

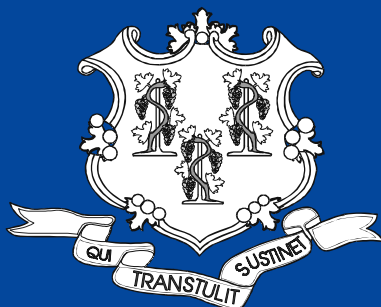
2000 FORM CT-1040

Connecticut Resident Income Tax

Return and Instructions

This booklet
contains:

- Form CT-1040
- Form CT-1040 EXT
- Form CT-1040ES
- Individual Use Tax Worksheet
- Taxpayer Questionnaire
- Tax Tables
- Tax Calculation Schedule



Dear Customer:

Once again this year, there are important tax changes that can help reduce your Connecticut tax bill. In the past six years, a total of over \$2 billion in tax cuts have helped make Connecticut a premier location to live, work, and play. Be sure to take advantage of these tax savings by reading about them on Page 4 of this booklet.

I encourage you to review the eligibility checklist on Page 8 for filing by Telefile or to use the shorter, Connecticut CT-1040EZ Tax Return. If you qualify, DRS is happy to mail the booklet to you. Please contact us at the phone numbers listed on the back cover, or through our Web site, listed below.

If you have questions, DRS Taxpayer Services personnel can answer them by phone, letter, or e-mail. Our Web site is also a valuable resource that is available 24 hours a day, seven days a week. You can preview and download Connecticut tax forms, DRS publications, and other information that you may need. DRS tax assistance is always free.

Our goal is to provide you with excellent customer service and user-friendly tax administration. I welcome your comments and ideas on how we can improve the way we do business. Please phone, write, or e-mail me through our Web site.

I look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script that reads "Gene Gavin".

Gene Gavin
Commissioner of Revenue Services

Taxpayer information is available on our Web site:
www.drs.state.ct.us

Department of Revenue Services walk-in locations and telephone numbers are listed on the back cover.

CONN-TAX

If you have a touch-tone phone, you can obtain important income tax information 24 hours a day from CONN-TAX, the Department's information line. Call **1-800-382-9463** (toll-free from within Connecticut) or **860-297-5962** (from anywhere), press "1" to be connected to "Income Tax Information Menu," then press "2" to select "Recorded Income Tax Information." Enter the three-digit number next to the topic of your choice shown below, or follow the prerecorded instructions.

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Extended Telephone Hours for the 2001 Filing Season (Option "0"):

Monday, **January 29** (until 7 p.m.)
Wednesday, **January 31** (until 7 p.m.)
Monday, **February 5** (until 7 p.m.)
Wednesday, **February 7** (until 7 p.m.)

2001 Extended Telephone Personal Assistance and Walk-in Hours:

(25 Sigourney Street, Hartford Only)

Saturday, **April 14** (8:30 a.m. - 12:00 p.m.)
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SOME IMPORTANT CHANGES

- To protect your confidentiality, your Social Security Number is not preprinted on the label on the back cover of this booklet. You must clearly print your Social Security Number(s) in the spaces provided next to your name(s) on **Form CT-1040**.
- For taxable years beginning on or after January 1, 2000, taxpayers may check a box on **Form CT-1040** to authorize the Department of Revenue Services (DRS) to contact the paid preparer who signed the return to correct return processing problems. See Limited Power of Attorney Checkbox, on Page 16.
- The maximum property tax credit has been increased to \$500. In order to take this credit, Connecticut residents must complete *Schedule 3 – Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle*, on the back of **Form CT-1040**. See *Schedule 3 – Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle*, on Page 22.
- For taxable years beginning on or after January 1, 2000, the Connecticut adjusted gross income thresholds used to calculate the property tax credit limitations are increased for single individuals. See *Property Tax Credit Limitation Worksheet*, on Page 25.
- For taxable years beginning on or after January 1, 2000, the exemptions and credits used in calculating the tax for single filers, are increased over an eight year period.
- For taxable years beginning on or after January 1, 2000, the definition of a *resident individual* excludes any individual who was present in a foreign country for at least 450 days during any period of 548 consecutive days and meets certain other requirements during the 548-day period. See *Am I a Resident, Part-Year Resident or Nonresident?* on Page 6.
- For the taxable year beginning on or after January 1, 2000, and prior to January 1, 2001, each individual who is a shareholder of an S corporation subject to the Connecticut corporation business tax must include 30% of his or her pro rata share of the S corporation's nonseparately computed income or loss, multiplied by the S corporation's corporation business tax apportionment percentage, in computing **Form CT-1040**, *Schedule 1 – Modifications to Federal Adjusted Gross Income*. See *Schedule 1*, Line 32 on Page 16 or Line 43 on Page 18.
- For taxable years beginning on or after January 1, 2000, the subtraction modification for any refund or credit for overpayment of income taxes imposed by a Canadian province to the extent included in federal adjusted gross income, is repealed.
- Individuals who received an extension of time to file **Form CT-1040**, for taxable years beginning on or after January 1, 2000, and who later filed **Form CT-1040X** to claim a refund, must do so no later than three years after the date on which **Form CT-1040** is filed, or three years after the extended due date of **Form CT-1040**, whichever is **earlier**.
- Individuals may claim a credit for income tax paid on income that was included in Connecticut adjusted gross income for an earlier taxable year, and that was repaid during a taxable year beginning on or after January 1, 1999, if the amount of income repaid was greater than \$3,000. See **Schedule CT-1040CRC**, *Claim of Right Credit*.
- The credit for alternative minimum tax imposed by and paid to a Canadian province is repealed for taxable years beginning on or after January 1, 2000.
- For taxable years beginning on or after January 1, 2000, any Holocaust victim settlement payment received by a Holocaust victim, to the extent included in federal adjusted gross income, will be subtracted in computing Connecticut adjusted gross income. See **Form CT-1040**, *Schedule 1, Modifications to Federal Adjusted Gross Income*, Line 46 on Page 19.
- For taxable years beginning on or after January 1, 2001, any interest earned on funds deposited in a Connecticut individual development account, to the extent included in federal adjusted gross income, shall be subtracted in computing Connecticut adjusted gross income. The funds must be used to pay for the costs of education or job training; the purchase of a new home as a primary residence; the participation in or development of a new or existing entrepreneurial activity; the purchase of an automobile for the purpose of obtaining or maintaining employment; or the making of a lease deposit on a primary residence. For more information about the Connecticut Individual Development Account contact the Connecticut Department of Labor at 860-263-6794.

IMPORTANT NOTICE ABOUT DUE DATES

In 2001, **April 17** is the date for timely filing the tax return and tax payments for the 2000 taxable year, because April 15 is a Sunday and April 16 is Patriots' Day in Massachusetts (where Connecticut residents file federal income tax returns). Connecticut recognizes the federal income tax return due date as the due date for Connecticut income tax returns. If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.

GENERAL INFORMATION

How to Get Help

DRS is ready to help you and offers several resources where you can get answers to your Connecticut tax questions. Visit the DRS Web site at: www.drs.state.ct.us, or for personal assistance, refer to the back cover of this booklet for a list of DRS walk-in offices and telephone numbers. DRS offices are open Monday through Friday, 8:00 a.m. to 5:00 p.m. If you visit, be sure to bring:

- Your “**state copy**” of your federal Forms W-2 and any other forms showing Connecticut income tax withholding; **and**
- Your **completed** federal Form 1040EZ, 1040A, 1040, or federal TeleFile Tax Record.

Personal telephone assistance is available Monday through Friday, 8:00 a.m. to 5:00 p.m. Extended hours will be offered January through April. Automated information may answer your questions anytime. Call Conn-Tax, DRS's phone information line or visit the DRS Web site for details.

How to Get Additional Forms and Publications

Download and print Connecticut tax forms and publications seven days a week from the DRS Web site: www.drs.state.ct.us. Forms are also available at any of the DRS walk-in offices and the other sources listed on the back cover of this booklet, and at most public libraries, town halls, banks, and post offices during the tax filing season.

Filing Tips

Follow these tips to help us process your refund faster:

- Make sure that you file the correct form. Most people may file the simpler **Form CT-1040EZ**, *Connecticut Resident EZ Income Tax Return*, or Telefile their Connecticut income tax return. (See *May I File Form CT-1040EZ or Telefile My Connecticut Income Tax Return?* on Page 8.)
- Use the preprinted peel-off label. The preprinted label **does not** include your Social Security Number(s). Therefore, you **must** enter your Social Security Number and the Social Security Number of your spouse (if filing a joint return), in the spaces next to your name(s).
If you did not receive a tax return package with a label, enter your name(s) and mailing address in the spaces provided at the top of your return.
- Check the correct filing status on your return.
- Attach a legible “**state copy**” of each federal Form W-2 (Wages), W-2G (Winnings), 1099-R (Pensions), and any other forms showing Connecticut income tax withheld to your Connecticut return.
- Sign your return. If you and your spouse are filing jointly, both of you must sign.
- Have your paid preparer sign the return.
- Be sure that both you and your spouse file your income tax returns at the same time if you filed joint estimated tax payments but elect to file separate income tax returns. No refund will be processed until both Connecticut returns are received.
- Use the correct mailing label on the envelope when filing your return. One label is for refund request or no tax due. The other is for payments.

Electronic Filing/On-Line Filing

The Federal/State Electronic Filing program (e-file) is a “one-stop filing” program between the Internal Revenue Service (IRS) and DRS. E-file enables you to electronically file both your federal and Connecticut income tax returns in a single computer transmission and receive your refund within four days of acknowledgment. E-file also offers direct deposit and confirmation that your return has been received.

To e-file your income tax return, visit a tax professional or file from your own personal computer using commercially available software packages. To find an approved preparer near you, visit the IRS Web site at: www.irs.gov/prod/elec_svcs/ero/indiv.html

Who Must File a Connecticut Return

You must file a Connecticut income tax return if you were a resident for the entire year **and** any of the following is true for the 2000 taxable year:

- You had Connecticut income taxes withheld; **or**
- You made estimated tax payments to Connecticut; **or**
- You meet the gross income test (see below); **or**
- You had a federal alternative minimum tax liability.

The Gross Income Test

You must file a Connecticut income tax return if your gross income for the 2000 taxable year exceeds:

- \$12,000 and you will file as Married Filing Separately
- \$12,250 and you will file as Single
- \$19,000 and you will file as Head of Household
- \$24,000 and you will file as Married Filing Jointly

Gross income means all income you received in the form of money, goods, property, and services that is not exempt from federal income tax **and** any additions to income that are required to be reported on **Form CT-1040, Schedule 1**.

Gross income includes, but is not limited to:

- Compensation for services, including wages, fees, commissions, taxable fringe benefits, and similar items
- Gross income from a business
- Capital gains
- Interest and dividends
- Gross rental income
- Gambling winnings
- Alimony
- Taxable pensions and annuities
- Prizes and awards
- Your share of income from partnerships, S corporations, estates, and trusts
- IRA distributions
- Unemployment compensation
- **Federally taxable** Social Security

The following examples explain the gross income test for a Connecticut resident:

Example 1: Your only income is from a sole proprietorship and you file a federal Form 1040, reporting the following on Schedule C:

Gross Income	\$100,000
Expenses	(\$ 92,000)
Net Income	\$ 8,000

Because the **gross** income of \$100,000 exceeds the minimum requirement, you must file a Connecticut income tax return.

Example 2: You received \$8,000 in federally nontaxable Social Security benefits and \$11,000 in interest income. Since nontaxable Social Security benefits are not included in gross income, you do not have to file a Connecticut income tax return unless Connecticut tax was withheld or estimated tax payments were made.

Example 3: You file as single on a Connecticut income tax return and receive \$11,500 in wage income and \$1,000 in federally-exempt interest from California state bonds. Your federal gross income with additions from **Form CT-1040, Schedule 1** (interest on state or local obligations other than Connecticut) is \$12,500. Therefore, you must file a Connecticut income tax return.

Relief from Joint Liability

In general, if you and your spouse file a joint income tax return you are both responsible for paying the full amount of tax, interest, and penalties due on your joint return. However, if you believe that all or any part of the amount due should be paid only by your spouse, you may request consideration by filing **Form CT-8857, Request for Innocent Spouse Relief (And Separation of Liability and Equitable Relief)**. See **Special Notice 99(15), Innocent Spouse Relief, Separation of Liability, and Equitable Relief**.

Title 19 Recipients

Title 19 recipients must file a Connecticut income tax return if the requirements for *Who Must File a Connecticut Return* are met.

However, if you do not have funds to pay your Connecticut income tax and during 2000:

- You were a Title 19 recipient, **and**
- Medicaid assisted in the payment of your long-term care in a nursing or convalescent home,

complete **Form CT-19IT, Title 19 Status Release**, and attach it to the **front** of your Connecticut income tax return. By completing this form you authorize DRS to verify your Title 19 status for 2000 with the Department of Social Services.

Deceased Taxpayers

A Connecticut income tax return must be filed for a taxpayer who died during the year if the requirements for *Who Must File a Connecticut Return* are met. The return must be signed and filed by his or her executor, administrator or surviving spouse for the portion of the year before the taxpayer's death. The return must clearly state at the top the date of the taxpayer's death.

A surviving spouse may file a joint return if the surviving spouse filed a joint federal income tax return. Write "**Filing as surviving spouse**" in the deceased spouse's signature block on the return. If both spouses died in 2000, their legal representative must file a final return. The Connecticut and federal filing status must be the same.

Claiming a Refund for a Deceased Taxpayer

If you are a surviving spouse filing a joint return with the deceased, file the tax return to claim the refund. If you are a court-appointed representative, file the return **and** attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach federal Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*.

Income received by the estate of the decedent for the portion of the year after the decedent's death, and for succeeding taxable years until the estate is closed, must be reported each year on **Form CT-1041, Connecticut Income Tax Return for Trusts and Estates**.

