



**CONNECTICUT**  
Revenue Services



**ANNUAL REPORT  
FISCAL YEAR  
2023-2024**

**Mark D. Boughton**  
Commissioner

**Ned Lamont**  
Governor



**A MESSAGE FROM COMMISSIONER MARK D. BOUGHTON**  
**February 2025**

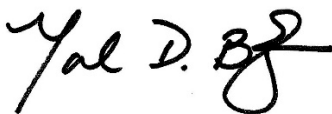
I'm pleased to present the Annual Report of Taxes and Fees collected by the Connecticut Department of Revenue Services (DRS) during fiscal year 2023-24. While the Annual Report is a statistical compilation of the revenue that DRS collected – nearly \$25 billion in total – it's important to highlight that these remarkable results were achieved by our dedicated, hardworking employees.

One of our goals throughout the past fiscal year was to enhance our accessibility to the public. As one example, our Education and Outreach team has focused on meeting Connecticut taxpayers where they are through a series of in-person events and public webinars. These events provide information on many topics, including but not limited to Connecticut state income tax questions, updates to Connecticut's tax code, myconneCT walkthroughs, and State business taxes and their various applications.

In addition, as part of our commitment to providing outstanding customer service, we've launched a new Constituent Services Unit (CSU), which was formed to help taxpayers and their practitioners understand their rights and responsibilities under the law. This unit's goal is to make sure that everyone is connected to the information and services available to resolve their tax issues. The CSU can assist in locating the appropriate guidance and navigating the various bureaus and divisions within DRS. It's another way we're directly serving Connecticut taxpayers.

I hope the information contained in the Annual Report is helpful and informative. Should anyone have questions regarding the report, my staff and I are ready to assist.

Sincerely,



Mark D. Boughton  
Commissioner, Connecticut Department of Revenue Services

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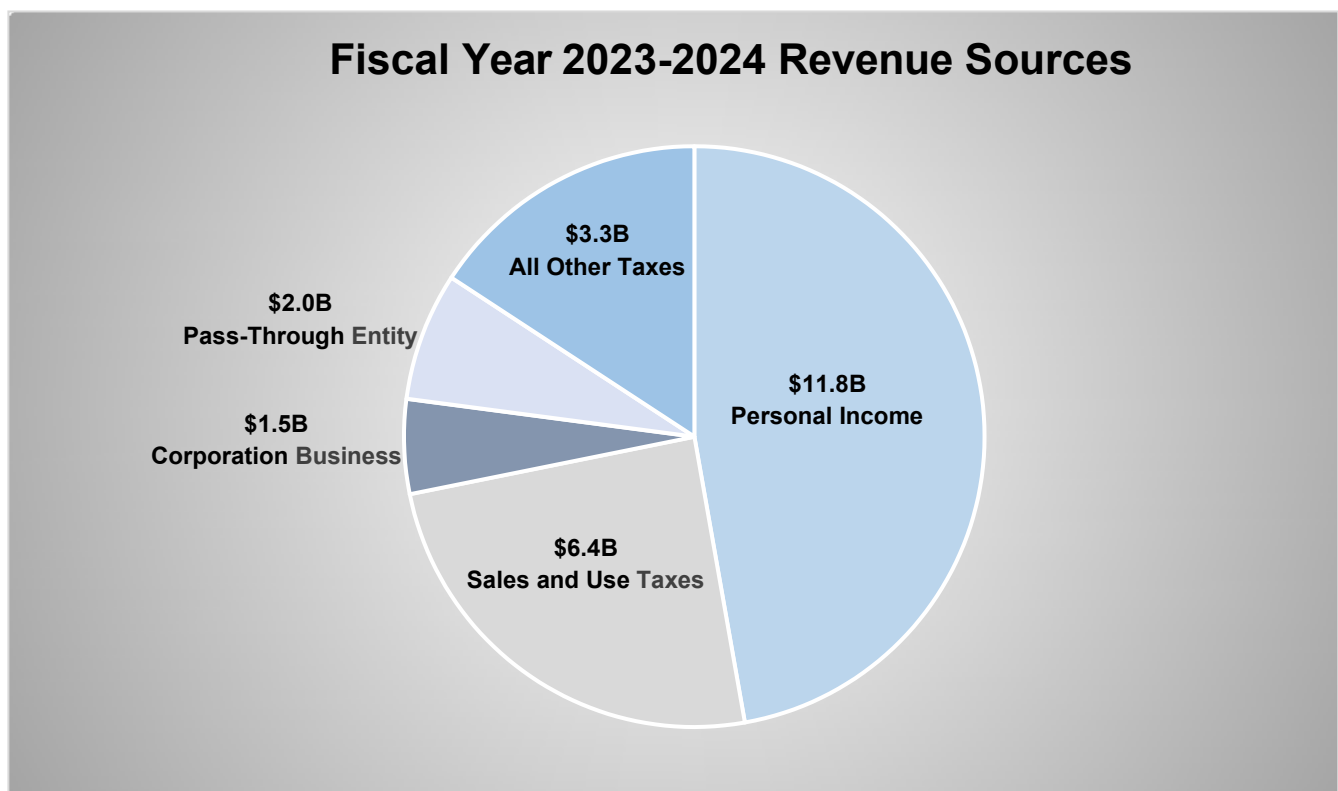
*The mission of the Department of Revenue Services is to instill public confidence in the integrity and fairness of tax collection; achieve the highest level of voluntary taxpayer compliance; continuously improve agency performance; contribute to the fiscal and economic well-being of the state; and provide a positive and professional workplace.*

