

**STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES**



REGULATIONS 1 & 23

**Regulation No. 1
RESALE CERTIFICATES**

Section 12-426-1

(a) The burden of proving that the sale, lease or rental of tangible personal property pursuant to Regulation 12-426-25 or a sale of a service taxable pursuant to Regulations 12-426 and 12-426-27 is not a sale at retail is upon the seller/lessor unless he takes a certificate from the purchaser that the property or service is purchased for resale.

The certificate shall be taken in good faith from a person engaged in selling or leasing tangible personal property or taxable services, who, at the time of purchase, intends to sell the property or services in the regular course of business or cannot then ascertain whether it will be so sold or not.

The certificate shall be substantially in the form prescribed in subsection (b). It shall in all cases be signed by the purchaser, bear his name and address and indicate the general character of the property or service sold by the purchaser in the regular course of his business. It shall also bear the number of the seller's permit held by the purchaser, but, if he is not required to hold a permit because he sells only property of a kind the sale of which is not taxable, e.g., food products for human consumption, or because he makes no

sales in this state, he should make an appropriate notation to that effect on the certificate in lieu of his seller's permit number.

(b) The form of the resale certificate* is prescribed by the Commissioner of Revenue Services and copies of the same may be made and used by any seller of tangible personal property or services in accordance with this section:

Under "General Description of products to be purchased from the seller" there may appear (1) Either an itemized list of the particular property/service(s) to be purchased or leased for resale or (2) A general description of the kind of property to be purchased for resale. This certificate may be used for the purpose of a single purchase of commodities/services for resale; in such case (1) above applies, or it may be used as a blanket certificate for the purpose of a continuing line of purchases of commodities for resale in the regular course of business; in the latter case (2) above applies, and the certificate should be plainly marked "Blanket Certificate".

(c) The good faith of the seller will be questioned if he has knowledge of facts which give rise to a reasonable inference that the purchaser does not intend to resell the property, as, for example, knowledge that a purchaser of particular merchandise is not engaged in the business of selling that kind of merchandise.

(d) Resale certificates shall be valid only for the period in which the purchaser is a reseller of the items covered in such certificate but should be renewed at least every three years from the date of issue.

(e) The terms "selling" and "purchasing" of tangible personal property or commodities also encompass leases or rentals of tangible personal property or commodities.

(f) Services may only be "sold" or "purchased" and not rented or leased.

* The text of the certificate is reprinted in its entirety on the reverse side.

**Regulation No. 23
RECORDS**

Section 12-426-23

(a) Each seller and retailer as defined in Chapter 219 of the General Statutes shall keep adequate and complete records of his business in this State showing:

(1) The gross receipts from the sale or lease of tangible personal property or from sale of services, including both taxable and nontaxable items and any services that are part of a sale.

(2) All deductions allowed by law and claimed in filing return.

(3) Total purchase price of all tangible personal property or services purchased or leased for resale or sublease, and the total purchased or leased for use and consumption in this State.

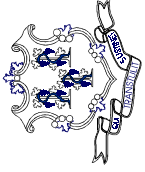
Such records shall include the normal books of account ordinarily maintained by the average prudent business man engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes or other documents of original entry supporting the entries in the books of account as well as all schedules or working papers used in connection with the preparation of tax returns.

Failure to maintain such records will be considered evidence of negligence or intent to evade the tax and will result in the imposition of appropriate penalties.

*(b) In the case of meals under one dollar, the retailer shall maintain such records to prove the actual sales of individual meals costing less than one dollar to support his claim for exemption; otherwise he will have to pay the tax on the gross receipts from all such meals.

(c) All such records shall be maintained for the Department of Revenue Services audits for a period of at least three years unless the destruction or other disposal of the sale is authorized by the Commissioner of Revenue Services, or his authorized representative in writing.

*There is no longer an exemption from sales and Use Tax for meals under \$1.00.



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SALES & USE TAX RESALE CERTIFICATE

Issued to (Seller) _____ Address _____

I certify that Name of Firm (Buyer) _____ is engaged as a registered
() Wholesaler
() Retailer
() Manufacturer
() Lessor
() Other (specify) _____
Street Address or P.O. Box No. _____
City State Zip _____

and is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product to be resold, leased, or rented in the normal course of our business. We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:

.....
.....

City or state	State Registration or I.D. No.	City or State	State Registration or I.D. No.
City or state	State Registration or I.D. No.	City or State	State Registration or I.D. No.
City or state	State Registration or I.D. No.	City or State	State Registration or I.D. No.

I further certify that if any property so purchased tax free is used or consumed by the firm as to make it subject to a sales or use tax we will pay the tax due direct to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until cancelled by us in writing or revoked by the city or state.

