

Partial Exemption for Machinery, Equipment, or Repair and Replacement Parts

General Purpose: The purchaser of machinery, equipment, or repair and replacement parts for the machinery and equipment uses this certificate to establish that items purchased are to be used primarily in the manufacturing, processing, or fabricating of tangible personal property.

A purchaser uses this certificate to claim a partial exemption from sales and use taxes on purchases of qualifying machinery, equipment, or repair or replacement parts. The exemption excludes 50 percent of the gross receipts or sales price of the qualifying machinery, equipment, or parts from tax. Whether or not the machinery or equipment will be used in Connecticut, charges for the property, when used as indicated above, are entitled to the exemption.

Description of the Use of Item(s) Being Purchased: To qualify for the partial exemption from sales and use taxes, the machinery or equipment must be used primarily:

- For research and development with respect to or in the furtherance of the manufacturing, processing, or fabricating of tangible personal property;
- For measuring or testing with respect to or in the furtherance of the manufacturing, processing, or fabricating of tangible personal property;
- At any stage of the manufacturing, processing, or fabricating process from the time raw materials are received to the time the product is ready for delivery or storage;
- To maintain or repair any machinery or equipment described above; **or**
- For metal finishing.

If the machinery, equipment, or repair and replacement parts are not used in this manner, a purchaser who has claimed a partial exemption owes use tax. The use tax due is the difference between the amount of tax paid under a partial exemption and the amount of tax due if no exemption were claimed.

Statutory Authority: Conn. Gen. Stat. §12-412i

Instructions for the Purchaser: This certificate must be signed by an owner or officer of a business purchasing the machinery, equipment, or repair or replacement parts for use in the manufacturing, processing, or fabricating of tangible personal property to advise the seller of machinery or equipment that the purchase is entitled to partial exemption. The certificate may be issued only for machinery and equipment used primarily in the process of manufacturing, processing, or fabricating, as defined in

Conn. Gen. Stat. §12-412i. Keep a copy of this certificate and records that substantiate the information entered on it for at least six years from the date the certificate is issued. If you do not have a Connecticut tax registration number, enter the tax registration number assigned by another state and identify the state.

Instructions for the Seller: Acceptance of this certificate, when properly completed, relieves the seller from the burden of proving that the gross receipts from the sale of the item(s) described on this certificate are eligible for a partial exemption from sales and use taxes. This certificate is valid only if taken in good faith from a person who is purchasing the machinery, equipment, or repair or replacement parts for use in manufacturing, fabricating, or processing. The good faith of the seller will be questioned if the seller knows of facts that suggest the purchaser is not engaged in manufacturing, processing, or fabricating or that the machinery or equipment will not be used primarily in the process of manufacturing, processing, or fabricating tangible personal property.

Keep a copy of this certificate and bills or invoices to the purchaser for at least six years from the date the items were purchased. The bills, invoices, or records covering all purchases made under this certificate must be appropriately marked to indicate a purchase of machinery or equipment entitled to a partial exemption has occurred. The words “Exempt under Conn. Gen. Stat. §12-412i: Machinery and Equipment” satisfy this requirement.

The certificate may be used for individual purchases, in which case the box marked “Certificate for One Purchase Only” must be checked. The certificate may also be used for a continuing line of purchases, in which case the box marked “Blanket Certificate” must be checked. A blanket certificate remains in effect for a three-year period unless the purchaser revokes it in writing before the period expires.

Note: If machinery, repair or replacement parts are exempt under Conn. Gen. Stat. §12-412(34), they do not fall within the scope of Conn. Gen. Stat. §12-412i. Use **CERT-101, Machinery, Component Parts, and Repair and Replacement Parts of Machinery Used Directly in a Manufacturing Process**, to make exempt purchases of machinery under Conn. Gen. Stat. §12-412(34).

For More Information: Call Taxpayer Services at 1-800-382-9463 (in-state) or 860-297-5962 (from anywhere). **TTY, TDD, and Text Telephone users** only may transmit inquiries anytime by calling 860-297-4911. Preview and download forms and publications from the DRS Web site at www.ct.gov/DRS