Special Information for Nonresident Aliens

A nonresident alien must file a Connecticut income tax return if the requirements of *Who Must File a Connecticut Return* are met. In determining whether the *Gross Income Test* is met, the nonresident alien must take into account any income that is not subject to federal income tax under an income tax treaty between the United States and the country of which the nonresident alien is a citizen or resident. Income tax treaty provisions are disregarded for Connecticut income tax purposes. Therefore, any treaty income that is reported on federal Form 1040NR or Form 1040NR-EZ and that is not subject to federal income tax must be added to the nonresident alien's federal adjusted gross income on **Form CT-1040, Schedule 1, Line 36**, or **Form CT-1040NR/PY, Schedule 1, Line 38**.

If the nonresident alien does not have and is not eligible for a Social Security Number, he or she must obtain an Individual Taxpayer Identification Number (ITIN) from the IRS, and enter it in the space provided for a Social Security Number.

A married nonresident alien is not eligible to file a joint Connecticut income tax return unless the nonresident alien is married to a citizen or resident of the United States and they have made an election to file a joint federal income tax return and, in fact, file a joint federal income tax return. (Any married individual filing federal Form 1040NR or federal Form 1040NR-EZ is not eligible to file a joint federal income tax return or a joint Connecticut income tax return, and must file as a married individual filing separately.)

Taxable Year and Method of Accounting

You must use the same taxable year for Connecticut income tax purposes that you use for federal income tax purposes. Most individuals use the calendar year as their taxable year for federal income tax purposes. However, if the calendar year is not your taxable year for federal income tax purposes, references in this booklet to "2000" are references to your taxable year beginning during 2000.

You must use the same method of accounting for Connecticut income tax purposes that you use for federal income tax purposes.

If your taxable year or method of accounting is changed for federal income tax purposes, your taxable year or method of accounting must also be changed for Connecticut income tax purposes.

Am I a Resident, Part-Year Resident or Nonresident?

The following terms are used in this section:

Domicile (permanent legal residence) is the place you intend to have as your permanent home. It is the place you intend to return to whenever you are away. You can have only one domicile although you may have more than one place to live. Your domicile does not change until you move to a new location and definitely intend to make your permanent home there. If you move to a new location

but intend to stay there only for a limited time (no matter how long), your domicile does not change. This also applies if you are working in a foreign country.

Permanent place of abode is a residence (a building or structure where a person can live) that you permanently maintain, whether or not you own it, and generally includes a residence owned by or leased to your spouse. A place of abode is not deemed permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose.

You are a **resident** and you should complete **Form CT-1040EZ** or **Form CT-1040** if:

- Connecticut was your domicile (permanent legal residence) for the entire 2000 taxable year; **or**
- You maintained a permanent place of abode in Connecticut **and** spent a total of more than 183 days in Connecticut during the 2000 taxable year, **and** you are not a part-year resident.

Nonresident aliens who meet either of the above conditions are considered Connecticut residents even if Form 1040NR-EZ or Form 1040NR is filed for federal income tax purposes.

You are a **part-year resident** and you should complete **Form CT-1040NR/PY** if you changed your permanent legal residence by moving into or out of Connecticut during the 2000 taxable year. If you are a part-year resident, you may not elect to be treated as a resident individual.

You are a **nonresident** and you should complete **Form CT-1040NR/PY** if you meet the requirements of *Who Must File a Connecticut Return*.

Although you and your spouse file jointly for federal purposes, you may be required to file separate Connecticut returns. See *Special Rules for Married Individuals* on Page 13.

IMPORTANT: You may be treated as a nonresident for 2000 even if your domicile was Connecticut, if you meet **all** three of the conditions in either Group A or Group B:

Group A

1. You did not maintain a permanent place of abode in Connecticut for the entire 2000 taxable year;
2. You maintained a permanent place of abode outside of Connecticut for the entire 2000 taxable year; **and**
3. You spent not more than 30 days in the aggregate in Connecticut during the 2000 taxable year.

Group B

1. You were in a foreign country for at least 450 days during any period of 548 consecutive days;
2. During this period of 548 consecutive days, you did not spend more than 90 days in Connecticut and you did not maintain a permanent place of abode in Connecticut at which your spouse (unless legally separated) or minor children spent more than 90 days; **and**
3. During the nonresident portion of the taxable year in which the 548-day period begins, and during the nonresident portion of the taxable year in which the 548-day period ends, you were present in Connecticut for no more than the number of days that bears the same ratio to 90 as the number of days in such portion of the taxable year bears to 548. See the calculation below:

Number of days in the nonresident portion									
548	x	90	=						
									Maximum days allowed in Connecticut

See **Special Notice 2000(17)**, *2000 Legislation Affecting the Connecticut Income Tax*.

Military Personnel Filing Requirements

Military personnel who claim Connecticut as a residence but are stationed elsewhere will be subject to Connecticut income tax. If you enlisted in the service as a Connecticut resident and have not established a new domicile (permanent legal residence) elsewhere, you are required to file a resident income tax return unless you meet all of the conditions in Group A or Group B for being treated as a nonresident. See *Am I a Resident, Part-Year Resident or Nonresident?* on Page 6.

If your permanent home (domicile) was outside Connecticut when you entered the military, you do not become a Connecticut resident because you are stationed and live in Connecticut. As a nonresident, your military pay is not subject to Connecticut income tax. However, income that you receive from Connecticut sources while you are a nonresident (including your spouse's nonmilitary income) may be subject to Connecticut income tax. (See instructions for a Connecticut nonresident contained in the instruction booklet for **Form CT-1040NR/PY**.)

Example: Jennifer is a resident of Florida. She enlisted in the Navy in Florida and was stationed in Groton, Connecticut. She earned \$38,000 in military pay.

If Jennifer had no other income...

Military personnel are residents of the state in which they resided when they enlisted. Since Jennifer resided and enlisted in Florida, she is considered a resident of Florida and does not have to file a Connecticut return.

If Jennifer has a part-time job in Connecticut...

Her Connecticut source income from nonmilitary employment is taxable and she must file **Form CT-1040NR/PY** and report the income.

Spouses of military personnel who are stationed in Connecticut may be considered residents of this state even if their domicile is elsewhere. See *Am I a Resident, Part-Year Resident or Nonresident?* on Page 6.

See **Informational Publication 2000(22)**, *Connecticut Income Tax Information for Military Personnel and Veterans*.

Combat Zone

The income tax return of any individual in the U.S. Armed Forces serving in a combat zone or injured and hospitalized while serving in a combat zone is due 180 days after returning. There will be no penalty or interest charged. For any individual who dies while on active duty in a combat zone or as a result of injuries received in a combat zone, no income tax or return is due for the year of death. A refund of tax paid will be provided to the legal representative of the estate or to the surviving spouse.

Combat zone is an area designated by the President of the United States as a combat zone by executive order. A combat zone also includes an area designated by the federal government as a *qualified hazardous duty area*.

IMPORTANT: Members of the U.S. Armed Forces serving in the military operations in the Kosovo region are eligible for the 180 day extension allowed to individuals serving in a combat zone. Spouses of military personnel and civilians supporting the military in the Kosovo region who are away from their permanent duty

stations but are not within the designated combat zone are also eligible for the extension. Individuals requesting an extension under the Kosovo provision should print the words “**Operation Allied Force**” at the top of the tax return.

May I File Form CT-1040EZ or Telefile My Connecticut Income Tax Return?

Most residents may file the short, simple **Form CT-1040EZ**. You may file **Form CT-1040EZ** if **all** of the following are true:

- You were a resident of Connecticut for the entire year or consent to be treated as a resident for the entire year;
- You are not claiming credit for income taxes paid to another jurisdiction;
- You have no modifications to federal adjusted gross income for Connecticut income tax purposes, **or** your only modification is a federally taxable refund of state and local income taxes. See *Schedule 1 - Modifications to Federal Adjusted Gross Income* on Page 16;
- You do not have a federal alternative minimum tax liability; **and**
- You are not claiming an adjusted net Connecticut minimum tax credit.

Most residents qualify to **Telefile** their Connecticut income tax return. You may **Telefile** your Connecticut income tax return if **all** of the following are true:

- You (and your spouse, if filing a joint return) were a Connecticut resident for the entire 2000 taxable year;
- You filed a 1999 Connecticut income tax return;
- Your name and address has not changed. If the label on the back of this book is not correct, or if your name or address has changed, contact the DRS Registration Unit one day prior to Telefiling at 860-297-4962 (during business hours);
- You have no more than seven W-2 or 1099 forms that show Connecticut income tax withheld;
- Your filing status is the same as last year;
- Your federal adjusted gross income is \$350,000 or less;
- The only Connecticut modification to your federal adjusted gross income is a federally taxable refund of state and local income taxes; **and**
- You have a Personal Identification Number (PIN) printed on the label located on the back cover of this booklet.

If you meet the eligibility requirements above, you may file **Form CT-1040EZ** or **Telefile** your Connecticut income tax return. Both the **Form CT-1040EZ** and the **Telefile Worksheet** are included in the **2000 Form CT-1040EZ and Telefile Booklet**, which is available at any Connecticut public library, town hall, bank, post office, DRS office, or you may prefer to have this booklet mailed to you by calling one of the telephone numbers listed on the back cover of this booklet.

What is Connecticut Adjusted Gross Income?

For the purpose of completing **Form CT-1040**, Connecticut adjusted gross income is your federal adjusted gross income as reported on Line 33 of your federal Form 1040, Line 19 of your federal Form 1040A, Line 4 of your federal Form 1040EZ, or Line I of your federal TeleFile Tax Record, with Connecticut modifications that are required to be reported on **Form CT-1040, Schedule 1**.

When to File

Your Connecticut income tax return is due on or before April 17, 2001. If you are not a calendar year filer, your return is due on or before the fifteenth day of the fourth month following the close of the taxable year. If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.

Your return will meet the timely filed and timely payment rules if the U.S. Postal Service cancellation date, or the date recorded or marked by a designated private delivery service (designated PDS), is on or before the due date. Not all services provided by these designated PDSs qualify. Only those specific services listed below qualify at this time.

The following are the designated PDSs and qualifying types of service at the time of publication:

Airborne Express	DHL Worldwide Express
<ul style="list-style-type: none"> • <i>Overnight Air Express Service</i> • <i>Next Afternoon Service</i> • <i>Second Day Service</i> 	<ul style="list-style-type: none"> • <i>DHL “Same Day” Service</i> • <i>DHL USA Overnight</i>
Federal Express	United Parcel Service
<ul style="list-style-type: none"> • <i>FedEx Priority Overnight</i> • <i>FedEx Standard Overnight</i> • <i>FedEx 2Day</i> 	<ul style="list-style-type: none"> • <i>UPS Next Day Air</i> • <i>UPS Next Day Air Saver</i> • <i>UPS 2nd Day Air</i> • <i>UPS 2nd Day Air A.M.</i>

This list is subject to change. To verify the names of designated PDSs and qualifying types of service, check the DRS Web site or call DRS. See **Special Notice 99(14)**, *Designated Private Delivery Services*, for more information.

Extension Requests

To request an extension of time to file your return, you must file **Form CT-1040 EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for Individuals*, and pay all the tax you expect to owe on or before the due date. If you file this form and have filed federal Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, your due date will be automatically extended for six months. If you did not file a federal extension request, a six-month extension of time to file will be granted for reasonable cause at DRS discretion.

If a taxpayer is unable to request an extension because of illness, absence, or other good cause, any person standing in a close personal or business relationship to the taxpayer (including an attorney, accountant, or enrolled agent) may file the request on the taxpayer’s behalf. This person is considered a duly authorized agent for this purpose.

Form CT-1040 EXT only extends the time to file your return; it does not extend the time to pay your tax due. See *Interest and Penalties*, on Page 11, if you do not pay all the tax due with your request for extension.

United States Citizens Living Abroad

If you are a United States citizen or resident living outside the United States and Puerto Rico, or if you are in the armed forces of the United States serving outside the United States and Puerto Rico, and are unable to file a Connecticut income tax return on time you must file **Form CT-1040 EXT**. You must also pay the amount of tax due on or before the original due date of the return.

Include with **Form CT-1040 EXT** a statement that you are a United States citizen or resident living outside the United States and Puerto

Rico, or in the armed forces of the United States serving outside the United States and Puerto Rico, and that you qualify for a federal automatic two-month extension. If your application is approved, the due date will be extended for six months. If you are still unable to file your return, and you were granted an additional extension of time to file for federal purposes, you may file your Connecticut return using the federal extension due date. A copy of the federal Form 2350 approval notice must be attached to the front of your Connecticut return.

Extension of Time to Pay the Tax

You may be eligible for a six-month extension of time to pay the tax due if you can show that paying the tax by the due date will cause undue hardship. You may request an extension by filing **Form CT-1127, Application for Extension of Time for Payment of Income Tax**, on or before the due date of the original return.

Attach **Form CT-1127** to the front of **Form CT-1040** or **Form CT-1040 EXT**, and send it on or before the due date. As evidence of the need for extension, you must attach:

- A statement of your assets and liabilities, **and**
- An itemized list of your receipts and disbursements for the preceding three months, **and**
- An explanation of why you cannot borrow money to pay the tax due.

If an extension of time to pay is granted and you pay all the tax due in full by the end of the extension period, a penalty will not be imposed. However, interest will accrue on any unpaid tax from the original due date. You should make payments as soon as possible to reduce the interest that you would otherwise owe. Write your Social Security Number and “**2000 Form CT-1040**” on your check or money order. Mail payments to:

**Department of Revenue Services
Accounts Receivable Unit
PO Box 5088
Hartford CT 06102-5088**

Where to File

If you are requesting a **refund** or if **no tax is due**, use the mailing label with this address and mail your return to:

**Department of Revenue Services
PO Box 2976
Hartford CT 06104-2976**

When **payment** of tax is enclosed, use the mailing label with this address and mail your return with payment to:

**Department of Revenue Services
PO Box 2977
Hartford CT 06104-2977**

Amended Returns

Use **Form CT-1040X, Amended Connecticut Income Tax Return**, to amend a previously filed return. If you file **Form CT-1040X** to have an overpayment of Connecticut income tax refunded or credited to you, you must do so before the Connecticut statute of limitations expires. (Generally, the statute of limitations expires three years after the due date of your return; but if you timely requested an extension of time to file your return, the statute of limitations expires three years after the extended due date of your return, or three years after the date you filed your return, whichever is earlier.) Set forth below are five circumstances that require the filing of **Form CT-1040X**.

