

**TABLE OF CONTENTS**

**Enumerated Services**

Sales agent services for selling tangible personal property . . . 12-407(2)(i)(S)-1



### Enumerated Services

#### Sec. 12-407(2)(i)(S)-1. Sales agent services for selling tangible personal property

(a) **Sales agent services.** (1) Sales agent services for selling tangible personal property, whether at wholesale or retail, include, but are not limited to, the services of the following persons when rendered to the seller of tangible personal property: antique dealers, consignees and brokers. Sales agent services are rendered when a person acting on behalf of a seller locates a buyer for property being offered for sale and a sale actually results. Taxable services may be rendered even though the sales agent was not involved in arranging the details of the sale. However, if a sale of tangible personal property does not result from the services of a sales agent, the sales agent services are not taxable.

(2) Sales agent services do not include consignee services for the sale of works of art, as defined in section 12-376c(b) of the general statutes, or articles of clothing or footwear intended to be worn on or about the human body other than (A) any special clothing or footwear primarily designed for athletic activity or protective use and which is not normally worn except when used for the athletic activity or protective use for which it was designed and (B) jewelry, handbags, luggage, umbrellas, wallets, watches and similar items carried on or about the human body but not worn on the body in the manner characteristic of clothing intended for exemption under section 12-412(47) of the general statutes.

(3) Prior to July 1, 1997, the services of an auctioneer selling tangible personal property were subject to tax as sales agent services, except for the services of an auctioneer selling motor vehicles at auction to persons engaged in the business of reselling motor vehicles. Effective July 1, 1997, any sales agent services provided by an auctioneer are excluded from tax, although auctioneers shall continue to collect tax upon their sales of tangible personal property.

(4) Manufacturer's representatives. Sales agent services do not include the services of a person who acts on behalf of a manufacturer or wholesaler, or both (sometimes known as a "manufacturer's representative"), where such person places a line of merchandise or inventory for sale on an ongoing basis.

(b) **Charges by service providers.** A provider of sales agent services shall charge sales tax on the total fee or commission charged to the seller for whom such provider acts as agent, including all expenses that the service provider incurred in making the sale (for example, advertising fees, rental fees or printing costs), whether or not the service provider paid tax on such items at the time of purchase. Where a sales agent charges a commission to the buyer of property, such commission is not taxable as a sales agent service. However, the total amount of the commission paid by the buyer is taxable as part of the sales price for the purchase of the tangible personal property.

If a seller that is represented by the sales agent is engaged in selling the property in the regular course of business, the seller is liable for collection of sales tax from the buyer measured by the gross receipts from the property sold. If the seller is making a "casual sale" pursuant to Conn. Agencies Regs. § 12-426-17, tax does not apply to the sale of the property by the seller to the buyer. In either case, however, the sales commission paid to the sales agent by the seller is taxable.

(c) **Purchases by service providers.** Because providers of sales agent services are considered the consumers of supplies used in providing their services, sales to a sales agent service provider of supplies that such provider uses in rendering sales agent services are retail sales and are taxable.

(d) **Where sales agent services are deemed to be rendered.** A sale of sales agent services shall be treated as having occurred at the location at which the transfer of title to the tangible personal property occurs, irrespective of the location of the parties to the transaction. If the location at which the transfer of title occurs is within Connecticut, the sale of services shall be treated as having occurred within Connecticut, and thus shall be taxable, notwithstanding the fact that the contract for services was negotiated or executed outside Connecticut, some of the work with respect to such services is performed for the service provider outside Connecticut, or the service provider is not otherwise engaged in business in this state, as the term is defined in section 12-407(15) of the general statutes.

(Adopted effective April 7, 1999)