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INFORMATIONAL PUBLICATION

Filing and Paying Connecticut Taxes Electronically

On Monday, September 21, 2020, DRS will go live with Phase 1 of a multi-phase, multi-year IT modernization project. DRS will begin transitioning tax types from the **Taxpayer Service Center (TSC)** to **myconneCT**, our new state of the art online filing system. Taxpayers will use **myconneCT** to file returns, make payments, view filing history, and communicate with the agency. More information about which tax types are impacted is available in this publication.

For more information about **myconneCT**, visit the DRS website at portal.ct.gov/DRS.



- Nursing Home Provider User Fee;
- Pass-Through Entity Tax;
- Prepaid Wireless E 9-1-1 Fee;
- Room Occupancy Tax;
- Sales and Use Taxes (excluding annual filers);
- Transportation Network Company Fee; **and**
- Withholding Tax.

You may voluntarily use any of the EFT methods to file and make a tax payment even if you are not required to do so.

Effect on Other Documents: Informational Publication 2020(6), *Filing and Paying Connecticut Taxes Electronically*, modifies and supersedes **Informational Publication 2017(15), *Filing and Paying Connecticut Taxes Electronically***, which may no longer be relied upon as of September 2, 2020.

1. Who must file and pay electronically?

Generally, if you are required to file a tax return electronically, you are required to pay the associated tax by Electronic Funds Transfer (EFT). DRS will notify you of your requirement to file and pay electronically.

All taxpayers registered for any of the following tax types must file the returns electronically and must pay the related taxes by EFT:

- Admissions and Dues Taxes;
- Ambulatory Surgical Center Gross Receipts Tax;
- Attorney Occupational Tax;
- Beverage Container Deposit Report;
- Business Use Tax (excluding annual filers);
- Corporation Business Tax;
- Electronic Cigarette Products Tax;
- Hospital Provider User Fee;
- Intermediate Care Facility Provider User Fee;

2. Who must pay electronically?

Taxpayers registered for the following taxes whose prior year liability is \$4,000 or more during the 12-month period ending on:

- June 30 for monthly and quarterly tax liabilities; **or**
- The last day of the preceding taxable year for annual tax liabilities;

are required to pay electronically. DRS will notify you of your requirement to pay these taxes electronically:

- Cable, Satellite, and Video Gross Earnings Tax;
- Certified Competitive Video Service Companies Gross Earnings Tax;
- Community Antenna Television System Companies Gross Earnings Tax;
- Dry Cleaning Establishment Surcharge;
- Electric Distribution Companies Gross Earnings Tax;
- Gross Earnings Tax on Railroad Companies;
- Health Care Center Tax;
- Insurance Premiums Tax, Captive Insurance Companies;
- Insurance Premiums Tax, Domestic Companies;
- Insurance Premiums Tax, Risk Retention Groups;
- Insurance Premiums Tax, Nonresident and Foreign Companies;

- Monthly Tax Stamp and Cigarette Report Resident Distributor;
- Monthly Tax Stamp and Cigarette Report Nonresident Distributor;
- Motor Vehicle Fuels Distributor Tax;
- Municipal Gas Utilities, Gas Suppliers and Local Gas Distribution Companies Gross Earnings Tax;
- Nonadmitted Insurance Premium Tax;
- Petroleum Products Gross Earnings Tax;
- Satellite Companies Gross Earnings Tax;
- Solid Waste Assessment;
- Special Fuels Distributor Tax;
- Tobacco Products Tax;
- Tourism Surcharge on the Rental/Leasing of Passenger Motor Vehicles;
- Unrelated Business Income Tax; **and**
- Wholesale Alcoholic Beverages Tax.

3. How can I file and pay electronically?

A. Taxpayer Service Center (TSC)

DRS offers the option to file and pay online via the *TSC* at portal.ct.gov/TSC. See **TPG-129**, *Taxpayer Service Center (TSC) Electronic Filing and Payment Instructions*, for help accessing the online *TSC* system.

B. The DRS myconneCT

Within the transition phases, the following tax types will be ready to file and pay using **myconneCT** beginning on September 21, 2020:

- Sales and Use / Business Use
- Admissions and Dues
- Withholding
- Tourism Surcharge
- Room Occupancy
- Rental Surcharge
- Prepaid Wireless E 9-1-1 Fee
- Dry Cleaning Surcharge

Visit portal.ct.gov/DRS-myconneCT for more information.

C. Modernized e-File Program (MeF)

DRS currently accepts Individual Income Tax, Pass-Through Entity Tax, Corporation Business Tax, and Trust and Estate Income Tax returns through the MeF Program.

D. Fed/State Employment Taxes Program (FSET)

DRS participates in the FSET program through which you can initiate federal taxes, Connecticut withholding and unemployment compensation payments and file multiple government returns through the same portal.

4. What is the Modernized e-File Program?

MeF is a web-based system using third-party software that allows electronic filing of corporate, individual, pass-through entity, and exempt organization returns through the Internet. MeF uses the widely accepted Extensible Markup Language (XML) format. This is an industry standard that is used when identifying, storing and transmitting data.