1. *The IRS changes or corrects your federal income tax return, and the change or correction affects your Connecticut income tax liability.* You must report the IRS change or correction by filing **Form CT-1040X** no later than 90 days after the final determination of your federal income tax liability by the IRS or the federal courts. The penalty for failing to do so is \$50. If the final determination of your federal income tax liability is made after the Connecticut statute of limitations for refunding or crediting overpayments has expired, and the final determination reduces your Connecticut income tax liability, then as long as you file **Form CT-1040X** no more than 90 days after the final determination of your federal income tax liability, the overpayment will be refunded or credited to you.
2. *You file a timely amended federal income tax return, and the amendment affects your Connecticut income tax liability.* You must report the amendment of your federal income tax return by filing **Form CT-1040X** no later than 90 days after the date of filing your amended federal income tax return. The penalty for failing to do so is \$50. If you file a timely amended federal income tax return after the Connecticut statute of limitations for refunding or crediting overpayments has expired, and the amendment of your federal income tax return reduces your Connecticut income tax liability, then as long as you file **Form CT-1040X** no more than 90 days after the date of filing your amended federal income tax return, the overpayment will be refunded or credited to you.
3. *You claimed a credit on your Connecticut income tax return for income tax paid to a qualifying jurisdiction, and the qualifying jurisdiction makes a change or correction to the income tax return filed in that jurisdiction that affects your Connecticut income tax liability (by increasing or decreasing the amount of the allowable credit).* You must report the change or correction by filing **Form CT-1040X** no later than 90 days after a final determination of your income tax liability by the tax officials or the courts of that qualifying jurisdiction. The penalty for failing to do so is \$50. If the qualifying jurisdiction makes a final determination of your income tax liability after the Connecticut statute of limitations for refunding or crediting overpayments has expired, and the final determination reduces your Connecticut income tax liability, then as long as you file **Form CT-1040X** no more than 90 days after the final determination of your income tax liability to that jurisdiction, the overpayment will be refunded or credited to you.
4. *You claimed a credit on your Connecticut income tax return for income tax paid to a qualifying jurisdiction, and you file a timely amended income tax return with that jurisdiction that affects your Connecticut income tax liability (by increasing or decreasing the amount of the allowable credit).* You must report the amendment of your income tax return filed with that jurisdiction by filing **Form CT-1040X** no later than 90 days after the date of filing your amended income tax return with that jurisdiction. The penalty for failing to do so is \$50. If you file a timely amended income tax return with that other jurisdiction after the Connecticut statute of limitations for refunding or crediting overpayments has expired, and the amendment reduces your Connecticut income tax liability, then as long as you file **Form CT-1040X** no more than 90 days after the date of filing your amended income tax return with that jurisdiction, the overpayment will be refunded or credited to you.
5. *If none of the above circumstances apply, but you made an error or omission in completing your Connecticut income tax return, and the error or omission affects your Connecticut income tax liability.* You must correct the error or omission by filing **Form CT-1040X**. **Form CT-1040X** must be filed no

later than three years after the original due date of the return, or, if an extension of time to file the return was granted, three years after the date you filed the return or three years after the extended due date, whichever is earlier.

Where **Form CT-1040X** is not timely filed, and additional Connecticut income tax is due, interest will also be assessed.

Do not File **Form CT-1040X** for any of the following reasons:

- To have an overpayment refunded instead of applied to estimated tax for the next taxable year or to change or reduce contributions made to designated funds. The elections that you made on your original return are irrevocable and may not be changed by filing **Form CT-1040X**.
- To claim a credit for income tax paid on income that was included in your Connecticut adjusted gross income for an earlier taxable year and that you repaid in a later taxable year. See **Schedule CT-1040CRC, Claim of Right Credit**.

NOTE: The required estimated income tax payments for a taxable year are based on the income tax shown on your original income tax return for that year and not on the income tax shown on your **Form CT-1040X** for that year, even if the income tax shown on your **Form CT-1040X** is less than the income tax shown on your original income tax return.

Financial Disability: If you are financially disabled, as defined in I.R.C. §6511(h)(2), the statute of limitations for having an overpayment of Connecticut income tax refunded or credited to you is extended for as long as you are financially disabled. You are considered financially disabled if you are unable to manage your own affairs by reason of a medically determinable physical or mental impairment that has lasted or can be expected to last for a continuous period of not less than 12 months. You are not considered financially disabled during any period that your spouse or any other person is authorized to act on your behalf in financial matters.

Estimated Tax Payments

You must make estimated income tax payments if your Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$500, and you expect your Connecticut income tax withheld to be less than your required annual payment for the 2001 taxable year.

Your required annual payment for the 2001 taxable year is the lesser of:

- **90%** of the income tax shown on your **2001 Connecticut income tax return**; or
- **100%** of the income tax shown on your **2000 Connecticut income tax return**, if you filed a 2000 Connecticut income tax return that covered a 12-month period.

You do **not** have to make estimated income tax payments if:

- You were a Connecticut resident during the 2000 taxable year and you did not file a 2000 income tax return because you had no Connecticut income tax liability; **or**
- You were a nonresident or part-year resident with Connecticut source income during the 2000 taxable year and you did not file a 2000 income tax return because you had no Connecticut income tax liability.

If you were a nonresident or part-year resident and you did **not** have Connecticut source income during the 2000 taxable year then you **must** use 90% of the income tax shown on your 2001 Connecticut income tax return as your required annual payment.

Annualized Income Installment Method

If your income varies throughout the year, you may be able to reduce or eliminate the amount of your estimated tax payment for one or more periods by using the annualized income installment method. See **Informational Publication 99(33), A Guide to Calculating Your Annualized Estimated Income Tax Installments and Worksheet CT-1040 AES**, for more information.

Filing Form CT-1040ES

Use **Form CT-1040ES, Estimated Connecticut Income Tax Payment Coupon for Individuals**, to make estimated Connecticut income tax payments for 2001. If you made estimated tax payments in 2000, you will automatically receive coupons for the 2001 taxable year in mid-January. They will be preprinted with your name, address, and Social Security Number. To ensure that your payments are properly credited, use the preprinted coupons.

If you did not make estimated tax payments in 2000, use **Form CT-1040ES**, included in this booklet, to make your first estimated income tax payment. If you file this form, additional preprinted coupons will be mailed to you.

To avoid making estimated tax payments, you may request that your employer withhold additional amounts from your wages to cover the taxes on other income. You can make this change by giving your employer a revised **Form CT-W4, Employer's Withholding or Exemption Certificate**. For help in determining the correct amount of Connecticut withholding to be withheld from your wage income, see **Informational Publication 2001(1), Is My Connecticut Withholding Correct?**

Special Rules for Farmers and Fishermen

If you are a farmer or fisherman (as defined in I.R.C. §6654(i)(2)) who is required to make estimated income tax payments, you must make only **one** payment. Your payment is due on or before January 15, 2002, for the 2001 taxable year. The required installment

2001 Estimated Tax Due Dates

Due dates of installments and the amount of required payments for 2001 calendar year taxpayers are:

April 17, 2001	25% of your required annual payment
June 15, 2001	25% of your required annual payment (A total of 50% of your required annual payment should be paid by this date.)
September 17, 2001	25% of your required annual payment (A total of 75% of your required annual payment should be paid by this date.)
January 15, 2002	25% of your required annual payment (A total of 100% of your required annual payment should be paid by this date.)

An estimate will be considered timely filed if received on or before the due date, or if the date shown by the U.S. Postal Service cancellation mark is on or before the due date. Taxpayers who report on other than a calendar year basis should use their federal estimated tax installment due dates. If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.

is the lesser of 66%% of the income tax shown on your 2001 Connecticut income tax return or 100% of the income tax shown on your 2000 Connecticut income tax return.

A farmer or fisherman who files a 2001 Connecticut income tax return on or before March 1, 2002, and pays in full the amount computed on the return as payable on or before that date, will not be charged interest for underpayment of estimated tax.

Farmers and fishermen who use these special rules **must** complete and attach **Form CT-2210**, *Underpayment of Estimated Tax by Individuals, Trusts and Estates*, to their Connecticut income tax return to avoid being billed for interest on the underpayment of estimated income tax; **Form CT-2210**, Part I, Box D, must be checked as well as the box for **Form CT-2210** on the front of **Form CT-1040**. See **Informational Publication 2000(13)**, *Farmer's Guide to Sales and Use Taxes, Motor Vehicle Fuels Tax and Estimated Income Tax*, for more information.

Interest on Underpayment of Estimated Tax

You may be charged interest if you did not pay enough tax through withholding or estimated payments, or both, by any installment due date. This is true even if you are due a refund when you file your tax return. Interest is calculated separately for each installment. Therefore, you may owe interest for an earlier installment, even if you paid enough tax later to make up the underpayment. Interest at 1% per month or fraction of a month will be added to the tax due until the **earlier of** April 15, 2001, or the date on which the underpayment is paid.

A taxpayer who files a 2000 income tax return on or before January 31, 2001, and pays in full the amount computed on the return as payable on or before that date, will not be charged interest for failing to make the estimated payment due January 16, 2001.

A farmer or fisherman (as defined in I.R.C. §6654(i)(2)) who is required to make estimated income tax payments will not be charged interest for failing to make the estimated payment due January 16, 2001, if he or she files the 2000 Connecticut income tax return on or before March 1, 2001, and pays in full the amount computed on the return as payable on or before that date.

Filing Form CT-2210

You may be charged interest if your 2000 Connecticut income tax (after tax credits) minus Connecticut tax withheld, is more than \$500. Use **Form CT-2210**, *Underpayment of Estimated Income Tax by Individuals, Trusts and Estates*, to calculate interest on the underpayment of estimated tax. **Form CT-2210** and detailed instructions are available from DRS. However, this is a complex form and you may prefer to have DRS calculate the interest and send you a bill.

Interest and Penalties

In general, interest and penalty apply to any portion of the tax that is not paid on or before the original due date of the return.

Interest

If you do not pay the tax when due, you will owe interest at the rate of 1% per month or fraction of a month until the tax is paid in full.

If you did not pay enough tax through withholding or estimated payments, or both, by any installment due date, you may be charged interest. This is true even if you are due a refund when you file your tax return. See *Interest on Underpayment of Estimated Tax* above.

Interest on underpayments or late payments of tax cannot be waived.

Penalty for Late Payment or Late Filing

The penalty for late payment or underpayment of income or use tax is 10% of the tax due. If a request for an extension of time has been granted, you can avoid a penalty for failure to pay the full amount due by the original due date if you:

- Pay at least 90% of the income tax shown to be due on the return on or before the original due date of the return; and
- Pay the balance due with the return on or before the extended due date.

If no tax is due, DRS may impose a \$50 penalty for the late filing of any return or report that is required by law to be filed.

Penalty for Failure to File

If you do not file your return and DRS files a return for you, the penalty for failure to file is 10% of the balance due or \$50, whichever is greater. If you were required to file **Form CT-1040X** and failed to do so, you will be subject to a penalty. See *Amended Returns* on Page 9.

Waiver of Penalty

You may be able to have your penalty waived if the failure to file or pay tax on time was due to a reasonable cause. However, interest **cannot** be waived. Before a penalty waiver can be granted, all tax and interest must be paid. All requests must:

- Be in writing and contain a clear and complete explanation;
- Include your name and Social Security Number;
- Include the name of the original form filed or billing notice received; **and**
- Include the taxable filing period.

Attach your request to the **front** of your tax return or mail separately with a copy of your tax return to:

Department of Revenue Services
Penalty Review Committee
PO Box 5089
Hartford CT 06102-5089

Record Keeping

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as W-2 and 1099 forms) until the statute of limitations expires for that return. Usually, this is three years from the date the return was due or filed, whichever is later. You may need this information to prepare future returns or to file amended returns.

Copies of Returns

You may request a copy of a previously filed Connecticut income tax return from DRS by completing **Form LGL-002**, *Request for Disclosure of Tax Return or Tax Return Information*. You can usually expect your copy in three weeks.

Refund Information

DRS issues refund checks as quickly as possible. If you have a touch-tone phone, you may check on the status of your refund 24 hours a day by calling **1-800-382-9463** (toll-free from within Connecticut) or **860-297-5962** (from anywhere). Be ready to provide your Social Security Number (and your spouse's, if filing jointly) and the exact amount of the refund you requested.

If you electronically file your return, you will be issued your refund in four days. If you send your return by mail, you should allow

four weeks before calling to check on the status of your refund. If you do not receive your refund on or before the 90th day after we receive your claim for refund, you may be entitled to interest on your overpayment at the rate of $\frac{2}{3}\%$ for each month or fraction of a month between the 90th day following receipt of your claim for a refund or the due date of your return, whichever is later, and the date of notice that your refund is due.

Offset Against Debts

If you are due a refund but have not paid certain obligations to Connecticut state agencies or the IRS, all or part of your overpayment may be used to pay all or part of these outstanding debts or taxes. You will be advised by mail if your refund is reduced for this reason and will be given information directing you to the agency to contact if you wish to appeal. Your refund may also be reduced if you owe penalty and interest on late-filed or underpaid Connecticut income tax returns.

Nonobligated Spouse

When a joint return is filed and only one spouse owes past-due child support or a debt to any Connecticut state agency, the spouse who is not obligated may be eligible to claim a share of a joint income tax refund. A nonobligated spouse who received income in 2000 and who made Connecticut income tax payments (withholding or estimates) for the 2000 taxable year may be eligible to claim his or her share of any refund if:

- A joint Connecticut tax return was filed for 2000; **and**
- An overpayment of tax was made.

If you are a nonobligated spouse, you may claim your share of a joint refund by filing **Form CT-8379, Nonobligated Spouse Claim**.

Do not use **Form CT-8379** to claim your share of a Connecticut refund that was applied to federal taxes you owe to the IRS. You must contact the IRS Taxpayer Advocate Office in Hartford at 860-756-4555.

