

Sec. 12-426-5a. Funeral establishments

(a) **In general.** The sale of tangible personal property within this state is subject to the sales tax imposed under chapter 219 (Sales and Use Tax Act). Subsection (55) of section 12-412 of the Connecticut General Statutes exempts from the sales tax the sale of tangible personal property by a funeral establishment, where the property is used directly by a funeral establishment in performing burial or cremation services and where the sales price of the property is two thousand five hundred dollars or less. (Where the sales price of the property so used is more than two thousand five hundred dollars, the tax applies only to the amount of the sales price in excess of two thousand five hundred dollars.) Subsection (b) of this section pertains to the direct use of property by a funeral establishment. Subsection (c) of this section pertains to amounts which are includible in the gross receipts of a funeral establishment and amounts which are deductible from the gross receipts of a funeral establishment. Subsection (d) of this section pertains to purchases by a funeral establishment.

(b) **Direct use of property**

(1) Property used directly in performing burial or cremation services includes caskets, vaults, outside containers and burial clothing.

(2) Property not used directly in performing burial or cremation services includes flowers and monuments. (The sale of tangible personal property not used directly by a funeral establishment in performing burial or cremation services is subject to the sales tax, irrespective of the sales price.)

(c) **Gross receipts of funeral establishment**

(1) The measure of the sales tax is gross receipts from retail sales. When selling tangible personal property used in performing burial or cremation services, a funeral establishment is making retail sales, and its gross receipts therefrom are subject to the sales tax.

(2) The following gross receipts of a funeral establishment shall be reported on the sales tax return:

(A) gross receipts from retail sales of caskets, vaults, burial clothing, flowers, and monuments, irrespective of where burial occurs. (See also subdivision (3) (A) of this subsection which concerns certain deductions from gross receipts.)

(B) gross receipts from retail sales of tangible personal property, whether or not used directly by the funeral establishment in performing burial or cremation services. (See also subdivision (3) (B) of this subsection which concerns certain deductions from gross receipts.)

(C) gross receipts from retail sales of burial clothing, whether or not the sales price is less than seventy-five dollars. (See also subdivision (3) (C) of this subsection which concerns certain deductions from gross receipts.)

(3) A deduction may be claimed on the sales tax return:

(A) where burial occurs without this state, for an out-of-state sale. The deduction shall be in an amount equal to the gross receipts attributable to the retail sales made in those instances where burial occurs without this state.

(B) where property sold by the funeral establishment is used directly in performing burial or cremation services, for funeral expenses. The deduction shall be in an amount equal to the gross receipts attributable to the retail sales of property used directly in performing

burial or cremation services, provided no more than two thousand five hundred dollars shall be deductible per burial or cremation service. Where burial occurs without this state, the deduction for an out-of-state sale, rather than the deduction for funeral expenses, may be claimed.

(C) where the sales price of burial clothing is less than seventy-five dollars, for clothing under seventy-five dollars. The deduction shall be in an amount equal to the gross receipts attributable to the retail sales of burial clothing, the sales price of which is less than seventy-five dollars. Where the sales price of burial clothing is less than seventy-five dollars but burial occurs without this state, the deduction for an out-of-state sale, rather than the deduction for clothing under seventy-five dollars, may be claimed. Where the sales price of burial clothing is seventy-five dollars or more, the deduction for funeral expenses, rather than the deduction for clothing under seventy-five dollars, may be claimed. Where the sales price of burial clothing is seventy-five dollars or more but burial occurs without this state, the deduction for an out-of-state sale, rather than the deduction for funeral expenses, may be claimed. For rules pertaining to the exemption of articles of clothing from the sales tax, see section 12-426-30.

(4) The following amounts are not includible in the gross receipts of a funeral establishment and are not deductible from gross receipts:

(A) charges billed to and paid by the United States, the State of Connecticut, or any political subdivision or agency of the State of Connecticut. Such payments shall be deemed to have been made for services rendered (as opposed to having been made for tangible personal property sold) by the funeral establishment.

(B) reimbursement received for accommodation cash advances made by the funeral establishment for items such as cemetery charges, newspaper notices, clergy fees, and flowers.

(C) charges for services rendered by the funeral establishment, where such charges are stated separately from the charges for tangible personal property sold by the funeral establishment.

(d) Purchases by funeral establishment

(1) The use tax applies to purchases from a retailer of tangible personal property which, at the time of purchase, was intended to be used in this state. The measure of the use tax is the sales price of the tangible personal property.

(2) A funeral establishment is the consumer of tangible personal property used in the operation of its business and not purchased for resale in the regular course of its business or used as an ingredient or component part of other tangible personal property to be sold in the regular course of its business. Such property includes embalming fluids, cosmetics, chemicals and other items or instruments used in embalming or in preparation for burial or cremation. The use tax applies to purchases of such property.

(3) A funeral establishment is the seller of, and may purchase for resale, any tangible personal property which it resells, before use, in the regular course of its business. The purchase of such property by the funeral establishment is exempt from use tax, if the funeral establishment gives a resale certificate when it purchases such property. Such property includes caskets, vaults, burial clothing, flowers and monuments. The resale of such property by the funeral establishment may, unless an exemption applies, be subject to sales tax.

Regulations of Connecticut State Agencies

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