5. What is the Fed/State Employment Taxes Program (FSET)?

The FSET program is used by software developers, transmitters, and payroll service providers. It enables businesses to file payroll tax returns and make payments.

Transmission using the FSET system may be made by an individual employer or a third party, using the required XML format.

If your company is interested in using the FSET system for the quarterly filing of state and federal tax and wage reports and making employment tax payments ask your payroll company to contact DRS to get more information, or contact an Approved FSET Vendor.

6. How can I make payments by EFT?

A. Automated Clearing House (ACH) Debit

To make an ACH debit payment using **myconneCT** or the *TSC* you must provide your banking information and authorize DRS to process the EFT by entering the payment amount and the date of transfer. Authorizing an ACH debit does not give DRS unrestricted access to your bank account. You must initiate any withdrawal transactions with your bank. The use of a secure password to access your **myconneCT** or *TSC* account ensures that only you can authorize DRS to process the transfer of funds from your bank account and that the funds are applied to the proper tax account.

You can also initiate ACH debit payments through FSET and MeF.

B. ACH Credit

Initiate an ACH credit payment through your bank. In coordination with your bank, you format the payment, your Connecticut Tax Registration Number, the tax type, and the tax return filing period. You must ensure your bank can perform its part of the transaction using the ACH standard CCD+TXP format; otherwise, you must use the ACH debit method.

To receive detailed specifications for ACH credit payments, submit a completed **EFT-1**, *Authorization Agreement for Electronic Funds Transfer*.

C. Credit / Debit Card

Credit and Debit card transactions for the following taxes may be processed through:

myconneCT

- Admissions and Dues Taxes;
- Dry Cleaning Surcharge;
- Prepaid Wireless E 9-1-1 Fee
- Rental Surcharge;
- Room Occupancy Tax;
- Sales and Use Taxes / Business Use Tax.
- Tourism Surcharge; **and**
- Withholding.

TSC

- Attorney Occupational Tax;
- Corporation Business Tax;
- Individual Income Tax; **and**
- Pass-Through Entity Tax.

To make a payment by credit card (American Express®, Discover®, Master Card® or Visa®) or comparable debit card, log in to your account in either **myconneCT** and select *Make a payment*, or the **TSC** and select *Make Payment by Credit Card*.

If you elect to pay your tax liability using a credit card or comparable debit card, the service provider will charge you a convenience fee. You will be informed of the amount of the fee and may elect to cancel the transaction. At the end of the transaction, you will receive a confirmation number for your records and your payment will be effective on the date that you make the charge.

7. What if the funds for a payment come from an account outside the United States?

In order to comply with federal electronic banking rules, payments initiated from an account outside the United States **must** be sent as an International ACH Transaction (IAT).

Whether you are using **myconneCT** or the **TSC**, you will be asked if your tax payment is being funded from a bank account outside of the United States. If so, you will need to provide information on your financial institution.

If you are initiating an ACH credit, this transaction must be formatted as an IAT. Contact your financial institution for additional information.

8. What if I don't have a U.S. bank account?

To initiate an ACH debit payment through either **myconneCT** or the **TSC** you will need to use a 9 digit numeric routing number that is acceptable through the Automated Clearing House (ACH). If you are unable

to obtain a routing number through your financial institution, contact your financial institution to see if they are able to initiate an ACH credit to DRS.

9. How do I know that I successfully filed and paid electronically?

Both **myconneCT** and the **TSC** will provide a confirmation number. Once you receive this number, your tax return is filed. Your printable copy of the return will specify the payment amount.

10. How do I ensure my electronic payment is received on time?

You must initiate your electronic payment on or before the due date for it to be considered timely. For ACH debit transactions, you determine the date of withdrawal by the payment date you enter when you initiate your transfer. Your payment will not be withdrawn from your account until the date you specify as a payment date.

For ACH credit transactions, you must coordinate with your financial institution to ensure a timely payment.

For credit card transactions, your payment will be effective on the date you make the charge.

If the due date falls on a Saturday, Sunday, or legal holiday, the payment will be considered timely if filed by the next business day. The current year's holiday schedule is available on the DRS website.

If an emergency prevents you from making a timely EFT payment, you should contact the DRS E-Commerce Unit at 860-297-4973 **immediately** for instructions. You may be permitted to make your payment using the Fedwire method.

11. Is there a penalty for a late EFT payment?

Yes. The late payment penalty for electronic filers has been changed from a graduated rate to a flat percentage. The late payment penalty is 10% for all tax types other than Sales and Use Taxes, which is 15%.

Interest is charged at the rate of 1% per month or fraction of a month from the due date of the tax until the tax is paid in full.

If payment is delayed for reasons beyond your control, you may request a waiver of the penalty by submitting a completed **Form DRS-PW, Request for Waiver of Civil Penalty**. See **Policy Statement 2019(3), Requests for Waiver of Civil Penalties**.

This penalty does not apply to estimated corporation business tax payments that are required to be made by EFT. If an estimated payment is late, you may be subject to interest for the underpayment of tax when you file your return for the taxable year.

