



SALES AND USE TAX ON SERVICES

By: Rute Pinho, Principal Analyst

ISSUE

Provide a list of services subject to and exempt from the state's sales and use tax.

SUMMARY

Connecticut imposes a 6.35% sales and use tax, with certain exceptions, on a wide range of services. Like most states that levy sales and use taxes, services in Connecticut are presumed to be exempt from the tax unless they are specifically identified as taxable in statute. The District of Columbia and 40 states take the same approach to taxing services; the remaining four other states presume services are taxable unless they are specifically exempt in statute.

We identified a list of taxable and exempt services by searching state statutes, regulations, Department of Revenue Services (DRS) publications, and various reports. We classified the services according to 14 categories and sorted them based on whether they are taxable, statutorily-exempt, or exempt because they are not referred to in statute.

TAXABLE AND EXEMPT SERVICES

Table 1 provides a list of taxable and exempt services organized according to the following 14 categories:

1. admissions, amusements, and recreation;
2. agricultural and pet-related;
3. business and professional;
4. cleaning and maintenance;
5. construction, renovation, repair, and fabrication;



6. education;
7. finance, insurance, and real estate;
8. medical;
9. personal;
10. personal property leases, rentals, and installation;
11. storage and moving;
12. telecommunications;
13. transportation; and
14. utilities.

Columns one and two list the services identified in statute as taxable or exempt, respectively. Column three lists other services that are presumed exempt because they are not referred to in statute. We compiled this list of other exempt services based on those listed in the Office of Fiscal Analysis's biennial tax expenditure report, the Federation of Tax Administrators' 2007 survey of state service taxation, and a 2009 *State Tax Notes* report on service taxation. The table is not meant to be an exhaustive list of exempt services.

Table 1: Taxable and Exempt Services

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
ADMISSIONS, AMUSEMENTS, AND RECREATION		
Health and athletic club services, including yoga instruction provided at a yoga studio (CGS § 12-407(a)(37)(FF))	Health and athletic club services provided without additional charge and included in fees subject to dues tax (CGS § 12-407(a)(37)(FF)(i)) Health and athletic club services provided by a municipality or nonprofit organization (CGS § 12-407(a)(37)(FF)(ii))	Amusement, recreation, and entertainment services (e.g., admission charges for participant sporting facilities, cultural events and venues, movies, sports events, amusement parks, and fairs) ⁱⁱ Campground rentals



Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
	Services rendered to any tourism district (CGS § 12-412(93))	Coin-operated mechanical amusements (i.e., video games and pinball) Lottery tickets Memberships (e.g., dues, initiation fees) in social clubs and associations ⁱⁱⁱ Memberships in buying clubs and co-ops Pari-mutuel facilities ^{iv} Psychic, fortune teller, astrologer services Recreational and sight-seeing transportation (e.g., train rides, dinner cruises, balloon rides) ⁱ Reservation services Services of DJs, musical performers, bands, dancers, and children's performers (e.g., clowns and magicians) Services of private party waiters and bartenders Services of waiters compensated through tips Ticket broker services Tour operators Travel agents (fees and commissions) Wedding, party, and event planning services
AGRICULTURAL AND PET-RELATED		
Landscaping and horticulture services (CGS § 12-407(a)(37)(V)) Pet grooming, boarding, and obedience services (CGS § 12-407(a)(37)(KK))	Landscaping, horticulture, window cleaning or maintenance services for people receiving Social Security total disability benefits (CGS § 12-412(85)) Pet grooming and boarding services	Landscape architect services Pet walking Soil preparation, custom bailing, and other agricultural services

