

FORM CT-12-717B

CHANGE OF RESIDENT STATUS - SPECIAL ACCRUALS

Attach to the front of Form CT-1040 NR/PY

- Complete this agreement in triplicate and send in the appropriate envelope.
- If filing a joint return, include both names.

WHEREAS, I, (name) _____, of
(address as shown on return) _____, have
changed my status for Connecticut individual income tax purposes from that of a resident to that of a nonresident
on (date) _____, and

WHEREAS, I elect, pursuant to section 12-717 of the Connecticut General Statutes to file my Connecticut
personal income tax return for the period before my change of residence on the cash receipts basis, and

WHEREAS, the tax, as determined pursuant to section 12-717 for the portion of the taxable year before my
change of residence, would have been increased by the amount \$_____ if such election had not been
made, and

WHEREAS, I hereby deposit with you the following described security:

I. Bank Passbook and/or Certificates of Deposits:

Bank/Financial Institution	Amount	If Certificate of Deposit maturity date

Attached and made part of this agreement is a letter prepared on the letterhead of the bank/financial institution and signed by an officer thereof: a) identifying the passbooks or certificates of deposit by account number and confirming that withdrawal of principal from the passbook or certificate of deposit will not be permitted without written consent from the Connecticut Department of Revenue Services, and b) stating that any right of set-off, which the bank/financial institution may possess against the taxpayer resulting from a defaulted obligation of such taxpayer, shall be subservient to the interest of the department in the passbook or certificate of deposit offered as collateral.

IV. Standby letter of credit:

Issuer or Confirming Bank	Amount	Expiration Date

Attached and made part of this agreement is the irrevocable standby letter of credit made payable to the Connecticut Department of Revenue Services.

NOW, THEREFORE, I agree that (1) I will include in my Connecticut individual income tax returns in subsequent taxable years (or periods) all income and gain accrued prior to my change of residence, as if I had not changed my resident status and will pay the tax thereon when due; (2) the period of limitation within which tax may be assessed, set forth in section 12-733, is hereby extended as provided by subsection (f) of such section, and I hereby agree that the tax due may be assessed for any taxable year (or periods) at any time within 3 years after the tax return relating to the last taxable year during which income or gain accruing prior to my change of residence is actually received has been filed; and (3) if the Connecticut Department of Revenue Services determines (a) that I have failed to include in my Connecticut individual income tax return for any taxable year (or period) any item of income or gain which is required to be included therein under the terms of this agreement, or to pay any tax required to be paid, or (b) that the security filed herewith has or will become inadequate to properly secure payment of the tax, the full amount of income which was accruable under section 12-717 shall be accrued to the portion of the taxable year prior to the change of residence and the additional tax for such period, as recomputed, shall become due immediately. If such tax is not paid within 30 days after notice of such determination described in (a) above has been mailed to me by ordinary mail, or if the security which has been determined, as described in (b) above, to be inadequate to secure payment of the tax is not replaced with adequate security acceptable to the Department within 30 days after notice of such determination has been mailed to me by ordinary mail, the Connecticut Department of Revenue Services may sell, assign, transfer, withdraw or otherwise dispose of said security and apply the proceeds to any unpaid portion of the tax deferred by reason of the election and any interest and penalties due thereon. The balance of such proceeds, if any, shall be paid to me.

The above described security is deposited with the understanding that: (1) in case no disposition is made thereof under the terms of this agreement, such security will be returned to me at such time as the Department determines it is no longer needed as security by reason of the full or partial payment of the tax deferred as a result of the election under section 12-717; (2) any interest accruing on said security shall belong to me.