Steps to Completing Form CT-1040

Step One - Complete Your Federal Return

Before you begin, gather all your records, including your federal W-2 (Wages), W-2G (Winnings), 1099-R (Pensions), and other 1099 forms. Use this information to complete your federal income tax return. The information on your federal return is needed to complete your Connecticut return.

Step Two - Complete Your Connecticut Return

Remove the income tax forms from this booklet. One copy is for you to file with DRS. The other copy is for your records.

Proceed item by item, reading the instructions for each line item before you enter any amounts. Then copy all information carefully onto the form you intend to file.

Keep a copy for your records. You may need information from it when you file next year's return, make estimated tax payments, or to respond to a question from DRS.

Step Three - Check Your Return

Take your time in completing your return. When you have finished, recheck all of your entries and arithmetic.

After you have completed your return, **be sure to sign it** and attach any required schedules, statements or forms.

Step Four- Attach Your Label

Remove the preprinted peel-off label on the back cover of this booklet and place it over the name and address spaces of your return. The preprinted label **does not** include your Social Security Number(s). Therefore, you **must** enter your Social Security Number(s) in the spaces provided next to your name(s).

Step Five - Order of Attachments

Staple all your W-2 forms, **Forms CT-4852** (substitute Form W-2), and any other forms showing Connecticut income tax withheld to the front of the income tax form in the appropriate area marked "**Staple W-2s, W-2Gs, and certain 1099s here.**"

Paper clip your check or money order in payment of the tax due to the front of the income tax form in the appropriate area marked "**Clip check or money order here.**" Be sure to write your Social Security Number and "**2000 Form CT-1040**" on your check or money order.

In addition, if you must file any of the following forms, attach the form(s) to the **front** of your income tax return in the following order:

- **Schedule CT-1040CRC, Claim of Right Credit**
- **Form CT-19IT, Title 19 Status Release**
- **Form CT-1127, Application for Extension of Time for Payment of Income Tax**
- **Form CT-8379, Nonobligated Spouse Claim**

Attach other required forms and schedules to the back of your return or as directed on the form.

Step Six - Mail Your Return

This package contains one envelope with two pre-addressed labels for mailing your return. Use the correct label to have your return and refund processed faster.

REMEMBER: Errors Delay Refunds!

COMPLETING FORM CT-1040

Name and Address

Make sure the information on the label is correct. Do not use this label if any of the information is incorrect. Print or type the correct information in the name and address spaces on your return. If there is no preprinted label, print or type the information requested in the space provided at the top of **Form CT-1040**.

If your return is being completed by someone else, take your booklet to your tax preparer so that the preparer can attach the label to your return.

Social Security Number

The preprinted label **does not** include your Social Security Number. Therefore, you **must** enter your Social Security Number in the space provided next to your name. If you file a joint return, enter your Social Security Number and your spouse's Social Security Number in the order they appear on your federal return. If you are a nonresident alien and do not have a Social Security Number, enter your Individual Taxpayer Identification Number in the space provided next to your name.

Filing Status

Check the appropriate box to indicate your filing status. Generally, your filing status must match your federal income tax filing status for this year. Consult the information in your federal income tax booklet or call the IRS at 1-800-829-1040 if you are not certain of your filing status for 2000.

If your filing status is *qualifying widow(er) with dependent child* on federal Form 1040 or 1040A, check the box on **Form CT-1040** for "Married filing joint return or Qualifying widow(er) with dependent child." **Do not** enter your deceased spouse's name or Social Security Number in the spaces provided for Spouse's Name and Spouse's Social Security Number.

Special Rules for Married Individuals

When one spouse is a **Connecticut resident or a nonresident** and the other spouse is a **part-year resident**, each spouse who is required to file a Connecticut income tax return **must** file as *married filing separately*.

When one spouse is a **Connecticut resident** and the other is a **nonresident**, each spouse who is required to file a Connecticut income tax return **must** file as *married filing separately unless*:

- They file jointly for federal income tax purposes; **and**
- They elect to be treated as if both were Connecticut residents for the entire taxable year.

When one spouse is a **nonresident alien** and the other is a **citizen or resident of the United States**, each spouse who is required to file a Connecticut income tax return **must** file as *married filing separately unless*:

- An election is made by the nonresident alien and his or her spouse to file a joint federal income tax return;
- A married filing joint return is filed for federal income tax purposes; **and**
- The spouses are otherwise required or permitted to file a joint Connecticut income tax return.

The election to file a joint return means that the joint federal adjusted gross income **must** be used on Line 1 of **Form CT-1040**. It also means that the spouse who would not otherwise be required to file is now jointly and severally liable for any tax liability associated with the filing of the income tax return.

IMPORTANT: If filing a joint federal return and a separate Connecticut return, enter on **Form CT-1040**, Line 1, only **your** portion of the income included in joint federal adjusted gross income.

Rounding Off to Whole Dollars

Generally, you may round off cents to the nearest whole dollar on your return and schedules.

Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents. However, if you need to add two or more amounts to compute the amount to enter on a line, include cents and round off **only** the total.

Example: \$1.29 becomes \$1.00 and \$3.50 becomes \$4.00.

You may round off the amount of tax due as stated in the 2000 Tax Tables or as calculated using the Tax Calculation Schedule.

CAUTION: Rounding off to whole dollars may affect the amounts of your personal exemption and your personal tax credit.

Line Instructions

Line 1 - Federal Adjusted Gross Income

Enter your federal adjusted gross income from your 2000 federal income tax return. This is the amount reported on Line 33 of federal Form 1040, Line 19 of federal Form 1040A, Line 4 of federal Form 1040EZ, or Line I of federal TeleFile Tax Record.

Line 2 - Additions

Enter the amount from **Form CT-1040**, *Schedule 1*, Line 37. See *Additions to Federal Adjusted Gross Income* on Page 16.

Line 3

Add Line 1 and Line 2. Enter the total on Line 3.

Line 4 - Subtractions

Enter the amount from **Form CT-1040**, *Schedule 1*, Line 47. See *Subtractions from Federal Adjusted Gross Income* on Page 17.

Line 5 - Connecticut Adjusted Gross Income

Subtract Line 4 from Line 3 and enter the result on Line 5. This is your Connecticut adjusted gross income.

Line 6 - Income Tax

If the amount on Line 5 is: \$12,000 or less for married filing separate individuals; \$12,250 or less for single individuals; \$19,000 or less for head of household individuals; or \$24,000 or less for married filing joint individuals, enter "0" on Line 6. You do not owe any income tax. Otherwise, calculate your tax using one of the following methods:

Tax Tables - If your Connecticut adjusted gross income is less than or equal to \$102,000, you may use the *Tax Tables* on Page 31 to find your tax. Be sure to use the correct column in the *Tax Tables*. After you have found the correct tax, enter that amount on Line 6.

Tax Calculation Schedule - You **must** use the *Tax Calculation Schedule* to figure your tax if your Connecticut adjusted gross income is more than \$102,000. You may also use the *Tax Calculation Schedule* if your Connecticut adjusted gross income is less than or equal to \$102,000. This schedule is found at the end of this booklet.

Line 7 - Credit for Income Taxes Paid to Qualifying Jurisdictions

If all or part of the income reported on this return is subject to income tax in a qualifying jurisdiction and you have filed a return and paid income taxes to that jurisdiction, complete **Form CT-1040, Schedule 2**, and enter the amount from Line 56 here. See *Schedule 2 - Credit for Income Taxes Paid to Qualifying Jurisdictions*, on Page 19.

You must attach a copy of your return filed with the qualifying jurisdiction(s) or the credit will be disallowed.

Line 8

Subtract Line 7 from Line 6. Enter the result on Line 8. If Line 7 is greater than Line 6, enter "0."

Line 9 - Connecticut Alternative Minimum Tax

If you were required to pay the federal alternative minimum tax for 2000, you must file **Form CT-6251, Connecticut Alternative Minimum Tax Return - Individuals**. Enter on Line 9 the amount shown on **Form CT-6251**, Line 26.

Line 10

Add Line 8 and Line 9 and enter the total on Line 10.

Line 11 - Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle

If the amount on Line 10 is zero, skip Lines 11 and 12 and go to Line 13. Otherwise, you **must** complete *Schedule 3* on the back of **Form CT-1040** to be allowed this credit. Enter the amount from Line 64 on Line 11. Be certain to include all of the requested information or your credit may be denied. See *Schedule 3 - Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle*, on Page 22.

IMPORTANT: The credit is limited to the lesser of \$500 or the amount of qualifying property taxes paid. The maximum property tax credit allowed is **\$500** per return, regardless of filing status. If you paid more than \$100 in property tax, you may be subject to a limitation based on your Connecticut adjusted gross income. See *Property Tax Credit Limitation Worksheet* on Page 25. This credit can be used to offset only your 2000 income tax. You cannot carry this credit forward and it is not refundable.

Line 12

Subtract Line 11 from Line 10. Enter the result on Line 12. If less than zero, enter "0."

Line 13 - Adjusted Net Connecticut Minimum Tax Credit

Enter the amount from **Form CT-8801, Credit for Prior Year's Connecticut Minimum Tax for Individuals, Trusts and Estates**, on Line 13. If you did not pay Connecticut alternative minimum tax in 1994 or thereafter, or if you entered an amount on **Form CT-1040**, Line 9, enter "0."

Line 14 - Connecticut Income Tax

Subtract Line 13 from Line 12. Enter the result on Line 14. If less than zero, enter "0."

Line 15 - Individual Use Tax

Enter the total use tax due as reported on the *Individual Use Tax Worksheet* on Page 27. You **must** enter "0" on Line 15 if no Connecticut use tax is due; otherwise you will not have filed a use tax return.

Page 14

Line 16 - Total Tax

Add Line 14 and Line 15. Enter the total on Line 16.

Line 17 - Connecticut Tax Withheld

Enter the total income tax withheld for the State of Connecticut as indicated on your copies of W-2, W-2G, and 1099 forms. Enter amounts withheld for the State of Connecticut shown on Form W-2, Box 18; Form W-2G, Box 14; Form 1099-R, Box 10; Form 1099-MISC, Box 11; and Form UC-1099G, Box 5. If you received a 2000 Form 1099 showing Connecticut income tax withheld on other income you received, such as unemployment compensation, include the amount withheld in the total on Line 17. Do **not** include tax withheld for other states or for the IRS.

Be sure you staple the **"state copy"** of all W-2 forms and any other forms showing Connecticut tax withheld to the front of your return or your claim of amounts withheld will not be allowed. If you have not received Form W-2 from your employer or Form 1099-R from your pension, annuity, retirement or profit sharing plan, you should request **Form CT-4852** (substitute Form W-2) to report your earnings and withholding.

IMPORTANT: If the amount on Line 17 does not equal the amounts of Connecticut withholding as reported on the forms that are attached to your return, the processing of your **Form CT-1040** will be delayed.

Attach copies of W-2G and 1099 forms only if they show Connecticut tax withheld.

Line 18 - All 2000 Estimated Tax Payments

Enter on Line 18 the total of all Connecticut estimated tax payments, advance tax payments, and any overpayments of Connecticut income tax applied from a prior year. Be sure to include any 2000 estimated payments made in 2001. Do **not** include any refunds received.

Line 19 - Payments Made with Form CT-1040 EXT

If you filed **Form CT-1040 EXT, Application for Extension of Time to File**, enter on Line 19 the amount you paid with that form.

Line 20 - Total Payments

Add Lines 17, 18, and 19. Enter the total on Line 20. This represents the total of all Connecticut tax payments made.

Line 21 - Amount Overpaid

If Line 20 is greater than Line 16, subtract Line 16 from Line 20 and enter the result on Line 21. This is the amount of your overpayment. To properly allocate your overpayment, go to Lines 22, 23, and 24. If Line 20 is less than Line 16, go to Line 25.

Line 22 - Amount of Line 21 You Want Applied to Your 2001 Estimated Tax

Enter the amount of your 2000 overpayment that you want applied to your 2001 estimated Connecticut income tax. It will be treated as estimated tax paid on April 15, 2001, if your return is filed on time or if you filed a timely request for extension and your return is filed within the extension period. Payments received after April 15, 2001, will be applied as of the date of receipt. **Your request to apply this amount to your 2001 estimated income tax is irrevocable.**

Line 23 - Amount of Line 21 You Want to Contribute

You may contribute all or a portion of your refund to one or more of five designated funds. Check the appropriate box or write in a whole dollar amount for each fund to which you wish to contribute.

Add your contributions and enter the total amount on Line 23. **Your contribution is irrevocable.**

You may make a contribution on this return only if you are entitled to a refund. Your contribution is limited to your refund amount. However, you may also make **direct** contributions by following the instructions below.

Line 24 - Amount of Line 21 You Want Refunded to You

Subtract the total of Line 22 and Line 23 from Line 21. Enter the result on Line 24. This is the amount of your refund. Early filers receive their refunds faster. Be sure to affix the **refund label** to the envelope when mailing your return.

IMPORTANT: Your overpayment is applied in the following order: penalty and interest you owe, amounts designated by you to be applied to your 2001 estimated tax, other taxes you may owe the DRS, debts to other Connecticut state agencies, federal taxes you may owe the IRS, and charitable contributions designated by you. Any remaining balance will be refunded to you.

Line 25 - If Line 16 is Greater Than Line 20, Enter Amount of Tax You Owe

If Line 16 is greater than Line 20, subtract Line 20 from Line 16 and enter the result on Line 25. This is the amount of tax you owe. See *Estimated Tax Payments* on Page 10.

Line 26 - Penalty for Late Payment or Late Filing

Late Payment Penalty: The penalty for late payment or underpayment of income or use tax is 10% (.10) of such amount due. Taxpayers who pay at least 90% (.90) of the income tax shown to be due on the return on or before the original due date of the return and remit the balance due with the return on or before the extended due date will avoid penalty for failure to pay the full amount due by the original due date. Interest of 1% (.01) per month or fraction of a month will continue to accrue on the underpayment until the tax is paid in full.

Late Filing Penalty: In the event that no tax is due, DRS may impose a \$50 penalty for the late filing of any return or report that is required by law to be filed.

Line 27 - Interest for Late Payment or Late Filing

If you fail to pay the tax when due, interest will be charged at the rate of 1% (.01) per month or fraction thereof from the due date until payment is made.