General description of products to be purchased from the seller: _____

I declare under the penalties of false statement that this certificate has been examined by me and to the best of my knowledge and belief is a true, correct and complete certificate.

Authorized Signature _____ Title _____ Date _____
(Owner, Partner or Corporate Officer)

Certificate for Purchases of Tangible Personal Property and Services by Qualifying Exempt Organizations

General Purpose: A qualifying exempt organization must issue this certificate to retailers when purchasing items to be used by the organization exclusively for the purposes for which it was established. Under Conn. Gen. Stat. §12-412(8), a **qualifying exempt organization** is either:

- an organization that was issued an exemption permit before July 1, 1995, by the Department of Revenue Services (DRS) under Conn. Agencies Regs. §12-426-15, if the permit has not been canceled or revoked by DRS; or
- an organization that is exempt from federal income tax under I.R.C. §501(a) and has been issued a determination letter by the U.S. Treasury Department as an organization described in I.R.C. §501(c)(3) or (13), if the determination letter has not been revoked by the Internal Revenue Service.

A qualifying exempt organization may use this certificate to purchase any tangible personal property for resale at one of five fund-raising or social events of a day's duration during any calendar year. The event must be exempt from tax under Conn. Gen. Stat. §12-412(94). Otherwise, exempt organizations are not allowed to purchase tangible personal property for resale with this certificate.

This certificate may not be used for the purchase of meals or lodging, unless a qualifying exempt organization is purchasing meals for resale at one of five fund-raising or social events per year that is exempt from tax under Conn. Gen. Stat. §12-412(94). (See **Special Notice 98(11)**, *Exemption From Sales and Use Taxes of Sales by Nonprofit Organizations at Fundraising or Social Events*.)

If the purchaser is not a qualifying exempt organization or does not use the property or services purchased exclusively for the purposes for which the organization was established, the purchaser owes use tax on the total purchase price of the property or services.

Statutory Authority: Conn. Gen. Stat. §12-412(8) and (94).

Instructions for the Purchaser: An officer of a qualifying exempt organization must issue and sign this certificate to advise the seller of tangible personal property or taxable services that sales and use taxes do not apply to the purchase. Keep a copy of this certificate, the documents attached, and records that substantiate the information entered on this certificate for at least six years from the date this certificate is issued.

The purchaser must attach to this certificate a copy of the:

- exemption permit issued to the organization by DRS under Conn. Agencies Regs. §12-426-15; or
- determination letter or group exemption letter issued by the Internal Revenue Service which establishes that the organization has been determined to be an exempt organization described in I.R.C. §501(c)(3) or (13).

Note: For purchases made on or after January 1, 1996, a qualifying exempt organization that is covered by a group exemption letter, and that was **not** issued an exemption permit by DRS under Conn. Agencies Regs. §12-426-15, must attach to this certificate a copy of:

- the group exemption letter issued by the Internal Revenue Service to subordinate organizations (including the qualifying exempt organization) on whose behalf a central organization applied for recognition of exemption;
- the organization's written consent to the central organization to be covered by the group exemption letter; **and**
- the central organization's written notification to the Internal Revenue Service that the organization consents to be covered by the group exemption letter.

Instructions for the Seller: Acceptance of this certificate, when properly completed, relieves the seller from the burden of proving that the sale and the storage, use or consumption of the tangible personal property or taxable services are not subject to sales and use taxes. This certificate is valid only if taken in good faith from a qualifying exempt organization. The good faith of the seller will be questioned if the seller knows of facts that suggest the purchaser is not a qualifying exempt organization.

Keep this certificate, the documents attached, and bills or invoices to the purchaser for at least six years from the date that the items or services were purchased. The bills, invoices or records covering the purchase made under this certificate must be marked "Exempt Under **CERT-119**" to indicate that the purchase was exempt.

This certificate may be used for a single exempt purchase, in which case the box marked "Certificate for One Purchase Only" must be checked. This certificate may also be used for a continuing line of exempt purchases, in which case the box marked "Blanket Certificate" must be checked. A Blanket Certificate remains in effect for one year, unless the purchaser revokes it in writing before the expiration of the one year period.

An exempt organization must pay for its exempt purchases by a check drawn on its checking account or by a credit card issued in its name (and not in the name of any of its members or officers). An exempt organization may make a purchase of \$10 or less using cash from the organization's own funds. However, a blanket **CERT-119** may not be used for a cash purchase, and a properly completed **CERT-119**, with the appropriate documents attached, must be issued to the retailer at the time of each cash purchase.

For Further Information: Call Taxpayer Services at **1-800-382-9463** (toll-free within Connecticut) or **860-297-5962** (from anywhere). **TTY, TDD, and Text Telephone users** only may transmit inquiries 24 hours a day by calling **860-297-4911**. Preview and download forms and publications from the DRS Web site: **www.dr.state.ct**