# CONNECTICUT'S TAXES AND FEES

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*The Department of Revenue Services collected nearly \$25 billion in state taxes for Fiscal Year 2023-24.*

*The Personal Income, Pass-Through Entity, Sales and Use, and Corporation Business Taxes comprised 87% of all collections.*



## STATE REVENUE SOURCES

	FY 2021-2022	FY 2022-2023	FY 2023-2024
Alcoholic Beverages Tax <i>Ch. 220</i>	\$78,915,528	\$80,247,957	\$78,859,552
Ambulatory Surgical Centers <i>Ch. 211a (repealed)</i>	21,479,884	0	(215)
Attorney Occupational Tax <i>Ch. 876</i>	11,912,450	9,322,121	8,691,039
Beverage Container Deposits <i>Ch. 446d</i>	48,258,877	52,584,520	42,981,924
Business Entity Tax <i>Ch. 213a (repealed)</i>	833,643	(6,863,524)	888,379
Cable, Satellite & Video Companies Tax <i>Ch. 211</i>	39,072,064	49,226,215	35,555,237
Cannabis Tax, <i>Ch. 214c</i>	0	4,675,642	20,509,089
Cigarette Tax <i>Ch. 214</i>	301,655,083	268,003,557	233,208,865
Controlled Substances Tax <i>Ch. 228d</i>	12,008	916	(354)
Controlling Interest Transfer Tax <i>Ch. 228b</i>	15,604,331	9,595,329	15,551,088
Corporation Business Tax <i>Ch. 208</i> and Air Carriers Tax <i>Ch. 209</i>	1,397,484,273	1,519,011,011	1,551,647,724
Dry Cleaning Surcharge <i>Ch. 211b</i>	503,406	542,984	546,278
Dues Tax <i>Ch. 225</i> and Transportation Network Company Fee <i>Ch. 244b</i>	44,945,636	45,959,625	45,649,753
Electric Distribution Companies <i>Ch. 212</i>	167,554,267	149,579,820	237,946,264
Electronic Cigarette Products <i>Ch. 214b</i>	6,165,394	6,181,983	5,702,326
Estate and Gift Tax <i>Ch. 217&amp; 228c</i>	220,117,132	218,354,438	129,550,468
Gas Companies <i>Ch. 212</i>	96,084,499	90,207,200	72,970,332
Gift Tax <i>Ch. 228c (repealed)</i>	154,128	41,392	457,202
Health Care Centers Tax <i>Ch. 207</i>	2,135,169	3,401,206	2,249,237
Health Care Provider Taxes and Fees <i>Ch. 211c</i>	933,602,663	900,978,299	881,494,425
Highway Use Fee <i>Ch. 222a</i>	0	29,275,901	60,283,621
Income Tax <i>Ch. 229</i>	12,130,517,104	11,231,163,886	11,803,356,423
Insurance Premiums Tax, Domestic <i>Ch. 207</i>	29,487,263	47,897,022	49,320,976
Insurance Premiums Tax, Foreign <i>Ch. 207</i>	163,866,266	192,717,482	189,473,363
Insurance: Non-admitted/Unauthorized <i>Ch. 698d</i>	9,212,643	10,288,462	11,925,688
Motor Carrier Road Tax - <i>Ch. 222</i>	8,768,694	9,893,330	8,263,239
Motor Vehicle Fuels Tax - Gasoline <i>Ch. 221</i>	267,102,572	118,263,374	362,800,019
Motor Vehicle Fuels Tax - Special Fuel <i>Ch. 221</i>	113,760,376	135,366,064	133,879,214
Paid Preparer Fee <i>Ch. 229</i>	69,538	92,159	76,294
Pass-Through Entity <i>Ch. 228z</i>	2,308,213,258	2,049,126,696	1,964,823,852
Petroleum Products Gross Earnings Tax <i>Ch. 227</i>	397,956,063	392,055,527	358,582,031
Prepaid Wireless E-9-1-1 Fee <i>Ch. 518a</i>	2,886,629	2,976,381	2,679,283
Public, Educ. & Gov. Programming Tax <i>Ch. 289</i>	2,690,191	2,825,522	2,573,751
Railroad Companies Tax <i>Ch. 210</i>	569,939	474,393	494,799
Real Estate Conveyance Tax <i>Ch. 223</i>	368,791,171	277,596,745	269,009,703

