



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

AN 2009(6)

25 Sigourney Street
Hartford CT 06106-5032

ANNOUNCEMENT

New Contractor's Exempt Purchase Certificate, CERT-141

Purpose: This Announcement notifies contractors to real property and their vendors that the Department of Revenue Services (DRS) has issued a new certificate, **CERT-141**, *Contractor's Exempt Purchase Certificate*, to replace the old *Contractor's Exempt Purchase Certificate* when making exempt purchases of materials.

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-412(1), (2), (5), (8), (84), (90), (92), (93), and (95); Conn. Gen. Stat. §§7-273mm and 16-344; and Conn. Agencies Regs. §12-426-18.

Definitions

Wherever the term *contractor* is used in this Announcement, it includes subcontractors of the contractor performing a contract with an exempt entity.

Exempt entity means any of the following persons entitled to make purchases of tangible personal property exempt from sales and use taxes:

- Governmental entities:
 - United States government and its agencies;
 - State of Connecticut and its agencies;
 - Political subdivisions of Connecticut (cities and towns) and their agencies including municipal housing authorities;
 - A purchaser of tangible personal property or services used to develop a particular property which the State of Connecticut is under contract to purchase through a long-term financing contract (Conn. Gen. Stat. §12-412(1)(B));
 - Adriaen's Landing and Rentschler Field; **and**
 - Tax districts.

Some examples of qualifying governmental entities are state or municipal schools, universities, police, municipal fire departments, and state or municipal libraries. Only Connecticut State agencies have been issued an exemption number that can be entered on CERT-141 (Conn. Gen. Stat. §12-412(1) and (2));

- Nonprofit charitable hospitals in this state, nonprofit nursing homes, nonprofit rest homes, and nonprofit residential care homes licensed by the Department of Public Health under chapter 368v of the general statutes; and an acute care, for-profit hospital in operation as of May 12, 2004 (Conn. Gen. Stat. §12-412(5));
- Internal Revenue Code §501(c)(3) or (13) charitable or religious organizations that are exempt from federal income tax. Only organizations that applied to DRS prior to July 1, 1995, were issued a Connecticut Exemption Permit number that can be entered on CERT-141. Other charitable or religious organizations have not been issued a permit number and will leave that space blank (Conn. Gen. Stat. §12-412(8));
- University of Connecticut Educational Properties for purchases with regard to the Connecticut Technology Park (Conn. Gen. Stat. §12-412(84));
- Water companies as defined in Conn. Gen. Stat. §16-1 (Conn. Gen. Stat. §12-412(90));
- The Connecticut Resources Recovery Authority (Conn. Gen. Stat. §12-412(92));
- Tourism districts as defined in Conn. Gen. Stat. §10-397 (Conn. Gen. Stat. § 12-412(93));
- Solid waste-to-energy facilities (Conn. Gen. Stat. §12-412(95));
- Municipal or regional resource recovery authorities (Conn. Gen. Stat. §7-273mm); **and**
- The Metropolitan Transportation Authority or subsidiary in connection with the New Haven commuter railroad service (Conn. Gen. Stat. §16-344).

Use of CERT-141: Contractors for the repair, alteration, improvement, remodeling, or construction of real property use CERT-141 to make exempt purchases of materials and supplies to be installed or placed in a project being performed under contract with an exempt entity. The materials and supplies must remain in the project after its completion including tangible personal property that remains tangible personal property after its installation or placement. Examples of items in these contracts that are likely to be exempt are bathroom partitions, metal lockers, theater seats, and other items nailed, bolted, or screwed into the real property, as well as appliances and furniture not permanently affixed to the property but that remain on the property after the contract is completed.

If a contractor is unable to designate the exact amount of materials or supplies to be installed or placed in a project being performed under contract with an exempt entity, the contractor must estimate the amount of the purchases. The contractor will be held strictly accountable for any use tax due the state on the purchases in the event of any use other than the permanent installation or placement of the purchases in the exempt project identified in the CERT-141. If the tangible personal property is not used in the manner described above, a contractor who claimed an exemption owes use tax on the total price of the tangible personal property. Upon completion of the project, the contractor must report and pay use tax on any materials still in inventory that were purchased exempt from tax. If materials or supplies are installed or placed in a project for an exempt entity and the contractor has already paid tax on the materials or supplies, the purchase price of the materials or supplies may be deducted on the next return as an adjustment.

Contractors are the consumers of all the tools, supplies consumed, and equipment used in fulfilling a construction contract. Contractors must pay tax on the purchase of these items because they do not become incorporated or placed in the exempt job even if they are used up during the job.

Blanket Certificate: Besides being used for individual purchases, CERT-141 may also be used for a continuing line of exempt purchases. In either case, the contractor must provide a separate CERT-141 for each project with an exempt entity. A blanket certificate remains in effect for three years unless the purchaser revokes it in writing before the period expires.

Recordkeeping: For at least six years from the date it is issued, a contractor who issued a CERT-141 must keep a copy of it and records that substantiate the information entered on it including records to support the contractor's use of the certificate and to show the disposition of all materials or supplies purchased.

For at least six years from the date of purchase, a seller must keep CERT-141 and bills or invoices to the purchaser. The bills, invoices, or records covering the purchase made under the CERT-141 must be marked to indicate an exempt purchase was made. The words "Exempt under CERT-141" satisfy the requirement.

Old Contractor's Exempt Purchase Certificate Is Withdrawn: Contractors making purchases of materials exempted under one of the statutory provisions listed above should no longer use the old *Contractor's Exempt Purchase Certificate*. Any unused blank copies of the old certificate should be discarded.

In addition, CERT-141 as originally issued in June 2008 has been revised in March 2009. Unused blank copies of the June 2008 version of the CERT-141 should be discarded.

Effect on Other Documents: Informational Publication 2006(35), *Building Contractors' Guide to Sales and Use Taxes*, is modified to the extent that it refers to the old *Contractor's Exempt Purchase Certificate*.

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).

Select **Option 6** to speak to a representative.

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** or call **860-297-4753** (from anywhere).

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, *TSC-BUS* Online Filing Alerts, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select e-Alerts from the left navigation bar.

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can 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 select an option from the list on the *TSC* image.

AN 2009(6)
Sales and use taxes
Contractors (Exempt Purchases)
Issued: 04/28/2009