



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

25 Sigourney Street
Hartford CT 06106-5032

SN 2007(10)

SPECIAL NOTICE

2007 Legislation Affecting the Application of the Controlling Interest Transfer Tax to Maritime Heritage Land

Purpose: This Special Notice discusses 2007 legislation affecting the controlling interest transfer tax as it applies to the transfer of a controlling interest in an entity that owns land classified as maritime heritage land.

Effective Date: Transfers of a controlling interest occurring on or after July 1, 2007.

Statutory Authority: Conn. Gen. Stat. §§12-638l, and 12-638n, as amended by 2007 Conn. Pub. Acts 127, §§11 and 12.

Definition: *Maritime heritage land* is that portion of waterfront real property owned by a commercial lobster fisherman licensed according to Title 26 of the Connecticut General Statutes, when that portion is used by the fisherman exclusively for commercial lobstering purposes and when not less than 50% of such fisherman's federal adjusted gross income is derived from commercial lobster fishing. Conn. Gen. Stat. §12-107b, as amended by 2007 Conn. Pub. Acts 127, §4.

Additional Controlling Interest Transfer Tax: An additional controlling interest transfer tax is imposed on the transfer for consideration of a controlling interest in an entity that directly owns an interest in land classified as maritime heritage land. The additional tax applies if a controlling interest in the entity is sold within a period of 10 years from the time the owner first caused the land to be classified as maritime heritage land.

The additional tax shall be imposed at the following rate:

10% of the present true and actual value of the land	if sold within the first year following the date of classification
9% of the present true and actual value of the land	if sold within the second year following the date of classification
8% of the present true and actual value of the land	if sold within the third year following the date of classification
7% of the present true and actual value of the land	if sold within the fourth year following the date of classification
6% of the present true and actual value of the land	if sold within the fifth year following the date of classification
5% of the present true and actual value of the land	if sold within the sixth year following the date of classification
4% of the present true and actual value of the land	if sold within the seventh year following the date of classification
3% of the present true and actual value of the land	if sold within the eighth year following the date of classification
2% of the present true and actual value of the land	if sold within the ninth year following the date of classification
1% of the present true and actual value of the land	if sold within the tenth year following the date of classification
No additional tax	if sold after the tenth year following the date of classification

Certain Transfers Not Subject to an Additional Controlling Interest Transfer Tax:

An additional controlling interest transfer tax is not imposed on the transfer of a controlling interest in an entity that directly owns land classified as maritime heritage land under the following circumstance: the land is subject to an enforceable covenant restricting the sale or development of the land in a manner inconsistent with its classification as maritime heritage land, and the covenant is for a period of not less than eight years from the date of the transfer.

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue services (DRS).

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

- **1-800-382-9463** (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.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms; **or**
 - **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone, or call **860-297-4753** (from anywhere).
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Paperless Filing/Payment Methods (fast, secure, easy, free, and confidential):

- **For business returns, tax payments, and electronic bill payments:** Use the **Taxpayer Service Center (TSC)** to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at www.ct.gov/DRS and choose the **TSC** logo or **File/Register OnLine** for a complete list of taxes that can be electronically filed and paid.
 - **For income tax returns, extensions, estimated payments, and electronic bill payments:** Use the **Taxpayer Service Center (TSC)** to file personal income tax returns and extensions, or to make estimated payments and electronic bill payments over the Internet. Visit the DRS website at www.ct.gov/DRS and choose the **TSC** logo or **File/Register OnLine**.
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