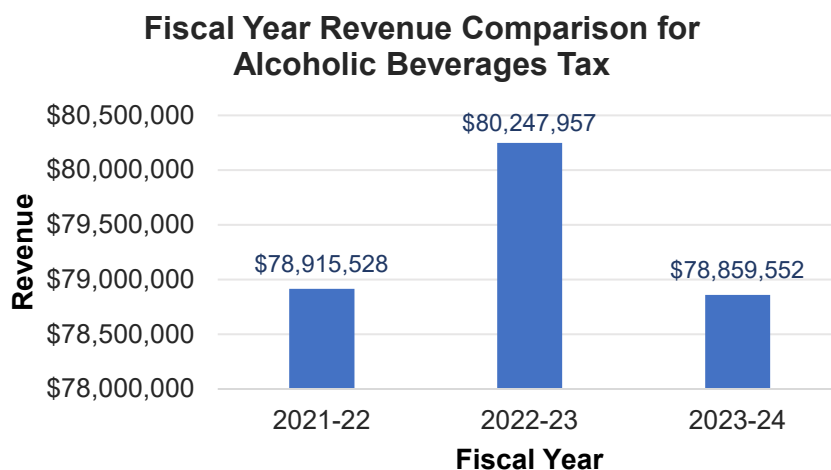
## STATE REVENUE SOURCES (cont.)

	FY 2021-2022	FY 2022-2023	FY 2023-2024
Rental Surcharge <i>Ch. 228h</i>	300,466	453,287	382,496
Sales and Use Taxes <i>Ch. 219</i>	5,964,057,746	6,139,326,121	6,427,034,943
Solid Waste Tax <i>Ch. 446d</i>	5,156,088	4,165,274	1,677,334
Succession Tax <i>Ch. 216 (repealed)</i>	668,519	180,247	6,224
Tobacco Products Tax <i>Ch. 214a</i>	20,045,187	17,963,925	14,258,719
Tourism Surcharge <i>Ch. 228e</i>	4,304,899	4,630,454	5,037,691
Unrelated Business Income Tax <i>Ch. 208a</i>	3,407,581	5,032,297	3,017,641
<b>Total</b>	<b>\$25,188,322,628</b>	<b>\$24,072,815,242</b>	<b>\$25,033,415,914</b>



## ALCOHOLIC BEVERAGES TAX

A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.



### Basis and Rate

	Effective October 2019 – June 2023	Effective July 1, 2023
Beer	\$7.20 per barrel (31 gallons)	\$6.00 per barrel (31 gallons)
Beer	24¢ per gallon*	20¢ per gallon*
Cider	\$7.92 per barrel	\$7.92 per barrel
Cider	26¢ per gallon	26¢ per gallon
Still Wines	79¢ per gallon	79¢ per gallon
Small Wineries	20¢ per gallon	20¢ per gallon
Sparkling Wines	\$1.98 per gallon	\$1.98 per gallon
Alcohol	\$5.94 per proof gallon	\$5.94 per proof gallon
Distilled Liquor	\$5.94 per gallon	\$5.94 per gallon
Liquor Coolers	\$2.71 per gallon	\$2.71 per gallon

\*The tax rate for beer is reduced by 50% for beer sold for off-premises consumption on the premises of an entity covered by a manufacturer's permit.

### Exemption

The first 15 barrels of beer which are consumed on the premises of an establishment covered by a manufacturer's permit are exempt annually.