12. May I pay by check if I am required to pay by EFT?

No. Payment by check does not relieve you of the requirement to pay by EFT and subjects you to a noncompliance penalty of up to 10%, regardless of when DRS receives the payment.

The following graduated penalty amounts will apply if you fail to remit payments electronically:

- First offense – 10% penalty on the amount of the required tax payment, but not more than \$2,500;
- Second offense – 10% penalty, but not more than \$10,000; **and**
- Third and subsequent offenses – 10% penalty.

When initiating a payment through your financial institution's online banking system you **must** verify that your financial institution is sending an EFT, not a check.

13. Can I schedule a future payment with my filing?

Yes. Both **myconneCT** and the *TSC* default the payment date to the date of filing. You have the option to change the payment date to any date up to the due date.

14. Is a penalty imposed for the late filing of a tax return if payment of the tax is made timely?

The Commissioner of Revenue Services may impose a \$50 penalty for the late filing of any return or report required by law to be filed.

15. Is it possible to cancel or correct an EFT?

Yes. Both **myconneCT** and the *TSC* gives you the ability to cancel payments up to one banking day prior to the effective date. For an ACH credit transaction, follow your bank's instructions.

16. May I pay a tax bill electronically?

Yes. You may pay tax bills using **myconneCT** or the *TSC* by logging into either system and selecting the *Make Payment Only* option. You may also pay bills by remitting an ACH credit EFT or by making a credit card payment.

17. Can I make electronic bill payments and estimated payments for Individual Income Tax if I do not have a login for the TSC?

Yes. Go to portal.ct.gov/TSC, select the *Individual* button and choose from the menu on the left side of that webpage.

18. Are there tax returns that I can file without creating a myconneCT account?

Yes. After entering certain information into **myconneCT**, you can file the Annual Summary and Transmittal of Information Returns (for Form 1099-MISC and associated Form CT-1096) without a **myconneCT** login.

Go to portal.ct.gov/DRS-myconneCT

19. Are there tax returns that I can file without creating a TSC account?

Yes. After entering certain information into the *TSC*, you can file and/or pay the following taxes without a *TSC* login:

- Attorney Occupational Tax Return;
- Pass-Through Entity Tax Return and Extensions;
- Individual Income Tax Estimates and Extensions;
- Trust and Estate Income Tax Return; **and**
- Bill payments.

Go to portal.ct.gov/TSC, select the *Business* or *Individual* button and choose from the menu on the left side of that webpage.

20. How do I electronically file an Individual Income Tax return?

You may file your Individual Income Tax return by logging onto the *TSC* at portal.ct.gov/TSC and selecting the *Individual* button. Certain restrictions may apply. DRS also accepts Individual Income Tax returns filed through third-party software.

21. How can I amend tax returns electronically?

The following business tax returns may be amended electronically using **myconneCT**:

- Admissions and Dues Taxes Return;
- Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts (along with corresponding 1099 forms);
- Connecticut Annual Reconciliation of Withholding (along with corresponding Forms W-2);
- Connecticut Annual Summary and Transmittal of Information Returns;
- Connecticut Quarterly Reconciliation of Withholding;
- Dry Cleaning Surcharge;
- Prepaid Wireless E 9-1-1 Fee Return;
- Rental Surcharge;
- Room Occupancy Tax Return;
- Sales and Use / Business Use Tax Return; **and**
- Tourism Surcharge.

The following business tax returns may be amended electronically using the *TSC*:

- Ambulatory Surgical Center Gross Receipts Tax Return;
- Beverage Container Deposit Report;
- Hospital Provider User Fee;
- Nursing Home Provider User Fee; **and**
- Intermediate Care Facility Provider User Fee.

The *TSC* also allows individuals to amend their Individual Income Tax returns.

All other returns must be amended by filing a paper return.

22. How do I report no tax due?

If you do not owe any tax, an EFT is not required. However, you **must** file a timely return **even if no payment is due**.

23. If I am required to electronically file my tax return, will I receive paper returns in the mail?

No. DRS will not mail pre-printed copies of returns to taxpayers required to file electronically. Failure to receive a paper return does not relieve you of your obligation to file.

24. Can I request a waiver of the requirement to file electronically or to pay by EFT?

Yes. If you can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by submitting a properly completed **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request*, no fewer than 30 days before the due date of your first electronic filing and payment. See **Policy Statement 2011(3)**, *Requests for Waiver of Electronic Filing and Electronic Payment Requirements*.

IP 2020(6)
Miscellaneous
Returns and reports
Issued: 09/01/2020

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Statutory Authority: Conn. Gen. Stat. §§ 12-685 through 12-689; Conn. Agencies Regs. §§ 12-689-1 through 12-689-3, inclusive.

Effect of This Document: An Informational Publication issued by DRS addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

For Further Information: Call DRS during business hours, Monday through Friday:

- **800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911. Taxpayers may also call 711 for relay services. A taxpayer must tell the 711 operator the number he or she wishes to call. The relay operator will dial it and then communicate using a TTY with the taxpayer.

Forms and Publications: Visit the DRS website at portal.ct.gov/DRS to download and print Connecticut tax forms and publications.