



Connecticut Sales Tax Setup

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Introduction

As of July 1st, 2011, there are several changes to the Connecticut sales tax code. The following changes will effect Connecticut jewelers:

- The general sales and use tax rate increases from 6% to 6.35%.
- A tax rate of 7.75% applies to the sale of more than \$5,000 of jewelry (per item, real or imitation).
- A tax rate of 7.75% applies to the sale of more than \$1,000 (per item, real or imitation) of an article of clothing or footwear intended to be worn on or about the human body (e.g. watches, handbags, wallets).

For a complete listing of all the tax changes, please see this official link:

<http://www.ct.gov/drs/cwp/view.asp?A=1514&Q=480936>.

NOTE!

Be sure to set system options concerning sales tax as appropriate.

General Sales and Use Tax

To make the necessary changes to the general sales and use tax, first set the existing tax to expire on 6/30/2011:

1. Select **Administrative ► Sales Tax ► Tax Definitions**. The existing Connecticut sales tax definition will appear.
2. Select the existing tax and edit it (or double click).
3. Change the ending date to 6/30/2011.
4. Select **OK/Save and Close**.

Next, setup the new sales tax definition:

1. Select **Administrative ► Sales Tax ► Tax Definitions**.
2. Select **Add**.
3. Enter an ID for the tax and a description (e.g., CT Tax and CT Sales Tax).
4. Enter 6.35 into the **Rate %** field.
5. Enter 0.005 into the Rounding field.
6. Set **Qualifying Sales** to All Sales.
7. Set **Qualifying Customers** to Shipping to (or walk-in to store located in)... and choose CT for the state.
8. Set the starting date to 7/1/2011 and set the ending date to sometime in the distant future (e.g., 1/1/2099).
9. Select the **Categories** tab and check all taxable categories.
10. Select the **Stores** tab and check all stores in Connecticut.
11. Select the **Misc.** tab and check those miscellaneous charges that are taxable.

12. Select the **Other** tab and check the taxable items here (e.g., repair parts/labor/other, custom parts/labor/other).
13. Select **OK/Save and Close** to save your new tax.

Jewelry Luxury Tax

To setup the luxury tax on jewelry sold for more than \$5,000 (per item, not entire sale):

1. Select **Administrative ► Sales Tax ► Tax Definitions**.
2. Select **Add**. The **New Sales Tax Definition** window will open.
3. Enter an ID and description for this tax definition (e.g., CTLux1 and Jewelry Luxury Tax).
4. Enter 1.4 into the **Rate %** field.
5. Enter 0.005 into the **Rounding** field.
6. Change **Qualifying Sales** to **Items Costing** and enter \$5,000 into the **of at least** field.
7. Set **Qualifying Customers** to **Shipping to** (or **walk-in to store located in**) and choose **CT** from the **State** drop-down menu.
8. Set the tax starting date to 7/1/2011. Set the ending date to anytime in the distant future (e.g., 1/1/2099).
9. Select the **Categories** tab and check all categories except categories setup for:
 - Watches
 - Handbags
 - Articles of clothing, wallets, other worn apparel.
10. Select the **Stores** tab and check each store in Connecticut.
11. Select the **Misc** tab and check those miscellaneous items this tax may apply to (e.g., Misc Non-Inventory Jewelry Item).
12. Select the **Other** tab and check **Repair Parts, Custom Parts, Custom Labor, Custom Other**.
13. Select **OK/Save and Close**.

Note!

This luxury tax applies to custom jobs based on the final selling price of the custom piece. There is a special procedure to tax these jobs correctly. See the end of this document for more information on processing these sales appropriately.

Apparel Luxury Tax

To setup the luxury tax on apparel sold for more than \$1,000 (per item, not entire sale):

1. Select **Administrative ► Sales Tax ► Tax Definitions**.
2. Select **Add**. The **New Sales Tax Definition** window will appear.
3. Enter an ID and description for this tax definition (e.g., CTLux2 and Apparel Luxury Tax).
4. Enter 1.4 into the **Rate %** field.
5. Enter 0.005 into the **Rounding** field.

6. Change **Qualifying Sales** to `Items Costing` and enter \$1,000 into the **of at least** field.
7. Set **Qualifying Customers** to `Shipping to (or walk-in to store located in)` and choose CT in the **State** drop-down list.
8. Set the tax starting date to 7/1/2011. Set the ending date to anytime in the distant future (i.e., 1/1/2099).
9. Select the **Categories** tab and check only categories that contain:
 - Watches
 - Handbags
 - Articles of clothing, wallets, other worn apparel.
10. Select the **Stores** tab and check each store in Connecticut.
11. Select the **Misc** tab and check those miscellaneous items this tax may apply to (e.g., `Misc Non-Inventory Apparel Item`).
12. Select **OK/Save and Close**.

NOTE!

It will be necessary to create a second miscellaneous non-inventory item if you use Misc Charge at POS to sell both jewelry and apparel items that might retail for more than \$1,000. See the end of this document for information on this.

NOTE!

If you use the Custom Job function to create watches or other wearable apparel that retails for more than \$1,000, please contact Technical Support for assistance in getting properly setup to ensure the correct tax amounts are collected.

Miscellaneous Charges

Though we recommend against relying on miscellaneous charges for inventory sales, it will now be necessary to differentiate between miscellaneous inventory sales of jewelry that exceed \$5,000 retail and sales of apparel that exceed \$1,000 retail.

This setup only applies if you use **Misc Charge** to sell jewelry in excess of \$5,000 or apparel in excess of \$1,000. To setup the miscellaneous charges:

1. Select **Administrative ► Misc Sale Lines**.
2. Edit the existing **Misc Non-Inventory Item** and change its description to **Misc Non-Inventory Jewelry**.
3. Select **OK/Save and Close**.
4. Select **Add** to create a new miscellaneous sale line.
5. Enter `Misc Non-Inventory Apparel` as the **Short Name** and the **Description**.
6. Select **OK/Save and Close**.
7. Revisit the tax setup and check the appropriate miscellaneous charge under each new luxury tax definition (**Misc** tab).

Custom Jobs

The new luxury tax is calculated based on the final selling price of the custom piece. There is no differentiation between labor and parts. When processing a custom job transaction, you must select from the Sales Tax drop-down menu check the **Tax entire sale as if it was one single item** checkbox. Also, the sale must be limited to only the single custom job; you cannot mix other types of transactions on this sale.

Buy/Trade

The trade-in rules for the state are not changed by the new taxes going into effect. Like-item trades are taken off the selling price before tax is calculated. However, because of the new luxury taxes being introduced, it is necessary to process trade-ins differently.

Buy/Trade for Like Merchandise

If you are taking a buy/trade that is being applied to a like-item purchase, you must click the drop-down arrow next to Sales Tax and check the Tax entire sale as if it was one single item checkbox. Multiple trades can be taken against one or more like-item purchases so long as all items involved are of like characteristics. This sale **MUST** be limited to the trade-in transaction; you cannot mix other types of transactions on this sale.

Buy/Trade for Non-Like Merchandise

If you are taking a buy/trade that is being applied to one or more non-like item purchases, you should uncheck the Pre-Tax option on each trade-in sale line.