Line 28 - Interest on Underpayment of Estimated Tax

If Line 14 minus Line 17 is more than \$500, you may owe interest on estimated tax that you either underpaid or paid late. **Form CT-2210, Underpayment of Estimated Income Tax by Individuals, Trusts and Estates**, can help you determine whether you did underestimate and will help you calculate interest. However, this is a complex form and you may prefer to have DRS calculate the interest. If so, do **not** file **Form CT-2210**, leave this line blank, and DRS will send you a bill. Interest on underpayment of estimated income tax stops accruing on the **earlier** of the day you pay your tax or April 15, 2001.

Line 29 - Amount You Owe

Add Lines 25 through 28. Enter the total on Line 29. This is the total amount you owe. Pay the amount in full with your return.

To Pay by Credit Card:



If you filed a 1999 Connecticut income tax return, you may pay your 2000 Connecticut income tax liability by credit card. A convenience fee will be charged by the credit card service provider. You will be informed of the amount of the convenience fee during the telephone call, and you may elect to cancel the transaction.

- Call Official Payments Corporation toll-free at 1-800-2PAY-TAX (1-800-272-9829) and follow the instructions. You will be asked to enter the Connecticut Jurisdiction Code: **1777**. The fee is 2.5% of what you are paying. At the end of the call, you will be given a confirmation number for your records; or
- Visit: www.officialpayments.com and select Payment Center. You will be asked to enter the Connecticut Jurisdiction Code: **1777**. The fee is 2.5% of what you are paying. At the completion of the transaction you will be given a confirmation number for your records.

Your payment will be effective on the date you make the charge.

How Will My Contribution Be Used?

<p>AIDS RESEARCH EDUCATION FUND</p> <p>This fund was created to assist research, education, and community service programs related to Acquired Immune Deficiency Syndrome (AIDS). The fund is administered by the Connecticut Department of Public Health.</p> <p>To contribute directly send to: AIDS Division, Department of Public Health MS#11APV PO Box 340308 Hartford CT 06134-0308 Make check payable to: “Treasurer, State of Connecticut/AIDS Fund”</p>	<p>ORGAN TRANSPLANT FUND</p> <p>This fund was created to assist Connecticut residents in paying all or part of any costs associated with a medically required organ transplant. The fund is administered by the Connecticut Department of Social Services.</p> <p>To contribute directly send to: Department of Social Services Accounts Receivable 25 Sigourney Street Hartford CT 06106-5003 Make check payable to: “Commissioner of Social Services/Organ Transplant Fund”</p>	<p>ENDANGERED SPECIES, NATURAL AREA PRESERVES, AND WATCHABLE WILDLIFE FUND</p> <p>This fund was established to help preserve, protect, and manage Connecticut's endangered plants and animals, wildlife and their habitats. The fund is administered by the Connecticut Department of Environmental Protection.</p> <p>To contribute directly send to: Department of Environmental Protection-Bureau of Administration Financial Management 79 Elm Street Hartford CT 06106-5127 Make check payable to: “DEP-Endangered Species/Wildlife Fund”</p>	<p>BREAST CANCER RESEARCH AND EDUCATION FUND</p> <p>This fund was created to assist research, education, and community service programs related to Breast Cancer. The fund is administered by the Connecticut Department of Public Health.</p> <p>To contribute directly send to: Department of Public Health Breast and Cervical Cancer Early Detection Program MS#11HLS PO Box 340308 Hartford CT 06134-0308 Make check payable to: “Treasurer, State of Connecticut/Breast Cancer Fund”</p>	<p>SAFETY NET SERVICES FUND</p> <p>This fund was created to protect the children of families whose public assistance benefits ended due to a time limit. The fund is administered by the Connecticut Department of Social Services.</p> <p>To contribute directly send to: Department of Social Services Accounts Receivable 25 Sigourney Street Hartford CT 06106-5003 Make check payable to: “Commissioner of Social Services/Safety Net Fund”</p>
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To Pay by Mail:

Make your check or money order payable to the “**Commissioner of Revenue Services**.” Write your Social Security Number(s) and “**2000 Form CT-1040**” on the front of your check or money order in the lower left corner. Be sure to sign your check and paper clip it to the front of your return. **Do not send cash.**

Failure to file or failure to pay the proper amount of tax when due **will result in penalty and interest charges.** It is to your advantage to file when your return is due whether or not you are able to make full payment.

Sign Your Return

After completing your Connecticut **Form CT-1040**, sign your name and write the date you signed the return. Your spouse must also sign and enter the date if this is a joint return. The signature line is located on the back of **Form CT-1040**.

IMPORTANT: If you file a joint return, you **must** review the information with your spouse. When both you and your spouse sign the return, you become jointly and severally responsible for paying the full amount of tax, interest, and penalties due.

Paid Preparer Signature

Anyone you pay to prepare your return must sign and date it. Paid preparers must also enter their Social Security Number (SSN) or Preparer Tax Identification Number (PTIN), and their firm’s Federal Employer Identification Number (FEIN) in the spaces provided.

Limited Power of Attorney Checkbox

If you want to allow DRS to contact your paid preparer to discuss your 2000 tax return, check the “Yes” box. This authorization applies only to the paid preparer who signed your return. It does not apply to the firm.

If you check the “Yes” box, you, and your spouse if filing a joint return, are authorizing DRS to call the paid preparer to answer any questions that may arise during the processing of your return. You are also authorizing the paid preparer to:

- Give DRS any information that is missing from your return;
- Call DRS for information about the processing of your return or the status of your refund or payment, and
- Respond to certain DRS notices that you have shared with the preparer about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

Once DRS completes processing the return, the authorization ends. The box does not replace a power of attorney and will not authorize paid preparers to receive refund checks, bind you to anything (including additional tax liabilities), or represent you before DRS. To authorize another individual to represent you or act on your behalf, you must complete **Form LGL-001, Power of Attorney**.

Filing Your Return

Keep a copy of this return for your records. Attach to this return copies of any required schedules and forms. Do **not** attach copies of your federal income tax return or federal schedules.

1. Remove both labels from the envelope flap along the perforation.
2. Choose the correct label for your return, moisten, and place it on the return envelope.
3. Affix the correct postage to the envelope, or your return may be late or not delivered.

Do not use these mailing labels to send other correspondence to DRS. Using these labels for other purposes will delay our response to you.

SCHEDULE 1 - MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

See *Policy Statement 92(3.1), Connecticut Income Tax on Bonds or Obligations Issued by the United States Government, by State Governments or Municipalities*, for help in determining whether you must make a modification.

Additions to Federal Adjusted Gross Income - Enter all Amounts as Positive Numbers

Line 30 - Interest on State and Local Government Obligations Other Than Connecticut

Enter the total amount of interest income derived from state and municipal government obligations (other than obligations of the State of Connecticut or its municipalities) which is not taxed for federal income tax purposes. Do not enter interest income derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

Line 31 - Exempt-Interest Dividends from a Mutual Fund Derived from State or Municipal Government Obligations Other Than Connecticut

Enter the total amount of exempt-interest dividends received from a mutual fund that are derived from state and municipal government obligations, other than obligations of the State of Connecticut or its municipalities. If the exempt-interest dividends are derived from obligations of Connecticut and other states, enter only the percentage derived from non-Connecticut obligations. Do not enter

exempt-interest dividends derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

Example: A fund invests in obligations of many states, including Connecticut. Assuming that 20% of the distribution is from Connecticut obligations, the remaining 80% would be added back on this line.

Line 32 - Shareholder’s Pro Rata Share of S Corporation Nonseparately Computed Loss

The Connecticut corporation business tax on S corporations is being phased out over a five-year period, ending with the 2000 taxable year. This affects the modification to federal adjusted gross income that their shareholders are required to make in computing Connecticut adjusted gross income.

If you are a shareholder of an S corporation that is subject to the Connecticut corporation business tax, and the S corporation’s taxable year for federal income tax purposes is the **calendar year**, multiply 30% of your pro rata share of the S corporation’s nonseparately computed loss by the S corporation’s Connecticut corporation business tax apportionment percentage and enter this

amount on Line 32. In computing your **estimated Connecticut adjusted gross income for 2001**, you are not required to make any modification to your federal adjusted gross income on account of your pro rata share of any nonseparately computed loss.

If you are a shareholder of an S corporation that is subject to the Connecticut corporation business tax and the S corporation's taxable year for federal income tax purposes is **other than the calendar year**, multiply 55% of your pro rata share of the S corporation's nonseparately computed loss by the S corporation's Connecticut corporation business tax apportionment percentage and enter this amount on Line 32. In computing your **estimated Connecticut adjusted gross income for 2001**, follow the preceding instructions, but substitute 30% for 55%.

Your pro rata share of the S corporation's nonseparately computed loss will be reported on federal Form 1120S, Schedule K-1, furnished to you by the S corporation. The S corporation's Connecticut corporation business tax apportionment percentage will be furnished to you by the S corporation.

IMPORTANT: If any federal limitations apply, add back only 30% of the net loss (55% of the net loss, if the S corporation's taxable year is **other than the calendar year**) included on federal Schedule E, multiplied by the S corporation's Connecticut corporation business tax apportionment percentage.

Line 33 - Taxable Amount of Lump-Sum Distributions from Qualified Plans Not Included in Federal AGI

If you filed federal Form 4972, *Tax On Lump-Sum Distributions*, with your federal Form 1040 to compute the tax on any part of a distribution from a qualified plan, enter **that** part of the distribution on Line 33. Do not enter any part of the distribution reported on Line 12a of federal Form 1040A, or Line 16a of federal Form 1040 or on Schedule D of federal Form 1040.

Line 34 - Beneficiary's Share of Connecticut Fiduciary Adjustment

If you have any income from an estate or trust, your share of any Connecticut modifications (that is, your share of the Connecticut fiduciary adjustment) that apply to such income will be shown on **Form CT-1041, Connecticut Income Tax Return for Trusts and Estates, Schedule B**, Column 5. Your share of these modifications should be provided to you by the fiduciary. If your share of these modifications is an amount greater than zero, enter the amount on Line 34. If the amount is less than zero, enter the amount on Line 44.

If you are a beneficiary of more than one trust or estate, enter the net amount of all such modifications, if greater than zero, on Line 34.

Line 35 - Loss on Sale of Connecticut State and Local Government Bonds

Enter the total losses from the sale or exchange of notes, bonds or other obligations of the State of Connecticut or its municipalities used in determining gain (loss) for federal income tax purposes, whether or not the entire loss is used in computing federal adjusted gross income.

Line 36 - Other

Use Line 36 to report any of the following modifications:

1. Add back any treaty income reported on federal Form 1040NR-EZ or Form 1040NR if a nonresident alien. Enter the words "treaty income" in the space provided.
2. Add back any loss or deduction of an enrolled member of the Mashantucket Pequot Tribe who resides in Indian country of

the Mashantucket Pequot Tribe, where such loss or deduction is derived from or connected with Indian country of such tribe. Enter the words "Mashantucket Pequot Tribe enrolled member." See **Informational Publication 99(29), Connecticut Income Tax Obligations of Enrolled Members of the Mashantucket Pequot Tribe**.

3. Add back any Connecticut income tax deducted on the federal income tax return to arrive at federal adjusted gross income. Do not add back any Connecticut income tax deducted on federal Form 1040, Schedule A.
4. Add back any expenses paid or incurred for the production (including management, conservation, and maintenance of property held for the production) or collection of income exempt from Connecticut income tax which were deducted on the federal return to arrive at federal adjusted gross income.
5. Add back any amortizable bond premium on bonds producing interest income exempt from Connecticut income tax which premiums were deducted on the federal return to arrive at federal adjusted gross income.
6. Add back any interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States which federal law exempts from federal income tax but does not exempt from state income taxes.
7. Add back to the extent deductible in determining federal adjusted gross income, any interest expenses on indebtedness incurred or continued to purchase or carry obligations or securities (the income from which is exempt from Connecticut income tax).
8. Also use Line 36 to report any additions to federal adjusted gross income required for Connecticut income tax purposes which are not listed on Lines 30 through 35.

Line 37 - Total Additions

Add Lines 30 through 36. Enter the total on **Form CT-1040, Line 37**.

Subtractions from Federal Adjusted Gross Income - Enter all Amounts as Positive Numbers

Line 38 - Interest on United States Government Obligations

Enter the total amount of interest income (to the extent includible in federal adjusted gross income) derived from U.S. government obligations, which federal law prohibits states from taxing (for example, U.S. government bonds such as Saving Bonds Series EE and Series HH, U.S. Treasury bills and notes).

For Series EE U.S. Savings Bonds, you are entitled to include on Line 38 **only** the amount of interest subject to federal income tax after exclusion of the amounts reported on federal Form 8815. In general, you will report the net taxable amount on Schedule B of federal Form 1040 or Schedule 1 of federal Form 1040A.

IMPORTANT: Do not enter the amount of interest income derived from Federal National Mortgage Association (Fannie Mae) bonds, Government National Mortgage Association (Ginnie Mae) bonds, and Federal Home Loan Mortgage Corporation (Freddie Mac) securities. Federal law does not prohibit states from taxing interest income derived from these obligations, and this interest income is taxable for Connecticut income tax purposes.

Do not enter the amount of interest paid to you on any federal income tax refund.

Line 40 – SOCIAL SECURITY BENEFIT ADJUSTMENT WORKSHEET

If your filing status is: Single or Married Filing Separately and the amount on **Form CT-1040**, Line 1 is less than \$50,000; or Married Filing Jointly or Head of Household, and the amount on **Form CT-1040**, Line 1 is less than \$60,000, enter the amount of federally taxable Social Security benefits from federal Form 1040, Line 20b or federal Form 1040A, Line 14b on **Form CT-1040**, Line 40. Otherwise, you must complete this worksheet to determine the amount to enter on **Form CT-1040**, Line 40.

