item is not purchased from a retailer, the Connecticut Department of Motor Vehicles (DMV) collects the use tax when you register a motor vehicle, snowmobile, or vessel. You must report the use tax liability on aircraft on your Connecticut income tax return or on **Form OP-186**.

If you do not intend to register your motor vehicle, snowmobile, or vessel immediately after you purchase it, you must report the use tax liability for purchases made during the prior calendar year on your Connecticut income tax return or **Form OP-186**. If the purchase is made in connection with a trade or business carried on by an individual, see *Question 9*.

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### 16. How does an individual calculate their use tax liability?

Calculate the use tax by multiplying the total cost of the taxable goods or services purchased, including separately stated charges such as shipping and handling, by the applicable tax rate.

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### 17. Are there penalties and interest for not paying the use tax?

Yes. The penalty is 10% of the tax due. Interest is charged at the rate of 1% per month from the due date of the tax return. There are also criminal sanctions for willful failure to file a tax return.

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### 18. What if I do not report and pay the use tax I owe?

You or your preparer must sign and attest that your income tax filing is “true, complete and correct.” That includes calculating and reporting all purchases of goods or services, whether in Connecticut or from outside the state, on which Connecticut sales tax was due but not paid. Failure to report use tax due and include that amount in the total amount due may subject you to a penalty of up to \$5,000, imprisonment for up to 5 years, or both.

**Effect on Other Documents:** **Informational Publication 2019(3)**, *Q & A on the Connecticut Individual Use Tax*, is modified and superseded and may not be relied upon on or after the date of issuance of this Informational Publication.

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**Effect of This Document:** An Informational Publication issued by the DRS addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

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

- **800-382-9463** (Connecticut call outside the Greater Hartford 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.

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**Forms and Publications:** Visit the DRS website at [portal.ct.gov/DRS](http://portal.ct.gov/DRS) to download and print Connecticut tax forms and publications.

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### E-Services Update

DRS **myconneCT** will replace the **Taxpayer Service Center (TSC)** as part of a multi-year, multi-phase project. Each year, additional tax types will be transitioned out of the **TSC** and into **myconneCT**. Using **myconneCT**, taxpayers will be able 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 as to 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).