Signature of taxpayer	Date
Spouse's signature (if joint return)	

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

FORM CT-12-717A & FORM 12-717B INSTRUCTIONS

you move out of Connecticut you must accrue on your Connecticut part-year resident return, in the year that you move, any items of income, gain, loss or deduction which under an accrual method of accounting, would be reportable at the time you changed your residence. These accruals are required even if you would normally report such items on another accounting basis. You must also accrue to Connecticut the items subject to Connecticut alternative minimum tax. These special accruals are required under section 12-717 of the Connecticut General Statutes.

you had a right to receive the income without restriction or contingencies at or before the date of the change of residence, this income would be accruable at the time you changed your residence, even if the income is actually received after you move out of Connecticut. Examples of accruable items of income are 1) the unrealized income from an installment sale made while you were a resident and 2) payments that you will receive from a lottery which you won while you were a resident.

you are not required to make the special accruals on your Connecticut part-year resident return in the year that you move if: 1) you file a surety bond and other acceptable security in an amount equal to or greater than the amount of additional Connecticut income tax that would be due if the accrual items were included on your Connecticut part-year resident return, and 2) you include the accrual amounts as received on your Connecticut nonresident return for subsequent tax years as if no change of resident status occurred.

you decide to file a surety bond, Form CT-12-717A, *Connecticut Surety Bond Form* must be properly executed in triplicate. Both the surety bond and Form CT-12-717A (in triplicate) should be filed with Form CT-1040 NR/PY, *Nonresident and Part-Year Resident Income Tax Return* for the year that the change of residence occurred.

The surety bond must be:

- executed by a surety company which is registered with, and under the supervision of, the Insurance Department of the State of Connecticut;
- approved by the Department of Revenue Services;
- in the amount not less than the amount of deferred Connecticut income tax;
- filed with the Connecticut part-year resident income tax return;
- accompanied by properly executed Form CT-12-717A, in triplicate; and
- accompanied by a statement showing the nature and amount of each item of accrued income, gain, loss and deduction as of the date of the change of residence, together with a computation of the additional Connecticut income tax which would be due if the election had not been made and if the accrued items were properly included in Connecticut adjusted gross income during the residency portion of the taxable year on the Connecticut part-year resident income tax return.

In place of a surety bond, you may file collateral security acceptable to the department. If you decide to file collateral security, it must be accompanied by a properly executed collateral agreement on Form CT-12-717B, *Resident Status - Special Accruals*, in triplicate. Both the collateral agreement and Form CT-12-717B, (in triplicate) should be filed with your return for the year that the change of residence occurred. The following kinds of security will be accepted as collateral security:

- Bank passbooks and certificates of deposit;
- Irrevocable standby letters of credit made payable to the Connecticut Department of Revenue Services;
- Evidence of withholding of Connecticut income tax from Connecticut lottery winnings payments and
- Other forms of security acceptable to the Department.

Bank passbooks and certificates of deposit offered as collateral must be in an amount not less than the amount of deferred Connecticut income tax and must represent money on deposit with a financial institution approved by the Department. Certificates of deposit must have a maturity date at least one year after the date of filing with the department. Additionally, bank passbooks and certificates of deposit offered must be:

- prepared in the name of the taxpayer;
- accompanied by a signed, undated withdrawal slip; and
- accompanied by a letter prepared on the letterhead of the financial institution and signed by an officer, identifying the passbooks or certificates of deposit by account number and confirming that withdrawal of principal from the passbook or certificate of deposit offered as collateral will not be permitted without written consent from the Connecticut Department of Revenue Services, and stating that any right of set-off which the financial institution may possess against the taxpayer shall be subordinated to the interest of the Department in the passbook or certificate of deposit offered as collateral; and
- accompanied by a properly completed letter of transmittal in such form as the Department may require, advising that the proceeds of such passbook accounts or certificates of deposit may be withdrawn by the Department and applied against the taxes due. Any interest accruing on bonds, passbooks or certificates of deposit belongs to the taxpayer and can be withdrawn.

Standby letters of credit offered as collateral must:

- be irrevocable for a period of time determined by the Department;
- be made payable to the Connecticut Department of Revenue Services;
- be written for the amount of deferred Connecticut Income Tax to the next higher thousand dollars;
- be issued or confirmed by a bank approved by the Department; and
- contain other payment terms acceptable to the Department.

The surety bond with Form CT-12-717A or the collateral security with Form CT-12-717B must be attached to the front of Form CT-1040 NR/PY and placed in the appropriate envelope.