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## Sales and Use Taxes on Car Wash Services

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**Car Wash Services are Subject to Sales and Use Taxes Effective July 1, 2015:** Legislation passed in the 2015 regular session of the Connecticut General Assembly, and amended in the 2015 June special session of the Connecticut General Assembly, imposes sales and use taxes on sales of car wash services as of **July 1, 2015**.

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**Sales Tax Permit Required:** Retailers selling car wash services must have a *Sales and Use Tax Permit* from the Department of Revenue Services. Retailers with more than one location are required to obtain and display a *Sales and Use Tax Permit* for each location. If a retailer already has a *Sales and Use Tax Permit* for sales of tangible personal property or other taxable services, there is no need to obtain another permit for the same location. See **Informational Publication 2015(12), *Getting Started in Business***, for more information about obtaining a *Sales and Use Tax Permit*.

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**Car Wash Services:** Effective July 1, 2015, sales of “car wash services, including coin-operated car washes” are subject to sales and use taxes. “Car wash services” include, but are not limited to, the following:

- automatic “tunnel” washes;
- self-service washes;
- waxing;
- polishing;
- detailing;
- vacuuming;
- shampooing upholstery and carpet;
- cleaning and conditioning leather, vinyl and plastic; and
- cleaning windows.

Car wash services are taxable whether payment is made to an attendant or by using a coin-operated machine (including machines that accept dollar bills, tokens, credit cards, or debit cards).

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**Sales to Exempt Organizations:** Sales and use taxes may not apply to all sales of car wash services. For example, sales of taxable services, including car wash services, are exempt if sold to any of the following:

- A. The United States, including any of its political subdivisions or agencies;
- B. The State of Connecticut, including any of its political subdivisions or agencies; and
- C. Nonprofit organizations determined to be organizations described in Section 501(c)(3) or (13) of the Internal Revenue Code of 1986.

Retailers must document exempt sales with an exemption certificate. Governmental entities use CERT-134, *Exempt Purchases by Qualifying Governmental Agencies*, to make exempt purchases. Qualifying organizations use a CERT-119, *Purchases of Tangible Personal Property and Services by Qualifying Exempt Organizations*, to make exempt purchases. See **Informational Publication 2015(12), *Getting Started in Business***, for more information about making exempt sales.

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**Fundraising Car Wash Events:** Certain organizations related to youth activities can make sales of car wash services for \$20 or less without being required to collect sales and use taxes. See Conn. Gen. Stat. § 12-412(26) and **Policy Statement 2002(3), *Sales and Use Tax Exemptions for Sales by Eleemosynary Organizations and Elementary and Secondary Schools***, for more information about this exemption.

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**Included with Purchase:** If a retailer provides a car wash service free of charge with the purchase of a minimum amount of gasoline, then no sales and use taxes would be due for the car wash service.

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**Coupons and Gift Cards:** Coupons providing discounts and gift cards for the pre-purchase of car wash services follow the rules described in **Policy Statement 2007(5)**, *Sales Tax Treatment of Coupons, Scan Cards, Cash Equivalents, Promotional Items, and Rebates*.

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**Effective Date:** Effective for sales occurring on and after July 1, 2015.

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**Statutory Authority:** Conn. Gen. Stat. § 12-407(a)(37)(OO), as enacted by 2015 Conn. Pub. Acts 244, § 75 and amended by Senate Bill No. 1502, Spec. Sess., June 2015.

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**Effect on Other Documents:** None.

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**Effect of This Document:** A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue Services (DRS). This announcement does not have the force and effect of law, but taxpayers shall be entitled to rely on it.

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**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**

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- **860-297-5962** (from anywhere).

**TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling 860-297-4911.

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

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**Paperless Filing/Payment Methods (fast, easy, free, and confidential):** Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at [www.ct.gov/TSC](http://www.ct.gov/TSC) to file a variety of tax returns, update account information, and make payments online.

**File Electronically:** You can choose first-time filer information and filing assistance or log directly into the **TSC** to file returns and pay taxes.

**Pay Electronically:** You can pay taxes for tax returns that cannot be filed through the **TSC**. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

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