A. Enter the amount reported on your 2000 federal Social Security Benefits Worksheet, Line 1. <div style="border: 1px solid black; border-radius: 15px; padding: 2px; text-align: center; margin-top: 5px;"> If Line A is zero or less, stop here and enter "0" on Line 40. Otherwise, go to Line B. </div>	A.
B. Enter the amount reported on your 2000 federal Social Security Benefits Worksheet, Line 9. <div style="border: 1px solid black; border-radius: 15px; padding: 2px; text-align: center; margin-top: 5px;"> If Line B is zero or less, stop here. Otherwise, go to Line C. </div>	B.
C. Enter the lesser of Line A or Line B.	C.
D. Multiply Line C by 25% (.25).	D.
E. Taxable amount of Social Security benefits reported on your 2000 federal Social Security Benefits Worksheet, Line 18.	E.
F. Social Security Benefit Adjustment - Subtract Line D from Line E. Enter the amount here and on Form CT-1040 , <i>Schedule I</i> , Line 40. (If Line D is greater than or equal to Line E, enter "0.")	F.

Line 39 - Exempt Dividends from Certain Qualifying Mutual Funds Derived From U.S. Government Obligations

Enter the total amount of exempt dividends received from a qualifying mutual fund that are derived from U.S. government obligations. A mutual fund is a qualifying fund if, **at the close of EACH quarter** of its taxable year, at least 50% of the value of its assets consists of U.S. government obligations. The percentage of dividends that are exempt dividends should be reported to you by the mutual fund.

IMPORTANT: Do not enter the amount of dividend income derived from Federal National Mortgage Association (Fannie Mae) bonds, Government National Mortgage Association (Ginnie Mae) bonds, and Federal Home Loan Mortgage Corporation (Freddie Mac) securities. Federal law does not prohibit states from taxing income derived from these obligations, and this income is taxable for Connecticut income tax purposes.

Example: A qualifying mutual fund pays a dividend of \$100. Of the distribution, 55% is attributable to U.S. Treasury bills and 45% to other investments. The amount that should be reported on Line 39 is \$55.

Line 40 - Social Security Benefit Adjustment

If your filing status is **Single** or **Married Filing Separately** and the amount reported on Line 1 of **Form CT-1040** is **less than \$50,000**, enter on Line 40 the amount of federally taxable Social Security benefits reported on federal Form 1040, Line 20b or federal Form 1040A, Line 14b. If your filing status is **Married Filing Jointly** or **Head of Household** and the amount reported on Line 1 of **Form CT-1040** is **less than \$60,000**, enter on Line 40 the amount of federally taxable Social Security benefits reported on federal Form 1040, Line 20b, or federal Form 1040A, Line 14b. If your federal adjusted gross income is above the threshold for your filing status, complete the *Social Security Benefit Adjustment Worksheet* above and enter the amount from Line F on Line 40.

Line 41 - Refunds of State and Local Income Taxes

Enter the amount of taxable refunds of state and local income taxes that is reported on Line 10 of your federal Form 1040. If Line 10 of

your federal Form 1040 is blank, or if you filed federal Form 1040A, 1040EZ or telefiled your federal return, enter "0."

Line 42 - Tier 1 and Tier 2 Railroad Retirement Benefits and Supplemental Annuities

If you received Tier 1 or Tier 2, or both, railroad retirement benefits or supplemental annuities during 2000, you may deduct the amount included in your federal adjusted gross income. Enter the total amount of Tier 1 and Tier 2 railroad retirement benefits reported on federal Form 1040, Line 16b or Line 20b, or federal Form 1040A, Line 12b or Line 14b. Likewise, enter the amount of railroad unemployment benefits, including sickness benefits paid in lieu of unemployment benefits, to the extent included in your federal adjusted gross income.

Line 43 - Shareholder's Pro Rata Share of S Corporation Nonseparately Computed Income

The Connecticut corporation business tax on S corporations is being phased out over a five-year period, ending with the 2000 taxable year. This affects the modification to federal adjusted gross income that their shareholders are required to make in computing Connecticut adjusted gross income.

If you are a shareholder of an S corporation that is subject to the Connecticut corporation business tax and the S corporation's taxable year for federal income tax purposes is the *calendar year*, multiply 30% of your pro rata share of the S corporation's nonseparately computed income by the S corporation's Connecticut corporation business tax apportionment percentage and enter this amount on Line 43. In computing your **estimated Connecticut adjusted gross income for 2001**, you are not required to make any modification to your federal adjusted gross income on account of your pro rata share of any nonseparately computed income.

If you are a shareholder of an S corporation that is subject to the Connecticut corporation business tax and the S corporation's taxable year for federal income tax purposes is *other than the calendar year*, multiply 55% of your pro rata share of the S corporation's nonseparately computed income by the S corporation's Connecticut corporation business tax apportionment

percentage and enter this amount on Line 43. In computing your **estimated Connecticut adjusted gross income for 2001**, follow the instructions above, but substitute 30% for 55%.

Your pro rata share of the S corporation's nonseparately computed income will be reported on federal Form 1120S, Schedule K-1, furnished to you by the S corporation. The S corporation's Connecticut corporation business tax apportionment percentage will be furnished to you by the S corporation.

IMPORTANT: If you have deductible losses from a prior year or other adjustments, subtract only 30% of the net income (55% of the net income, if the S corporation's taxable year is *other than the calendar year*) included on federal Schedule E, multiplied by the S corporation's Connecticut corporation business tax apportionment percentage.

Line 44 - Beneficiary's Share of Connecticut Fiduciary Adjustment

If you have any income from an estate or trust, your share of any Connecticut modifications (that is, your share of the Connecticut fiduciary adjustment) that apply to such income will be shown on **Form CT-1041, Connecticut Income Tax Return for Trusts and Estates, Schedule B**, Column 5. Your share of these modifications should be provided to you by the fiduciary. If your share of these modifications is an amount less than zero, enter the amount on Line 44. If the amount is greater than zero, enter the amount on Line 34.

If you are a beneficiary of more than one trust or estate, enter the net amount of all such modifications, if less than zero, on Line 44.

Line 45 - Gain on Sale of Connecticut State and Local Government Bonds

Enter the total of all gains from the sale or exchange of notes, bonds or other obligations of the State of Connecticut or its municipalities used in determining gain (loss) for federal income tax purposes.

Line 46 - Other

Use Line 46 to report any of the following modifications:

1. Subtract the amount of any distributions that you received from the Connecticut Higher Education Trust Fund (CHET) as a designated beneficiary to the extent includable in your federal adjusted gross income.
2. Subtract any income or gain of an enrolled member of the Mashantucket Pequot Tribe who resides in Indian country of the Mashantucket Pequot Tribe, where such income or gain is derived from or connected with Indian country of such tribe. Enter the words "Mashantucket Pequot Tribe enrolled member." See **Informational Publication 99(29), Connecticut Income Tax Obligations of Enrolled Members of the Mashantucket Pequot Tribe**.
3. Subtract the amount of any settlement payment received, to the extent included in federal adjusted gross income; (1) As a result of a settlement in the Holocaust Victims' Asset Litigation, C.A. No. 96-4849, in the United States District Court for Eastern District of New York; (2) Under the German act regulating unresolved property claims also known as Gesetz zur Regelung offener Vermögensfragen, or any other foreign law providing payments for Holocaust claims; or (3) As a result of the settlement of any other Holocaust claim, including insurance claims, claims relating to looted art, claims relating to looted financial assets, or claims relating to slave labor wages.

Also include any interest that is accumulated or accrued through the date of payment. Enter the words "Holocaust Victim settlement payment."

4. Subtract any interest paid on indebtedness incurred to acquire investments that provide income taxable in Connecticut but exempt for federal purposes, that is not deductible in determining federal adjusted gross income, and that is attributable to a trade or business of that individual.
5. Subtract expenses paid or incurred for the production (including management, conservation, and maintenance of property held for production) or collection of income taxable in Connecticut but exempt from federal income tax, which were not deductible in determining federal adjusted gross income, and that is attributable to a trade or business of that individual.
6. Subtract any amortizable bond premium on bonds that provide interest income taxable in Connecticut but exempt from federal income tax, which premiums were not deductible in determining federal adjusted gross income, and that is attributable to a trade or business of that individual.
7. Subtract the amount of any interest income from notes, bonds or other obligations of the State of Connecticut, which interest income is included in federal adjusted gross income.

Do **not** use Line 46 to subtract income subject to tax in a qualifying jurisdiction or income of a nonresident spouse. (See *Special Rules for Married Individuals* on Page 13.)

Line 47 - Total Subtractions

Add Lines 38 through 46. Enter the total on **Form CT-1040**, Line 47.

Schedule 2 - Credit for Income Taxes Paid to Qualifying Jurisdictions

IMPORTANT: You **must** first complete **Form CT-1040, Schedule 3 - Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle**, before completing Schedule 2. See instructions on Page 22.

Am I Eligible for the Credit for Income Taxes Paid to Qualifying Jurisdictions?

If you are a **resident** of Connecticut and if any part of your income was taxed by a **qualifying jurisdiction**, you may be able to claim a credit against your Connecticut income tax liability for qualifying income tax payments that you have made.

Taxpayers seeking a credit for alternative minimum taxes paid to another jurisdiction must complete **Form CT-6251, Connecticut Alternative Minimum Tax Return-Individuals**, to calculate their alternative minimum tax credit

What is a Qualifying Jurisdiction?

A *qualifying jurisdiction* includes another state of the United States, a local government within another state, or the District of Columbia. A *qualifying jurisdiction* does not include the State of Connecticut, the United States, or a foreign country or its provinces (for example, Canada and Canadian provinces).

What are Qualifying Income Tax Payments?

Qualifying income tax payments are income taxes that you actually paid on income:

- Derived from or connected with sources within the qualifying jurisdiction; and
- Subject to tax in the qualifying jurisdiction.

Income Derived from or Connected with Sources Within a Qualifying Jurisdiction Includes:

- Compensation that is received for personal services performed in a qualifying jurisdiction; and
- Income from a business, trade or profession carried on in a qualifying jurisdiction; and
- Income from real or tangible personal property situated in a qualifying jurisdiction.

Income from intangibles, such as stocks and bonds, is not considered derived from or connected with sources within a qualifying jurisdiction **unless** the income is from property employed in a business, trade or profession carried on in that jurisdiction.

What Payments Do Not Qualify?

- Income tax payments that are made to a qualifying jurisdiction on income that was not included in your Connecticut adjusted gross income;
- Income tax paid to a jurisdiction that is not a qualifying jurisdiction, including a foreign country or its provinces (for example, Canada and Canadian provinces);
- Alternative minimum tax paid to a qualifying jurisdiction;
- Income tax paid to a qualifying jurisdiction if you claimed credit on that jurisdiction's income tax return for income tax paid to Connecticut; **and**
- Penalties or interest on income taxes that you paid to a qualifying jurisdiction.

What Limitations Apply to the Credit?

The total credit is limited to whichever of the following amounts is least:

- The amount of income tax paid to the qualifying jurisdiction; or
- The portion of Connecticut income tax due on the Connecticut adjusted gross income that is sourced in the qualifying jurisdiction; or
- The amount of your Connecticut income tax entered on **Form CT-1040**, Line 6.

How Do I Calculate the Credit?

You **must** first complete *Schedule 2 - Worksheet* on Page 21 to determine the amount to enter on *Schedule 2 - Credit for Income Taxes Paid to Qualifying Jurisdictions*, Line 50.

The allowed credit must be separately computed for each qualifying jurisdiction. Use separate columns for each qualifying jurisdiction for which you are claiming a credit. **Attach a copy of all income tax returns filed with qualifying jurisdictions to your Connecticut income tax return or the credit will be disallowed.**

Schedule 2 provides two columns, A and B, to compute the credit for two jurisdictions. If you need more than two columns, create a worksheet identical to *Schedule 2* and attach it to the back of your **Form CT-1040**.

IMPORTANT: If you are claiming credit for income taxes paid to another state **and** to one of its political subdivisions, follow these rules to determine your credit:

- A. If the **same amount** of income is taxed by both the city and state (see Example on Page 22):
1. Use only **one** column on **Form CT-1040**, *Schedule 2* to calculate your credit;

2. Enter the same income taxed by both city and state in that column on *Schedule 2*;

3. Combine the amounts of tax paid to the city and the state and enter the total on Line 54 of that column.

B. If the **amounts** of income taxed by both the city and state are **not the same**:

1. Use **two** columns on **Form CT-1040**, *Schedule 2*;

2. Include only the same income taxed by both jurisdictions in the first column;

3. Include the excess income taxed by only one of the jurisdictions in the next column.

Schedule 2 - Worksheet Instructions

Complete *Schedule 2 - Worksheet* on Page 21 to determine the portion of your Connecticut adjusted gross income that is derived from a qualifying jurisdiction. For each line in Column II, enter the items of income from Column I that meet all of the following conditions:

- The income is derived from or connected with sources within a qualifying jurisdiction;
- The income is reported on an income tax return filed with that qualifying jurisdiction and subject to income tax in such jurisdiction; and
- You have paid income tax on the income to that qualifying jurisdiction.

If you paid income tax to more than one qualifying jurisdiction, you must complete a separate worksheet for each jurisdiction. Retain this worksheet with your 2000 tax records. Do not attach to your tax return.

The federal income tax return line references are to the federal Form 1040. If you file a federal Form 1040A, federal Form 1040EZ, or federal TeleFile Tax Record, use the appropriate lines from those forms.

Column I

Enter in Column I, Lines 1 through 15 of the worksheet, the amounts entered on Lines 7 through 21, respectively, of your federal income tax return.

Enter on Line 17 of the worksheet the amount entered on Line 32 of your federal income tax return.

Enter on Line 19 of the worksheet the **net** amount of your Connecticut modifications to federal adjusted gross income. (Subtract **Form CT-1040**, *Schedule 1*, Line 47 from Line 37, to arrive at this amount.)

Column II

For each line, enter that portion of the amount entered on the same line of Column I that you reported on an income tax return filed with (and on which income tax was paid to) the qualifying jurisdiction. On Line 19 enter only the portion of Connecticut modifications **directly related** to income sourced in the qualifying jurisdiction. The fact that the qualifying jurisdiction may take into account your entire adjusted gross income (to compute the rate at which your income sourced in that jurisdiction will be taxed) does not mean that you paid income tax to that jurisdiction on your entire adjusted gross income. Because you are a nonresident of the qualifying jurisdiction, you may be taxed by that jurisdiction only on your income sourced in that jurisdiction.