## ALCOHOLIC BEVERAGES TAX (cont.)

### Number of Taxpayers/Filing Frequency

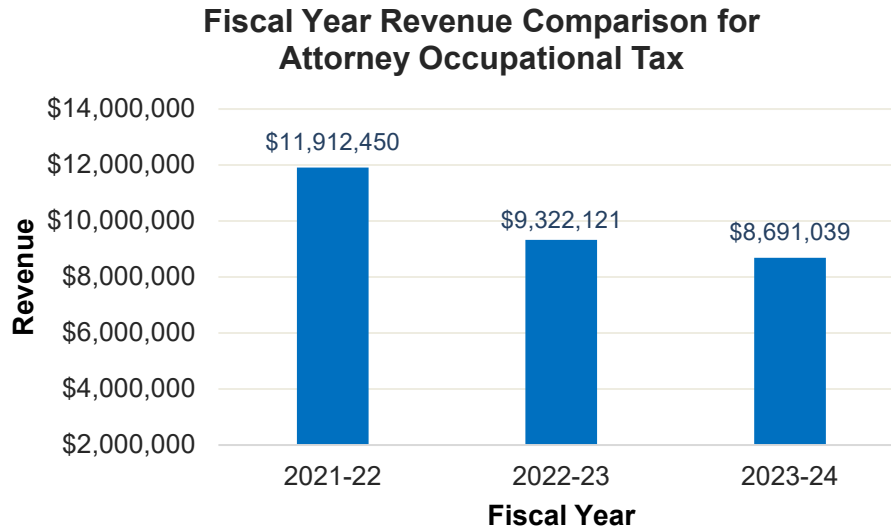
- 1,191 distributors/Monthly

### Comparison of Gallonage

Type of Alcoholic Beverage	FY 2021-22 (gallons)	FY 2022-23 (gallons)	FY 2023-24 (gallons)
Beer – barrels	140,909	142,946	141,315
Beer – gallons	46,907,523	45,118,983	41,969,162
Still Wine	11,682,437	11,387,945	10,863,047
Small Wineries	278,292	271,968	297,451
Sparkling Wine	862,672	891,348	850,409
Distilled Liquor	8,534,983	8,605,491	8,460,602
Liquor Cooler	1,450,495	2,055,689	2,438,700
Alcohol	82,700	81,886	73,628
Cider – barrels	3,959	4,230	4,684
Cider – gallons	568,979	565,515	538,284

# ATTORNEY OCCUPATIONAL TAX

*An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.*



## Exemptions

- Employees of the State of Connecticut including judges and referees;
- Probate court employees;
- Any attorney employed by a political subdivision of Connecticut;
- Employees of the federal government;
- Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year;
- Attorneys who received less than \$1,000 in compensation during the calendar year;
- Those engaged in practice of law exclusively outside the state;
- Those removed from the roll of attorneys;
- Those who did not work or were not employed as an attorney; and
- Any attorney who has retired from the practice of law or died during the calendar year.

## Basis and Rate

\$565 per practicing attorney.

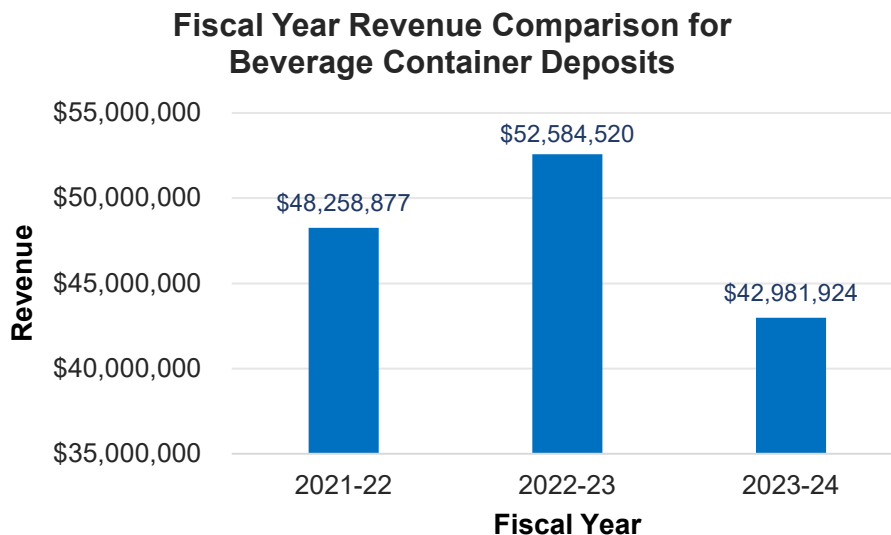
## Number of Taxpayers/Filing Frequency

13,309 Attorneys/Annually

## BEVERAGE CONTAINER DEPOSITS

In Connecticut, deposit initiators – including certain distributors and manufacturers – are responsible for collecting a \$0.05 deposit per beverage containers sold within the state under the Connecticut Bottle Bill. These initiators must maintain a separate bank account to hold the collected deposits.

After refunds are issued to customers and any applicable bank fees are deducted, the remaining balance is considered the unclaimed deposit amount. Deposit initiators are required to file a quarterly report and remit the unclaimed deposit amount to the state.



### Expansion of Beverage Container Coverage and Deposit Changes

- Effective January 1, 2023, Public Act 21-58 expands the types of beverage containers covered under the Connecticut Bottle Bill to include additional categories such as hard seltzer, hard cider, juice, juice drinks, tea, coffee, kombucha, plant infused drinks, sports drinks and energy drinks
- Effective January 1, 2024, Conn. Gen Stat. § 22a-244 increases the state's beverage container deposit from \$0.05 to \$0.10 per container. However, the surcharge for NIPS (miniature liquor bottles) remains unchanged.