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
	provided as an integral part of professional veterinary services (CGS § 12-407(a)(37)(KK))	Veterinary services (doctors and hospitals)
BUSINESS AND PROFESSIONAL		
<p>Advertising and public relations services, including layout, art direction, graphic design, mechanical preparation, and production supervision, other than cooperative direct mail (CGS § 12-407(a)(37)(U))</p> <p>Business analysis, management, management consulting, and public relations services, including personnel training services (CGS § 12-407(a)(37)(J); Conn. Agencies Regs. §12-407(2)(i)(J)-1(f) and (i)(1))</p> <p>Business analysis, management, and managing consulting services performed by a business or its affiliate to a limited partnership where the business or affiliate (1) is compensated for the services other than through a share of partnership profits or an annual percentage of partnership capital or assets and (2) offers the services to others, including any other partnerships (CGS § 12-407(a)(37)(DD))</p> <p>Computer and data processing services (taxed at 1%) (CGS § 12-407(a)(37)(A))</p> <p>Credit information and reporting services (CGS § 12-407(a)(37)(B))</p> <p>Employment agencies and agencies providing personnel services (CGS §12-407(a)(37)(C))</p> <p>Lobbying or consulting services for representing a client's interests in relation to any governmental body (CGS § 12-407(a)(37)(R))</p> <p>Photographic studio services (CGS § 12-407(a)(37)(F))</p>	<p>Advertising services related to the development of media or cooperative direct mail advertising (CGS § 12-407(a)(37)(U))</p> <p>Boat brokerage services (CGS § 12-412(116))</p> <p>Business analysis, management, consulting, and public relations services rendered in connection with an aircraft that (a) is leased or owned by a certified commercial air carrier or (b) has a maximum certificated take-off weight of at least 6,000 pounds (CGS § 12-407(a)(37)(J)(iii))</p> <p>Calibration services for machinery, equipment, or instrumentation used in a manufacturing production process (CGS § 12-412(104)(A))</p> <p>Compliance practices and services associated with quality management and quality assurance standards created by the International Organization of Standards (CGS § 12-412(104)(B))</p> <p>Computer and data processing services by retailers who acquired data processing facilities under certain specified circumstances and during specified time periods (CGS § 12-412(74))</p> <p>Consignment services for someone selling (1) works of art or (2) clothing and footwear (CGS § 12-407(a)(37)(S))</p> <p>Environmental consulting services to businesses (CGS § 12-407(a)(37)(J)(i))</p>	<p>Art and antique collecting advisory and brokerage services</p> <p>Accounting and bookkeeping</p> <p>Bail bond fees</p> <p>Billboards</p> <p>Career counseling and resume preparation services</p> <p>Check and debt collection</p> <p>Closet design consulting services</p> <p>Calligraphy and printing services (e.g., invitations)</p> <p>Interior decorating and design</p> <p>Jewelry design</p> <p>Legal services</p> <p>Marketing</p> <p>Notary services</p> <p>Personal property appraisals</p> <p>Process server fees</p> <p>Tax return preparation</p> <p>Telemarketing services on contract</p> <p>Test laboratories (excluding medical)</p> <p>Water softening and conditioning</p>

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
<p>Piped-in music to business or professional establishments (CGS § 12-407(a)(37)(K))</p> <p>Private investigation, protection, patrol work, watchman and armored car services (CGS § 12-407(a)(37)(D))</p> <p>Sales agent services for selling tangible personal property (CGS § 12-407(a)(37)(S))</p> <p>Stenographic services (CGS § 12-407(a)(37)(H))</p>	<p>Personnel, management, and research services when both the seller and the recipient are participating in a joint venture for research and new product development (CGS § 12-412(58))</p> <p>Private investigation, protection, patrol work, watchman, and armored car services performed by off-duty police officers and firefighters (CGS § 12-407(a)(37)(D)(i))</p> <p>Services between parent companies and wholly-owned subsidiaries (CGS § 12-412(62))</p> <p>Services by one affiliate to another when participating in a community economic development program established under § 8-240k (CGS § 12-412(86))</p> <p>Training services provided by colleges and universities licensed and accredited by the Board of Governors of Higher Education (CGS § 12-407(a)(37)(J)(ii))</p>	
CLEANING AND MAINTENANCE		
<p>Car wash services (PA 15-244 (§ 75), as amended by PA 15-5, June Special Session (§ 136))</p> <p>Exterminating services (§ 12-407(a)(37)(Z))</p> <p>Janitorial services (§ 12-407(a)(37)(Y))</p> <p>Maintenance services (CGS § 12-407(a)(37)(X))</p> <p>Refuse removal for commercial, industrial, and income-producing property (Conn. Agencies Regs. § 12-407(2)(i)(I)-1)</p> <p>Swimming pool cleaning and maintenance services (CGS § 12-407(a)(37)(AA))</p>	<p>Shoe repair (CGS § 12-412(105))</p>	<p>Diaper service</p> <p>Laundry, dry cleaning, and pressing</p>