Example 1: Laura, a Connecticut resident whose filing status is single, earned wages of \$150,000 from a company located in the State of New York. Laura works inside and outside of New York and allocated her wage income based upon the days worked in New York. She determined \$100,000 to be her New York State allocated wage income and reported and paid this amount on her New York nonresident income tax return. On her federal Form 1040, Line 7, she entered \$150,000. When completing *Schedule 2 - Worksheet*, she will enter \$150,000 in Column I, Line 1, and \$100,000 in Column II, Line 1. Laura will also enter \$100,000 on **Form CT-1040, Schedule 2, Line 50.**

Example 2: Luke and Leslie file a joint federal Form 1040 and a joint **Form CT-1040.** Leslie's wages as an employee working in Rhode Island are \$20,000 and Luke's wages as an employee working in Connecticut are \$25,000. On their federal Form 1040, Line 7, they will enter \$45,000. When completing *Schedule 2 - Worksheet*, Luke and Leslie will enter \$45,000 in Column I, Line 1, and \$20,000 in Column II, Line 1. Luke and Leslie will also enter \$20,000 on **Form CT-1040, Schedule 2, Line 50.**

Example 3: Linda is a sole proprietor of a business conducted at two locations: one in Connecticut and one in Massachusetts. On Linda's federal Form 1040, Line 12, she entered \$100,000. Of the \$150,000 of gross income reported on federal Form 1040, Schedule C, \$90,000 is derived from the Massachusetts location. Of the \$50,000 of expenses reported on Schedule C, \$35,000 is derived from the Massachusetts location. When completing *Schedule 2 - Worksheet*, Linda will enter \$100,000 in Column I, Line 6, and \$55,000 (\$90,000 - \$35,000) in Column II, Line 6.

Schedule 2 Line Instructions

Line 48 - Modified Connecticut Adjusted Gross Income

Add to Connecticut adjusted gross income from Line 5, any **net** loss derived from or connected with sources in a qualifying jurisdiction(s) where you were subject to income taxation, whether or not income tax was actually paid to the jurisdiction(s). The modified amount is entered on Line 48.

Example: Fred's Connecticut adjusted gross income of \$60,000 includes income of \$15,000 from business activities conducted in Massachusetts and a net loss of \$20,000 from a business conducted in Rhode Island. He must add the \$20,000 net loss to the \$60,000 and enter the \$80,000 on Line 48.

Line 49 - Taxing Jurisdiction(s)

If you claim credit for income taxes paid to a qualifying jurisdiction, enter on Line 49 the name and the two-letter code of each qualifying jurisdiction for which you are claiming credit. If you are claiming credit for income taxes paid to a political subdivision of another state, enter on Line 49 the name and two-letter code of the state.

Standard Two-letter Codes

Alabama	AL	Louisiana	LA	Ohio	OH
Arizona	AZ	Maine	ME	Oklahoma	OK
Arkansas	AR	Maryland	MD	Oregon	OR
California	CA	Massachusetts	MA	Pennsylvania	PA
Colorado	CO	Michigan	MI	Rhode Island	RI
Delaware	DE	Minnesota	MN	South Carolina	SC
District of Columbia ..	DC	Mississippi	MS	Tennessee	TN
Georgia	GA	Missouri	MO	Utah	UT
Hawaii	HI	Montana	MT	Vermont	VT
Idaho	ID	Nebraska	NE	Virginia	VA
Illinois	IL	New Jersey	NJ	West Virginia	WV
Indiana	IN	New Mexico	NM	Wisconsin	WI
Iowa	IA	New York	NY		
Kansas	KS	North Carolina	NC		
Kentucky	KY	North Dakota	ND		

SCHEDULE 2 - WORKSHEET

Complete this worksheet and enter the amount from Line 20, Column II, on **Form CT-1040, Schedule 2, Line 50.** Complete a separate worksheet for each qualifying jurisdiction if you paid income tax to more than one qualifying jurisdiction.

	Column I	Column II Amount Taxable in Qualifying Jurisdiction
1. Wages, salaries, tips, etc.	1.	
2. Taxable interest	2.	
3. Ordinary dividends	3.	
4. Taxable refunds, credits, or offsets of state and local income taxes	4.	
5. Alimony received	5.	
6. Business income or (loss)	6.	
7. Capital gain or (loss)	7.	
8. Other gains or (losses)	8.	
9. Taxable amount of IRA distributions	9.	
10. Taxable amount of pensions and annuities	10.	
11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.	11.	
12. Farm income or (loss)	12.	
13. Unemployment compensation	13.	
14. Taxable amount of social security benefits	14.	
15. Other income (including lump-sum distributions)	15.	
16. Add Lines 1 through 15	16.	
17. Total federal adjustments to income	17.	
18. Federal adjusted gross income (Subtract Line 17 from Line 16)	18.	
19. Connecticut modifications (See instructions)	19.	
20. Connecticut adjusted gross income (Add Line 18 and Line 19)	20.	

Line 50 - Non-Connecticut Income

Complete the *Schedule 2 - Worksheet* on Page 21 to determine the total of non-Connecticut income which is included in your Connecticut adjusted gross income and is reported on a qualifying jurisdiction's income tax return. Enter on Line 50 the amount from Column II, Line 20 of the Worksheet.

Line 51

Divide the amount on Line 50 by the amount on Line 48. The result cannot exceed 1.0000. Round to four decimal places.

Line 52 - Income Tax Liability

Subtract Line 11 from Line 6 and enter the result on Line 52.

Line 53

Multiply the percentage arrived at on Line 51 by the amount reported on Line 52.

Line 54 - Income Tax Paid to a Qualifying Jurisdiction

Enter on Line 54 the total amount of income tax paid to a qualifying jurisdiction.

Income tax paid means the lesser of your tax liability to the qualifying jurisdiction or the tax you paid to that jurisdiction as reported on a return filed with that jurisdiction, but not penalty or interest. Do not report taxes withheld for the qualifying jurisdiction.

Line 55

Enter on Line 55 the lesser of the amounts reported on Line 53 or Line 54.

Line 56 - Total Credit For Income Taxes Paid to Qualifying Jurisdictions

Add the amounts from Line 55A, Line 55B, and Line 55 of any additional worksheets. The amount on Line 56 cannot exceed the amount on Line 53. Enter the total on Line 56 and on Line 7 of **Form CT-1040**.

IMPORTANT: Attach a copy of the income tax return filed with each qualifying jurisdiction to your Connecticut income tax return or the credit will be disallowed.

Example: Jean is a Connecticut resident who worked in City Y, a city in State X, during the 2000 taxable year. Jean's filing status is single and her Connecticut adjusted gross income is \$160,000. The amount entered on Jean's **Form CT-1040**, Line 52 is \$6,950. Both State X and City Y impose an income tax. Her Connecticut adjusted gross income derived from State X is \$80,000, as is her Connecticut adjusted gross income derived from City Y. Because the amounts of income taxed by both State X and City Y are the same, Jean will use one column on **Form CT-1040**, *Schedule 2*. Jean pays an income tax of \$6,000 to State X and an income tax of \$360 to City Y. Since Jean's **Form CT-1040**, Line 48 is \$160,000, her *Schedule 2* will be completed as follows:

	COLUMN A	COLUMN B
LINE 49	State X, City Y	
LINE 50	80,000 00	
LINE 51	.5000	
LINE 52	6,950 00	
LINE 53	3,475 00	
LINE 54	6,360 00	
LINE 55	3,475 00	
LINE 56	TOTAL CREDIT	3,475 00

Schedule 3 - Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle

Connecticut residents **must** complete *Schedule 3* to determine the amount of credit (if any) that may be taken against a Connecticut income tax liability. The credit is for property taxes paid during 2000 to a Connecticut political subdivision on a primary residence and/or a privately owned or leased motor vehicle. If you entered zero on **Form CT-1040**, Line 10, **DO NOT** complete this schedule. See **Informational Publication 2000(23)**, *Q&A: Income Tax Credit for Property Taxes Paid to a Connecticut Political Subdivision*.

Which Property Tax Bills Qualify?

You may take credit against your 2000 Connecticut income tax liability for property tax payments that you made on your primary residence and/or privately owned or leased motor vehicle to a Connecticut political subdivision. Generally, property tax bills that were due and paid during 2000 qualify for this credit. This includes any installment payments that you made during 2000 for installments that were due in 2000 and any installments that you prepaid during 2000 for installments that were due in 2001. Supplemental property tax bills that were due during 2000 or 2001 also qualify if paid during 2000. However, the late payment of any property tax bills or the payment of any interest, fees or charges related to the property tax bill do not qualify for the credit.

A husband and wife who file a joint Connecticut income tax return may consider property tax bills for which the husband or wife, or both, are liable.

You may claim credit for a leased motor vehicle if you had a written lease agreement for a term of more than one year, and the property tax became due and was paid during 2000 (either by the leasing company or by you). Refer to your January 2001 billing statement from the leasing company in order to determine the amount of property taxes that may be eligible for the credit. Your statement will either indicate the amount of property taxes paid on your leased motor vehicle or provide you with a toll-free number that you may call to obtain the necessary information. If you do not receive a billing statement in January 2001, contact your leasing company for the appropriate property tax information.

Example 1: Lisa received a property tax bill for a motor vehicle that was listed on her town's October 1, 1998, grand list. The bill was payable in two installments, July 1, 1999, and January 1, 2000. If Lisa paid the January 1, 2000, installment on January 1, 2000, she would be eligible to claim it on her 2000 income tax return, but if she prepaid it during 1999, she would not be eligible to take credit for it on her 2000 return, but she may have been eligible to take credit for it on her 1999 return.

Example 2: Mary received a property tax bill for a motor vehicle that was listed on her town's October 1, 1999, grand list. The bill was payable in two installments, July 1, 2000, and January 1, 2001. Mary is eligible to take credit for both installments on her 2000 income tax return, if she paid both installments during 2000. If Mary waited until January 1, 2001, to pay her second installment, she would not be eligible to take credit on her 2000 return for this installment, but she may be eligible to take credit for it on her 2001 return.

Maximum Credit Allowed

The **maximum** credit allowed (on your primary residence or motor vehicle, or both) is **\$500** per return, regardless of filing status. If you paid more than \$100 in property tax you may be subject to a limitation based on your Connecticut Adjusted Gross Income (Connecticut AGI).

This credit cannot exceed the amount of qualifying property taxes paid or the amount of tax entered on **Form CT-1040**, Line 10. To be allowed this credit, you must complete *Schedule 3* in its entirety.

Motor Vehicle Credit Restrictions

The number of motor vehicles eligible for this credit depends on your filing status as shown on the front of your Connecticut income tax return. Anyone whose filing status is *Single*, *Married Filing Separately*, or *Head of Household* is limited to the property tax paid on **one** motor vehicle, even if the individual sells a motor vehicle and purchases a replacement motor vehicle during the taxable year and only owns one motor vehicle at any time during the taxable year. Those whose filing status is *Married Filing Jointly* are limited to the property taxes paid on **two** motor vehicles.

Schedule 3 Line Instructions

Column A - Name of Connecticut Tax Town or District

Enter the Connecticut town or taxing district to which the qualifying property tax was paid.

Column B - Description of Property

Enter the description of the property. If a primary residence, enter the street address. If a motor vehicle, enter the year, make, and model.

Column C - List or Bill Number

Enter the list or bill number from your property tax bill.

Column D - Date Paid

Enter the date that you paid qualifying property tax.

Column E - Amount Paid

Enter the amount of property tax paid.

Line 57 - Primary Residence

Enter the total amount of property tax paid on your primary residence.

Line 58 - Auto 1

Enter the total amount of property tax paid on your motor vehicle.

Line 59 - Married Filing Jointly Only - Auto 2

Enter the total amount of property tax paid on your second motor vehicle.

Line 62

Enter the **lesser** of Line 60 or Line 61. If \$100 or less, enter this amount on Line 64 and on the front of **Form CT-1040**, Line 11. If greater than \$100, go to Line 63.

Line 63

Enter "0" on Line 63 and go to Line 64 if your filing status is:

Single and your Connecticut AGI is \$53,500 or less;

Married Filing Jointly and your Connecticut AGI is \$100,500 or less;

Married Filing Separately and your Connecticut AGI is \$50,250 or less; or

Head of Household and your Connecticut AGI is \$78,500 or less.

Otherwise, you **must** complete the *Property Tax Credit Limitation Worksheet* on Page 25. Enter the amount from Line 5 of the Worksheet on Line 63.

Line 64

Subtract Line 63 from Line 62. Enter here and on the front of **Form CT-1040**, Line 11.

PROPERTY TAX CREDIT LIMITATION WORKSHEET

IMPORTANT: Enter the amount from Form CT-1040, *Schedule 3 - Credit for Property Taxes Paid on Your Primary Residence and/or Motor Vehicle*, Line 62, on Line 64 and do not complete this worksheet if:

- Your filing status is **Single** and your Connecticut AGI is **\$53,500, or less;**
- Your filing status is **Married Filing Jointly** and your Connecticut AGI is **\$100,500, or less;**
- Your filing status is **Married Filing Separately** and your Connecticut AGI is **\$50,250, or less;** or
- Your filing status is **Head of Household** and your Connecticut AGI is **\$78,500, or less.**

Otherwise, complete this worksheet and enter the amount from Line 5 on Form CT-1040, Schedule 3, Line 63.

1. Enter the amount reported on Form CT-1040, Schedule 3, Line 62	1.	
2. Credit allowed (not subject to limitation)	2.	100.00
3. Subtract Line 2 from Line 1	3.	
4. Enter the decimal amount for your filing status and Connecticut AGI from the Limitation Table exactly as it appears below. (If zero, stop here. Your credit is not limited.)	4.	
5. Multiply Line 3 by Line 4. Enter the result here and on Form CT-1040, Schedule 3, Line 63.	5.	