With the increase in the beverage container deposit from \$0.05 to \$0.10, deposit initiators could experience cash flow challenges. This is because customers returning containers purchased at the previous lower deposit rate will now receive a higher refund, which could result in deposit initiators not having sufficient funds to cover redemptions.

To address this issue, adjustments were made to the unclaimed deposit remittance requirements under Public Act 23-204. Specifically, deposit initiators were allowed to retain funds in the first two quarters to help manage potential cash flow challenges. For a detailed breakdown of the deposit requirements, refer to the section on the next page.

# BEVERAGE CONTAINER DEPOSITS (cont.)

## Deposit Requirements under Public Act 23-204

In accordance with Public Act 23-204, deposit initiators were required to remit funds based on the following schedule for FY 2024:

### 1. First Two Quarters (July 1, 2023 – December 31, 2023):

- No payment was required for the first and second quarters, with a remittance rate of 0%.

### 2. Third Quarter (January 1, 2024 – March 31, 2024):

- Deposit initiators must remit 65% of the outstanding account balance.
- The outstanding account balance must include both the current quarter's balance and any Special Account balance accumulated from the first two quarters of Fiscal Year 2023-24.

### 3. Fourth Quarter (April 1, 2024 – June 30, 2024):

- Deposit initiators must remit 65% of the outstanding account balance.

## Exemption

Any manufacturer which, on an annual basis, bottles and sells less than 250,000 noncarbonated beverage containers

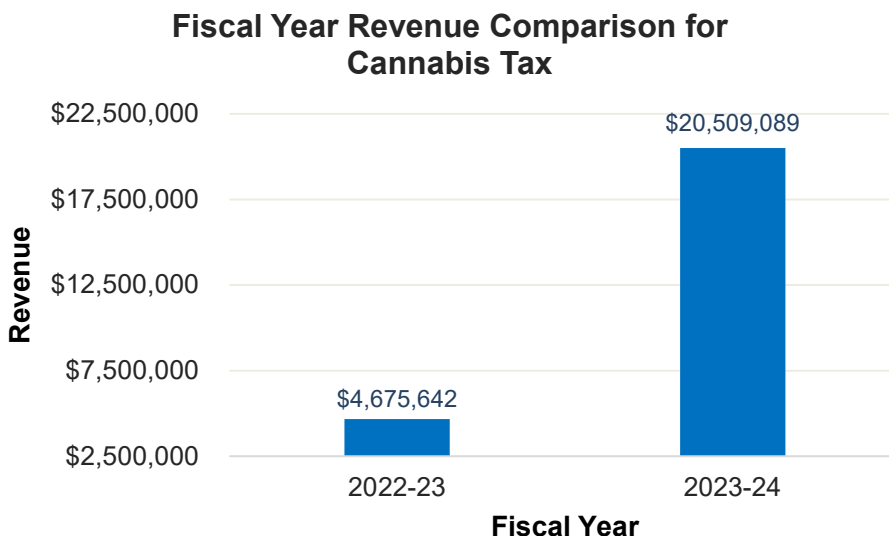
## Number of Taxpayers/Filing Frequency

195 Entities/Quarterly

# CANNABIS TAX

Conn. Gen. Stat. § 12-330II established a state cannabis tax structured around the amount of THC per milligram of certain products. The statewide cannabis tax is paid by the consumers at cannabis retailers, hybrid retailers, or micro-cultivators and applies to the retail sale of cannabis plant materials, cannabis edible products, and other cannabis products. Additionally, each Connecticut municipality is responsible for collecting a 3 percent municipal cannabis tax on the gross receipts from the sale. Retail sales of cannabis are also subject to the Sales and Use Tax.

Retail sales of cannabis for adult use officially began on January 10, 2023.



## Exemptions:

- Sales of cannabis for palliative use;
- Transfers of cannabis to a transporter for transport to any other cultivator, micro- cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer or producer; **or**
- Sales of cannabis by a delivery service to a consumer

## Number of Taxpayers / Filing Frequency

39 taxpayers / Monthly

## CANNABIS TAX (cont.)

### Basis and Rate:

The statewide Cannabis Tax rates imposed on each cannabis retailer:

- **Cannabis Plant Materials:** \$0.00625 per milligram of total THC, as reflected on the product label;
- **Cannabis Edible Products:** \$0.0275 per milligram of total THC, as reflected on the product label; and
- **All Other Cannabis Products, not including cannabis plant material or cannabis edible products:** \$0.009 per milligram of total THC, as reflected on the product label.

