New York State Department of Taxation and Finance Taxpayer Services Division Technical Services Bureau

TSB-M-88 (12)S Sales Tax October 17, 1988

NEW YORK/CONNECTICUT SALES TAX AGREEMENT

A sales and use tax agreement (effective October 1, 1988) has been signed by the states of New York and Connecticut.

This agreement, known as the Reciprocal Agreement of the State of Connecticut and the State of New York Providing for the Exchange of Tax Information and Cooperative Tax Administration, enables the two states to coordinate their sales and use tax enforcement efforts by encouraging vendors in both states to voluntarily register to collect the other state's tax. After October 1, 1988, both state tax agencies will share information on customers and purchases, including customer lists of non-participating vendors.

Participation in this agreement is voluntary. Vendors involved in cross-border sales or purchases of taxable goods or services, who are registered for sales tax collection in the state in which they have a physical location, and who do not have a physical place of business in both New York and Connecticut, may submit an Application For Connecticut/New York Simplified Sales and Use Tax Reporting to the state in which they are located.

This application will be reviewed by both states. If accepted, the vendor will receive a registration certificate which will permit the vendor to collect the delivery state's use tax and to remit that tax directly to the state in which the vendor is located. Pertinent tax information will be provided to the vendor with the registration certificate. A vendor registered under this agreement will also be authorized to issue and accept the delivery state's resale and other exemption certificates.

New audit programs in both states will concentrate on the collection of each state's use tax, which is due in respect to property shipped to the purchaser's home by an out of state vendor. Vendors operating business locations in both states presently collect the tax for each state, and are required to be registered in each state. However, those selling goods or services across state lines who do not have a taxable presence in both states are liable for the collection of sales tax only in the state where their business is located. When the sales tax is not collected by the seller, the purchaser is liable for the use tax.

Once registered in this program, a vendor is required to collect tax at the rate applicable where the taxable goods or services are delivered to the purchaser, thereby complying with the sales and use tax laws of both New York and Connecticut. A participating vendor is not required to file sales tax returns with both states, but will file one simplified return in his or her home tare remitting the entire tax due both states in one payment, and is subject to audit only by the state in which the business is located.

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Vendors interested in participating in this program should complete an "Application For Connecticut/New York Simplified Sales and Use Tax Reporting" (Form DTF 24.l) a sample of which is attached to this memorandum. Additional applications may be obtained by calling the New York State Taxpayer Assistance Bureau at 1-800-462-8100 (from out of state (518)-438-1073).

If you need additional information about this agreement, you may contact the New York State Department of Taxation and Finance:

In Albany: Building 9, Room 409

W. A. Harriman Campus Albany, New York 12227 Phone (518) 457-6840

In New York City: 80 Maiden Lane

New York, New York 10038

Phone (212) 804-1385

In Connecticut: Department of Revenue Services

92 Farmington Avenue Hartford, CT 06105 Phone (203) 566-8520