PROPERTY TAX CREDIT LIMITATION TABLE

Use your filing status on the front of your tax return and your Connecticut AGI - Form CT-1040, Line 5.

Example 1: If your filing status is Single and your Connecticut AGI is \$54,000, enter .10 on Line 4.

Example 2: If your filing status is Married filing jointly and your Connecticut AGI is \$121,000 enter .30 on Line 4.

Example 3: If your filing status is Single and your Connecticut AGI is \$53,500, do not complete this worksheet.

SINGLE			MARRIED FILING JOINTLY		
If you are Single <u>and your Connecticut AGI is:</u>			If you are Married filing jointly <u>and your Connecticut AGI is:</u>		
More Than	Less Than or Equal to	Decimal Amount	More Than	Less Than or Equal to	Decimal Amount
\$0	\$53,500	0	\$0	\$100,500	0
\$53,500	\$63,500	.10	\$100,500	\$110,500	.10
\$63,500	\$73,500	.20	\$110,500	\$120,500	.20
\$73,500	\$83,500	.30	\$120,500	\$130,500	.30
\$83,500	\$93,500	.40	\$130,500	\$140,500	.40
\$93,500	\$103,500	.50	\$140,500	\$150,500	.50
\$103,500	\$113,500	.60	\$150,500	\$160,500	.60
\$113,500	\$123,500	.70	\$160,500	\$170,500	.70
\$123,500	\$133,500	.80	\$170,500	\$180,500	.80
\$133,500	\$143,500	.90	\$180,500	\$190,500	.90
\$143,500	and up	1.00	\$190,500	and up	1.00
MARRIED FILING SEPARATELY			HEAD OF HOUSEHOLD		
If you are Married filing separately <u>and your Connecticut AGI is:</u>			If you are Head of household <u>and your Connecticut AGI is:</u>		
More Than	Less Than or Equal to	Decimal Amount	More Than	Less Than or Equal to	Decimal Amount
\$0	\$50,250	0	\$0	\$78,500	0
\$50,250	\$55,250	.10	\$78,500	\$88,500	.10
\$55,250	\$60,250	.20	\$88,500	\$98,500	.20
\$60,250	\$65,250	.30	\$98,500	\$108,500	.30
\$65,250	\$70,250	.40	\$108,500	\$118,500	.40
\$70,250	\$75,250	.50	\$118,500	\$128,500	.50
\$75,250	\$80,250	.60	\$128,500	\$138,500	.60
\$80,250	\$85,250	.70	\$138,500	\$148,500	.70
\$85,250	\$90,250	.80	\$148,500	\$158,500	.80
\$90,250	\$95,250	.90	\$158,500	\$168,500	.90
\$95,250	and up	1.00	\$168,500	and up	1.00

INDIVIDUAL USE TAX WORKSHEET

Complete this worksheet if you have a Connecticut individual use tax liability. If you require additional lines, you should copy this worksheet.

You owe use tax if you purchased taxable goods or services during the taxable year and did not pay Connecticut sales tax on the purchases. Refer to *Questions and Answers About the Connecticut Individual Use Tax*, on Page 28.

Enter only those purchases subject to use tax that you have **not** previously reported on **Form OP-186, Connecticut Individual Use Tax Return**.

List separately on this worksheet any individual item with a purchase price of **\$300 or more** and complete Columns A through G. Although you do not need to list separately any individual item with a purchase price of **less than \$300**, such items are subject to tax and the total of the purchase prices of these items should be reported on Line 1, Column D. Multiply the sales and use tax rate by the purchase price of the item and enter the result in Column E.

Enter the total tax for all taxable purchases on Line 2 of this worksheet and on **Form CT-1040EZ**, Line 7; **Form CT-1040**, Line 15; or **Form CT-1040NR/PY**, Line 17. **You must attach a copy of this worksheet to your Connecticut income tax return if you are reporting the purchase of any individual item with a purchase price of \$300 or more.**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G
DATE OF PURCHASE	DESCRIPTION OF GOODS OR SERVICES	RETAILER OR SERVICE PROVIDER	PURCHASE PRICE	CT TAX DUE <small>(.06 X Column D)</small>	TAX, IF ANY, PAID TO ANOTHER JURISDICTION	BALANCE DUE <small>(Column E minus Column F but not less than zero)</small>
1. Total of individual purchases under \$300 not listed above						1.

Individual Use Tax (Add all amounts for Column G.) Enter here and on **Form CT 1040EZ**, Line 7; **Form CT-1040**, Line 15; or **Form CT-1040NR/PY**, Line 17. You **must** enter "0" on the appropriate line of your Connecticut income tax return if no Connecticut use tax is due.

2.	
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QUESTIONS AND ANSWERS ABOUT THE CONNECTICUT INDIVIDUAL USE TAX

For additional information, see **Informational Publication 2000(21)**, *Q&A on the Connecticut Individual Use Tax*.

1. What is the use tax?

When you make a retail purchase in this state, you usually pay sales tax to the seller, who in turn pays the tax to DRS. Sometimes Connecticut sales tax is not paid to the retailer. In these situations, the purchaser must pay the use tax directly to DRS.

2. On what kinds of goods or services must I pay use tax?

You must pay use tax on taxable tangible personal property, whether purchased or leased. Examples of taxable personal property include items of clothing costing \$75 or more, automobiles, appliances, furniture, jewelry, cameras, VCRs, computers, and prewritten computer software. Some taxable services include repair services to your television, motor vehicle or computer, landscaping services for your home, reupholstering services for your household furniture, or charges for access to on-line computer services, including charges to access the Internet.

3. Are there exemptions from the use tax?

Yes. If you buy goods or services in Connecticut that are exempt from sales tax, they are exempt from the use tax if you buy them out-of-state for use in Connecticut. Some examples are items of clothing that cost less than \$75, newspapers, magazines by subscription, and repair and maintenance services to vessels.

4. Do I owe Connecticut use tax on all my out-of-state purchases of taxable goods and services?

No. If all the items you purchased **and brought into** Connecticut at one time total \$25 or less, you do not have to pay Connecticut use tax. The \$25 exemption does **not** apply to items that are **shipped or mailed** to you.

5. What is the use tax rate?

In general, the use tax rate for taxable goods or services is 6% (.06). However, effective July 1, 2000, computer and data processing services are taxed at 2% (.02) and paving, painting or staining, wallpapering, roofing, siding, and exterior sheet metal work services to residential property are taxed at 2% (.02).

6. What if I buy taxable goods or services in another state and the vendor charges sales tax for the other state?

If the goods or services were purchased for use in Connecticut and the tax paid to the other state is less than the Connecticut tax, you must report and pay the use tax. Your use tax due is the difference between the Connecticut tax and the tax paid to the other state.

Example: You purchased a \$1,000 refrigerator in another state, and paid a \$50 tax to that state. If you bought the refrigerator for use in Connecticut, you owe Connecticut use tax. The Connecticut tax of \$60 is reduced to \$10, after allowing \$50 credit for the tax paid to the other state. If no tax was paid to the other state, the Connecticut use tax is \$60.

7. When must individuals pay the use tax?

You must pay the individual use tax when you file an individual income tax return. **Forms CT-1040EZ, CT-1040, or CT-1040NR/PY**, must be filed on or before April 15 for the preceding calendar year. If you are not required to file a Connecticut income tax return, you must pay the use tax on **Form OP-186, Connecticut Individual Use Tax Return**. You may file **Form OP-186** for the entire year or you may file several returns throughout the year.

If you are engaged in a trade or business, you must register with DRS for business use tax and report purchases made in connection with your trade or business on **Form OS-114, Sales and Use Tax Return**.

8. What are the penalties and interest for not paying the use tax?

The penalty is 10% (.10) of the tax due. Interest is charged at the rate of 1% (.01) per month from the due date of the tax return. There are also criminal sanctions for willful failure to file a tax return.

9. On what amount should the use tax be calculated?

Calculate the use tax by multiplying the total cost of the taxable goods or services purchased, including separately stated charges such as shipping and handling, by the tax rate (generally 6%).

OTHER TAXES THAT YOU MAY OWE

The information that follows is intended to be a general description of other Connecticut taxes for which you may be liable. More detailed information is available in the forms or publications specified. Failure to pay these taxes, if you are liable for them, may subject you to civil and criminal penalties.

Connecticut Gift Tax (Form CT-709)

Gifts made during the calendar year by resident and nonresident individuals are subject to the Connecticut gift tax. Residents are subject to tax on all gifts of intangible property and of real and tangible personal property located in Connecticut. Nonresidents are taxed on gifts of real and tangible personal property located in Connecticut. In general, gifts made to any particular donee are not subject to the Connecticut gift tax unless the value of all such gifts to that donee during the calendar year exceeds \$10,000. The tax is computed on the fair market value of the property that was given. The donor is liable for the tax, but if the donor does not pay the tax,

it may be collected from the donee. The tax is reported on, and paid upon the filing of **Form CT-709, Connecticut Gift Tax Return**. The return must be filed, and the gift tax paid, on or before April 15 annually, for gifts made during the preceding calendar year.

NOTE: The Connecticut gift tax will be reduced, in increments, starting with gifts made during 2001, and will ultimately be repealed other than for those donors who make taxable gifts, for Connecticut gift tax purposes, in an amount exceeding \$1 million during a calendar year. See **Special Notice 2000(10)**, *2000 Legislation Affecting the Connecticut Gift Tax*, for more information.

Connecticut Income Tax Withholding for Household Employers

Connecticut rules differ from federal rules. Household employers may not report and pay household employee withholding tax with their Connecticut income tax return. See **Special Notice 96(8)**, *1996 Legislative Changes Concerning "Nanny Tax" Withholding*.

2000 TAXPAYER QUESTIONNAIRE

Department of Revenue Services, Taxpayer Services Division, PO Box 2987, Hartford CT 06104-2987

A MESSAGE FROM COMMISSIONER GENE GAVIN

Your evaluation of the services provided by the Department of Revenue Services (DRS) will help us serve you better. We appreciate receiving your comments and suggestions at any time, but especially as you complete your income tax return. Please include this questionnaire with your return (**do not staple it to the return**) or mail it to the above address.

1. Please rate your contacts with DRS in the past year.

	Excellent	Good	Fair	Poor
DRS Web site (www.drs.state.ct.us)				
Property Tax Credit Calculator (on DRS Web site)				
Federal/State Electronic Filing (at a DRS Office)				
Recorded Tax Information (CONN-TAX Telephone System)				
Telephone Assistance from a DRS Representative				
Walk-in Assistance at a DRS Office				
Tax Seminar/New Business Workshops				
Informational Publications				
Obtaining Connecticut Tax Forms				
Other:				

Please explain your rating for any category if Fair or Poor: _____

Other Comments: _____

2. Check the income tax return that you completed for the 2000 taxable year:

TELEFILE
 CT-1040EZ
 CT-1040
 CT-1040NR/PY
 CT-709

	Strongly Agree	Agree	Disagree	Strongly Disagree
INSTRUCTION BOOKLET				
Information is well organized	○	○	○	○
Instructions are easy to follow	○	○	○	○
Examples are clear	○	○	○	○
FORM				
Line instructions are clear	○	○	○	○
Form is easy to complete	○	○	○	○
Form is well designed	○	○	○	○

Please explain your rating for any category if you disagree or strongly disagree: _____

Other Comments: _____

3. What additional services should DRS offer in the future? (Rate the following in the order of their importance to you.)

(1 = most important — 4 = least important)

Direct Payment of Tax Due (Paper Returns) 1 ○ 2 ○ 3 ○ 4 ○
Direct Deposit of Refund (Paper Returns) 1 ○ 2 ○ 3 ○ 4 ○
On-Line Filing 1 ○ 2 ○ 3 ○ 4 ○
Other: _____ 1 ○ 2 ○ 3 ○ 4 ○

4. Additional suggestions or comments? _____

CONNECTICUT TAX ASSISTANCE

FOR TAX INFORMATION

- Visit the DRS Web site at:
www.drs.state.ct.us
- Call CONN-TAX:
1-800-382-9463 (toll-free from within Connecticut) or
860-297-5962 (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day, seven days a week by calling 860-297-4911.

Personal taxpayer assistance is available during business hours listed at right. Extended hours are offered January through April. Call Conn-Tax or visit our Web site for details.

- Write to:
Department of Revenue Services
Taxpayer Services Division
25 Sigourney Street
Hartford CT 06106-5032

FORMS AND PUBLICATIONS

May be obtained 24 hours a day, seven days a week by using any of the following resources:

- **Internet**
Preview and download forms and publications from the DRS Web site at: www.drs.state.ct.us
- **DRS TaxFax**
Call **860-297-5698** from the handset attached to your fax machine and select from the menu; or
- **Telephone**
From a touch-tone phone call:
1-800-382-9463 (toll-free from within Connecticut) and select **Option 2**, or
860-297-4753 (from anywhere).

WALK-IN OFFICES

For free assistance or forms, visit our offices from Monday through Friday 8:00 a.m. to 5:00 p.m. For pre-recorded directions to DRS offices call CONN-TAX. If you require special accommodations, please advise the DRS representative.

BRIDGEPORT
10 Middle Street
203-579-6251

HAMDEN
3074 Whitney Avenue, Bldg. #2
203-287-8243

HARTFORD
25 Sigourney Street
860-297-5962

NORWICH
2 Cliff Street
860-889-2669

WATERBURY
Rowland State Government Center
55 West Main Street, Suite 100
203-805-6789

STATEWIDE SERVICES

For information on statewide services and programs, visit the ConneCT Web site at www.state.ct.us

For questions about federal taxes, contact the Internal Revenue Service (IRS) at 1-800-829-1040.
To order federal tax forms, call 1-800-829-3676.

DEPARTMENT OF REVENUE SERVICES MISSION STATEMENT

The Mission of the Connecticut Department of Revenue Services is to administer the tax laws of the State of Connecticut and collect the tax revenues in the most cost effective manner; achieve the highest level of voluntary compliance through accurate, efficient, and courteous customer services; and perform in a manner which instills public confidence in the integrity, and fairness of the state's tax programs.

State of Connecticut, Department of Revenue Services
25 Sigourney Street, Hartford CT 06106-5032