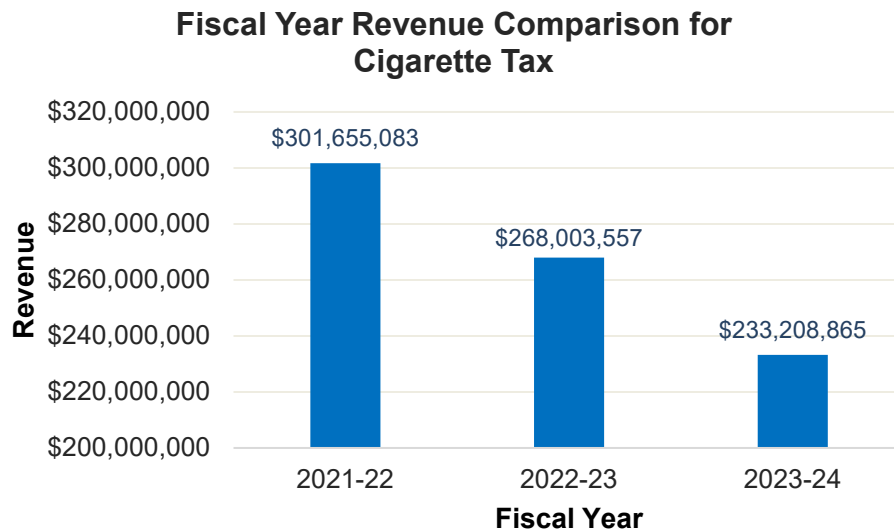
### Fiscal Year Cannabis Tax Liability

Fiscal Year	Tax from Plant Materials	Tax from Edible Products	Tax from Other Cannabis Products
FY 2023-24	\$10,196,806	\$2,321,305	\$6,132,412
FY 2022-23	3,716,959	615,340	1,711,227

**Please note:** Since retail sales of cannabis for adult use officially began on January 10, 2023, the tax liability for FY 2023 reflects only a partial year of sales and is not fully comparable to FY 2024.

# CIGARETTE TAX

An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat-applied decals to each pack of cigarettes, which are sold to licensed dealers and distributors. As of October 1, 2023, new administrative requirements have been introduced for the issuance and renewal of cigarette dealer licenses. This legislation includes updated processes for initial applications and renewals. Sales of cigarettes are also subject to the Sales and Use Tax.



## Exemptions

- Cigarettes sold to any state institution other than a correctional institution; and
- Cigarettes sold on armed services bases.

## Number of Taxpayers / Filing Frequency

16 taxpayers / Monthly

## Basis and Rate

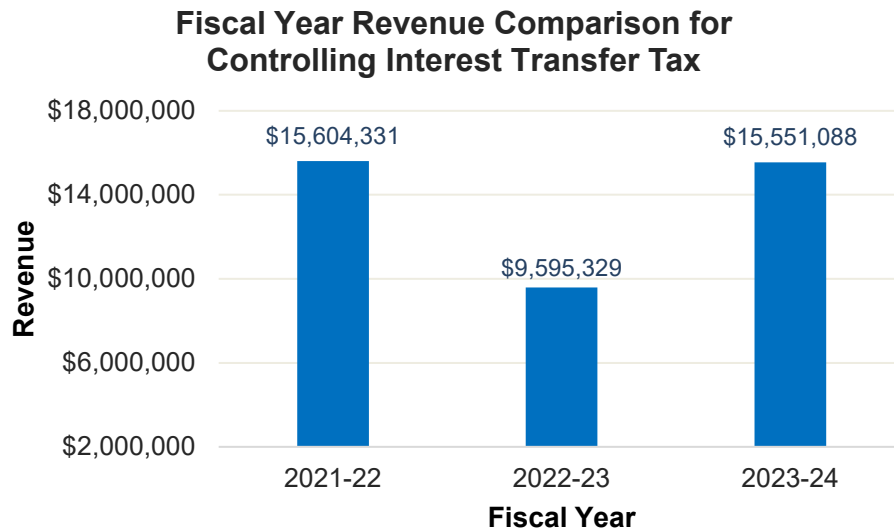
217.5 mills per cigarette or \$4.35 per pack of twenty.

**Note:** The tax is reduced by 50% for any product the Secretary of the United States Department of Health and Human Services determines to be a “modified risk tobacco product” pursuant to 21 U.S.C. § 387k.