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
Window cleaning services (CGS § 12-407(a)(37)(W))		
CONSTRUCTION, RENOVATION, REPAIR, AND FABRICATION		
<p>Furniture reupholstering and repair (CGS § 12-407(a)(37)(P))</p> <p>Locksmith services (CGS § 12-407(a)(37)(T))</p> <p>Motor vehicle repairs (CGS § 12-407(a)(37)(M))</p> <p>Motor vehicle towing and road services (CGS § 12-407(a)(37)(II))</p> <p>Painting and lettering services (CGS § 12-407(a)(37)(E))</p> <p>Property management, repair, and renovation services to industrial, commercial, and income-producing real property, including the voluntary evaluation, prevention, treatment, containment or removal of hazardous waste or air, water, or soil contaminants (CGS § 12-407(a)(37)(I))</p> <p>Radio and television repair (CGS § 12-407(a)(37)(O))</p> <p>Repair or maintenance services to tangible personal property and maintenance, repair, or warranty contracts (CGS § 12-407(a)(37)(CC))</p> <p>Repair services to electrical or electronic devices, including air-conditioning and refrigeration equipment (CGS § 12-407(a)(37)(Q))</p>	<p>Aircraft repair services (CGS § 12-412(77))</p> <p>Boat repair and maintenance services (CGS §§ 12-408(1)(E)(i) and 12-411(1)(D)(i))</p> <p>“Call before you dig” services (CGS § 12-412(106))</p> <p>Property management, repair, and renovation services to (a) owner-occupied residential property containing up to 3 dwelling units and (2) housing facilities for low- and moderate-income families operated by a nonprofit housing organization (CGS § 12-407(a)(37)(I))</p> <p>Services used in developing, rehabilitating, renovating, repairing, and operating low- and moderate-income housing facilities (CGS § 12-412(29))</p> <p>Services used to develop, build, rehabilitate, renovate, or repair low- and moderate-income housing located in designated areas and allocated certain federal tax credits (CGS § 12-412(100))</p>	<p>Architecture and design</p> <p>Engineering</p> <p>Land surveying</p>
EDUCATION		
N/A	Services rendered to the University of Connecticut Educational Properties, Inc. with regard to Connecticut Technology Park (CGS § 12-412(84))	<p>College and private school admission and financial aid counseling</p> <p>Personal and professional coaching services</p>

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
		Personal instruction (e.g., dance, golf, tennis) Private testing services Private tutoring services School and university tuition and fees Summer camp tuition and fees Test preparation classes
FINANCE, INSURANCE, AND REAL ESTATE		
Naming rights to any place of amusement, entertainment, or recreation (CGS § 12-407(a)(2)(N))	Coin and currency investigation, protection, patrol, and armored services provided by one financial services company to another (CGS § 12-407(a)(37)(D)(ii)) Services to Connecticut credit unions (beginning July 1, 2016) (CGS § 12-412(121))	Apartment search and roommate matching services Bill paying services Credit and debit card fees Escrow agent services Fees and commissions for check cashing, money orders, traveler's checks, money wiring Insurance services Investment counseling, financial planning, portfolio management Loans and deposits in depository institutions (imputed value) Loan "points," lock-in fees, other loan origination fees Mutual fund management fees Property sales agents Real estate management fees (rental agents) Real estate title search, appraisal, surveying, inspection, advertising services Residential rentals