## CONTROLLING INTEREST TRANSFER TAX

*A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits, or beneficial interest in that entity.*



### Exemptions

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Deeds releasing any property which is a security for a debt or other obligation;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

# CONTROLLING INTEREST TRANSFER TAX (cont.)

## Filing Frequency / Number of Taxpayers

The month following the month in which the transfer was made.  
55 transfers in FY 2023-24

## Basis and Rate

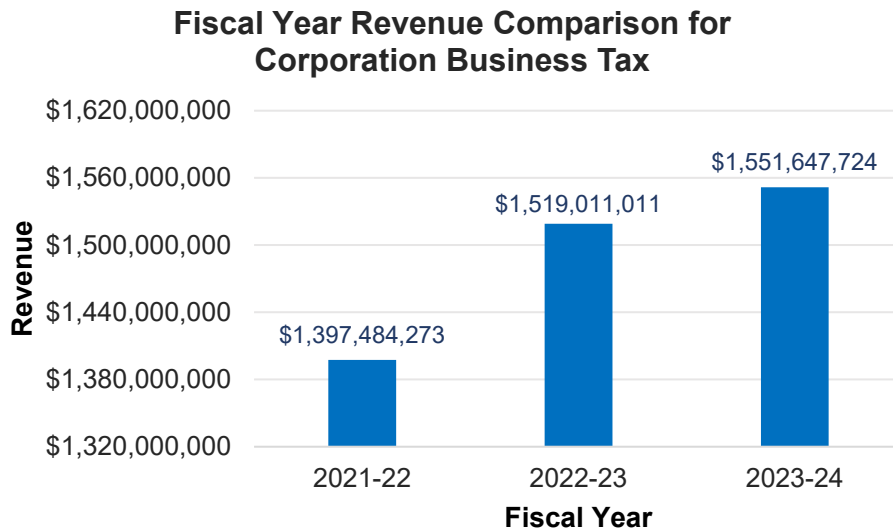
**1.11%** of the present true and actual value of the interest in the real property possessed on sales or transfers of a controlling interest.

An additional tax may be levied, varying between 1% and 10%, on the value of open space land, farmland, forestland, and maritime heritage land, depending on the year in which the controlling interest was transferred.

# CORPORATION BUSINESS TAX

A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.

Corporations must calculate their tax under two alternate methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.



## Basis and Rate

### Net Income Base Method

The method under which most Corporation Business Tax revenue is derived is the net income base. Corporations compute their Connecticut net income by starting with federal taxable income and then applying the adjustments allowed or required by Connecticut.

For Connecticut net income purposes, corporations must add back certain items deducted in arriving at federal taxable income, such as:

- Exempt interest income;
- State and local income taxes;
- Royalties or interest paid to a related member; **and**
- Bonus depreciation.

Certain other deductions are then allowed, such as:

- Certain dividends;
- Capital loss carryovers not deducted in computing federal gain; **and**
- Deferred cancellation of debt income.

## CORPORATION BUSINESS TAX (cont.)

Companies that conduct business in multiple states are allowed to apportion their net income based upon the percentage of their sales made in Connecticut. Market-based sourcing rules consider sales of services and most intangible property to be made where the customer is located. Special apportionment rules are provided for certain industries such as financial service companies and broadcasters.

Apportioned net operating losses may be carried forward for 30 successive income years beginning in 2021. The net operating loss (NOL) deduction may not exceed 50% of the taxpayer's net income.

Connecticut net income is taxed at the rate of 7.5%.

### Capital Base Method

Corporations must also compute their tax under the capital base method. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mils (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base method, but are subject to the minimum tax. For income years beginning in 2024, the capital base tax phaseout begins with a reduction of the tax rate from .0031 to .0026.

Corporations are subject to tax on the greater of the net income base method or the capital base method calculations.

### Minimum Tax

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

### Surtax

For income years 2018 through 2025, corporations, other than those paying the minimum tax of \$250, pay a surtax in an amount equal to 10% of the tax due before credits are applied. Corporations whose gross income is less than \$100 million are exempt from the surtax unless they file as part of a combined unitary return.

The total amount of surtax reported on income year 2022 returns was \$119M.

# CORPORATION BUSINESS TAX (cont.)

## Combined Unitary Reporting

Commonly owned corporations that are engaged in a unitary business, where at least one corporation is subject to the Corporation Business Tax, are required to file their Corporation Business Tax returns on a combined unitary basis.

Under combined unitary filing, a combined group's tax liability, prior to surtax and credits, cannot exceed the amount calculated on a nexus combined basis by more than \$2,500,000. This is referred to as the aggregate maximum tax. If the aggregate maximum tax is less than the tax on the standard combined unitary basis, the group is subject to the aggregate maximum tax. Otherwise, the group is subject to tax on the standard combined unitary basis.

## Exemptions

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under § 527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non-United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; **and**
- Subchapter S corporations.

## Pass-Through Entity Tax Credit

Members of a Pass-Through Entity (PE) are entitled to a credit based upon their respective shares of the PE's tax liability. For taxable years that began on or after January 1, 2019, the PE Tax Credit is 87.5% of the member's share of the PE Tax. A corporate member may claim the PE Tax Credit against the Corporation Business tax.

Beginning on or after January 1, 2024, the credit against the corporation business tax for pass-through entity tax paid by an entity on behalf of a corporation that is member of said entity and that is subject to the corporation tax, will be eliminated.