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
		Service charges of banking institutions Stock brokerage fees and commissions Trailer park site rentals
MEDICAL		
N/A	Patient care services (CGS § 12-408(1)(F); 12-411(1)(F)) Services to and by nonprofit charitable hospitals, nursing homes, rest homes, and residential care homes (CGS § 12-412(5)) Services used to determine the probable human health consequences of consuming or using a product or substance (CGS § 12-412(41))	Alternative medicine practitioners Dentists Home nursing Hospital services Medical testing Nursing home services Nursing home and elder care consultants Nutritionists and dieticians Occupational, physical, and speech therapy Optometrists Physicians Psychologist, social work, counseling services Rent and fees for assisted living facilities Specialized facilities (e.g., substance abuse, hospice, dialysis)
PERSONAL		
Babysitting bureaus (excluding day care) (CGS § 12-407(a)(37)(BB); DRS SN 2001(2)) Bartering services for individuals (CGS § 12-407(a)(37)(BB); DRS SN	Massage services by a licensed massage therapist (CGS § 12-407(a)(37)(BB)(i)) Electrology services by a licensed electrologist (CGS § 12-	Adult day care Babysitting (casual) Barber shops and beauty parlors

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
<p>2001(2))</p> <p>Birth certificate agencies (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Blood pressure testing (coin operated) (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Buyers' clubs (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Car title and tag services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Checkroom concessions or services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Coin-operated service machine operation (e.g., scales, shoeshine, lockers) (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>College clearinghouses (i.e., services to which colleges subscribe for the names of prospective services) (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Comfort station operations (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Consumer buying services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Cosmetic medical procedure services, excluding reconstructive surgery (CGS § 12-407(a)(37)(LL))</p> <p>Dating services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Debt counseling services to individuals (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Depilatory salons (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Diet workshops (i.e., commercial weight-loss services) (CGS § 12-</p>	<p>407(a)(37)(BB)(ii))</p>	<p>Child day care</p> <p>Custom butchering</p> <p>Fishing and hunting guide services</p> <p>Funeral services</p> <p>Gift and package wrapping</p> <p>Miscellaneous advertising for personal purposes</p> <p>Personals advertising</p> <p>Tailoring</p> <p>Taxidermy</p>

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
<p>407(a)(37)(BB); DRS SN 2001(2))</p> <p>Escort services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Genealogical investigation services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Hairweaving or replacement services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Locker rental (excluding cold storage) (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Manicure, pedicure, and all other nail services, regardless of where performed (CGS § 12-407(a)(37)(MM))</p> <p>Marriage bureaus (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Massage parlors (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Porter services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Quilting for individuals (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Rest room operation (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Scalp treatment services (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Shopping services for individuals (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Spa services, regardless of where performed (CGS § 12-407(a)(37)(NN))</p> <p>Steam baths (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Tanning salons (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p>		

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
<p>Tattoo parlors (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p> <p>Turkish baths (CGS § 12-407(a)(37)(BB); DRS SN 2001(2))</p>		
PERSONAL PROPERTY LEASES, RENTALS, AND INSTALLATION		
Leasing or renting tangible personal property (CGS § 12-407(a)(2)(J))	Lease or rental of a motion picture film by a theater owner or operator for purposes of displaying the film at the theater (CGS § 12-407(a)(2)(J))	Installation charges for tangible personal property (separately stated)
STORAGE AND MOVING		
<p>Motor vehicle storage, including motor homes, campers, and camp trailers (CGS § 12-407(a)(37)(GG))</p> <p>Non-metered parking in a lot with 30 or more spaces (CGS § 12-407(a)(37)(N))</p> <p>Packing and crating services (CGS § 12-407(a)(37)(HH))</p> <p>Storage of personal property by a person in the business of furnishing such space (CGS § 12-407(a)(P))</p> <p>Storage or mooring of any noncommercial vessel (CGS § 12-407(a)(M))</p>	<p>Dry or wet storage or mooring of a boat from October 1 through May 31 (CGS § 12-407(2)(M))</p> <p>Metered parking (CGS § 12-407(a)(37)(N))</p> <p>Non-metered motor vehicle parking in an employer-operated lot owned or leased for a minimum of 10 years and operated for the exclusive use of its employees (CGS § 12-407(a)(37)(N)(ii))</p> <p>Space in state-owned or operated and municipally-operated railroad parking facilities located in areas not meeting federal Clean Air standards for ozone (CGS § 12-407(a)(37)(N)(iii))</p>	<p>Aircraft hangaring</p> <p>Fur and clothing storage</p> <p>Moving services</p>
TELECOMMUNICATIONS		
<p>Cable, satellite, and other video television services (CGS § 12-407(a)(2)(L))</p> <p>Prepaid telephone calling services (CGS § 12-407(a)(2)(O))</p> <p>Telecommunications services (CGS § 12-407(a)(2)(K))</p> <p>Telephone answering services (CGS § 12-407(a)(37)(G))</p>	Internet access services (CGS §§ 12-408(1)(D)(ii) and 12-411(1)(E)(ii))	N/A

Table 1 (continued)

TAXABLE SERVICES	STATUTORILY-EXEMPT SERVICES ⁱ	OTHER EXEMPT SERVICES
TRANSPORTATION		
<p>Flight instruction and chartering services by a certified air carrier (CGS § 12-407(a)(37)(L))</p> <p>Intrastate transportation services provided by livery services with a driver, including limousines, community cars, and vans (CGS § 12-407(a)(37)(JJ))</p>	<p>Motor vehicle driving services performed out-of-state (CGS § 12-412(36))</p> <p>Intrastate transportation by taxicab, motor bus, ambulance, scheduled public transportation, Medicaid nonemergency medical transportation, paratransit services provided under an agreement with the state or any political subdivision, dial-a-ride services, and services provided in connection with funerals (CGS § 12-407(a)(37)(JJ))</p>	<p>Intrastate courier service</p> <p>Interstate air courier (billed in-state)</p> <p>Vehicle security monitoring services</p>
UTILITIES		
<p>Electricity (monthly charges over \$150) (CGS § 12-412(3)(D))</p>	<p>Electricity (monthly charges of \$150 or less) (CGS § 12-412(3)(D))</p> <p>Gas and electricity for residential use or for direct use in (1) agricultural production, (2) making a finished product for sale in certain cases, and (3) a manufacturing plant (CGS § 12-412(3)(A))</p> <p>Gas, water, steam, or electricity used directly in furnishing these utilities to consumers through mains, lines, and pipes (CGS § 12-412(3)(E))</p> <p>Services used or consumed in the operation of any project of the Materials Innovation and Recycling Authority (CGS § 12-412(92))</p> <p>Services used to operate a solid waste-to-energy facility (CGS § 12-412(95))</p> <p>Water, steam, and telegraph service delivered through mains, lines, pipes, or bottles (CGS § 12-412(3)(C))</p>	<p>Residential refuse removal, hauling, and dumping</p>

Sources: Connecticut General Statutes; Regulations; Various Department of Revenue Services publications; Federation of Tax Administrators, *2007 Service Taxation Survey*; Mazerov, Michael. "Expanding Sales Taxation of Services: Options and Issues." *State Tax Notes*, August 24, 2009; Office of Fiscal Analysis, *Connecticut Tax Expenditure Report*, January 2014.

ⁱ Statutorily-exempt services are generally exceptions to the taxable services identified in column one.

Table 1 (continued)

ⁱⁱ Admission charges to “any place of amusement, entertainment or recreation” are subject to a 10% admissions tax (CGS § 12-541).

ⁱⁱⁱ Dues or initiation fees paid to any social, athletic, or sporting club are subject to a 10% dues tax (CGS § 12-543).

^{iv} The state imposes a (1) 3.5% tax, and half the breakage to the dime, on the amount wagered at off-track betting facilities and (2) 2% to 4% tax, and half the breakage to the dime, on the amount wagered at pari-mutuel facilities. (Breakage-to-the-dime is the amount left over after the payout is rounded down to the nearest dime.)

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