## CORPORATION BUSINESS TAX (cont.)

### Filing Frequency

Annually with four estimated installments.

### Number of Taxpayers

## 2022 Corporation Business Tax Returns

	Number of Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass-Through Entity Tax Credits	Tax Due After Tax Credits
<b>Single Filers</b>					
Net Income	8,227	\$152,238,443	\$6,543,143	\$10,369,127	\$135,326,173
Capital Base	3,875	30,664,090	5,212,692	692,255	24,759,143
Minimum Tax	17,840	4,465,611	3,993	73,259	4,388,359
Exempt	3,649	0	0	0	0
<b>Combined Unitary</b>					
Net Income	3,824	1,072,114,535	143,188,058	8,615,706	920,310,771
Minimum Base	4,102	78,497,468	19,956,096	2,070,100	56,471,272
Aggregate Max.	19	105,652,105	12,195,966	1,887,874	91,568,265
<b>Total</b>	<b>41,536</b>	<b>\$ 1,443,632,252</b>	<b>\$187,099,948</b>	<b>\$23,708,321</b>	<b>\$1,232,823,983</b>

## CORPORATION BUSINESS TAX (cont.)

### 2022 Corporation Business Tax Returns

	Number of Taxable Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass-Through Entity Tax Credits	Tax Due After Tax Credits
11 Agric. Forestry, Fishing & Hunting	123	\$1,417,454	\$134,188	\$2,067	\$1,281,199
21 Mining	31	123,282	22,370	0	100,912
22 Utilities	86	11,559,669	3,992,088	18,117	7,549,464
23 Construction	2,155	13,372,569	588,180	102,638	12,681,751
31-33 Manufacturing	3,312	237,500,234	51,317,544	1,680,951	184,425,739
42 Wholesale Trade	2,378	96,614,863	3,480,232	330,901	92,803,730
44-45 Retail Trade	2,928	144,506,413	14,715,998	1,370,141	128,420,274
48-49 Transporting and Warehousing	607	26,340,834	2,720,432	4,198	23,616,204
51 Information	1,623	77,735,448	13,862,144	1,316,383	62,556,921
52 Finance and Insurance	2,257	274,411,532	30,368,563	2,154,428	241,888,541
53 Real Estate and Rental & Leasing	1,715	26,169,942	226,680	2,646,522	23,296,740
54 Professional, Scientific and Tech	5,904	121,600,875	12,305,854	388,117	108,909,904
55 Management of Companies & Enterprises	1,167	183,328,657	24,689,077	5,499,079	153,140,501
56 Administrative & Support	1,018	20,981,366	502,712	110,153	20,368,501
61-62 Education, Health Care and Social Assistance	1,255	10,154,662	754,273	134,692	9,265,697
71 Arts, Entertain., and Recreation	348	2,422,636	666,419	21,197	1,735,020
72 Accom. & Food Services	908	9,162,082	163,159	160,181	8,838,742
81-92 Other Services	1,831	7,129,894	261,243	163,654	6,704,997
99 Not Yet Assigned	8,241	179,099,840	26,252,792	7,607,902	145,239,146
<b>Total</b>	<b>37,887</b>	<b>\$1,443,632,252</b>	<b>\$187,099,948</b>	<b>\$23,708,321</b>	<b>\$1,232,823,983</b>

## CORPORATION BUSINESS TAX (cont.)

### 2022 Corporation Business Tax Returns

Tax Due Before Credits	Number of Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass-Through Entity Tax Credits	Tax Due After Tax Credits
Exempt	3,687	\$0	\$0	\$0	\$0
\$250 or less	19,371	4,838,651	0	75,325	4,741,076
\$251 to \$999	5,547	3,113,689	54,689	84,812	2,973,972
\$1000 to \$24,999	9,591	57,268,408	2,306,768	2,199,496	52,762,144
\$25,000 to \$49,999	1,057	37,153,823	1,753,494	1,760,512	33,639,817
\$50,000 to \$99,999	788	56,384,847	3,180,698	2,23,828	50,980,321
\$100,000 to \$249,999	655	105,927,444	6,160,575	3,423,636	96,343,233
\$250,000 to \$499,999	356	125,495,996	10,726,047	2,413,539	112,356,410
\$500,000 to \$999,999	222	160,110,891	13,033,463	4,382,707	142,694,721
\$1M to \$2 million	134	180,728,711	30,786,003	3,995,521	145,947,187
\$2M to \$5 million	90	266,050,092	28,635,532	1,885,568	235,528,992
\$5 million and over	38	446,559,700	90,462,463	1,263,627	354,833,610
<b>Total</b>	<b>41,536</b>	<b>\$1,443,632,252</b>	<b>\$187,099,948</b>	<b>\$23,708,571</b>	<b>\$1,232,823,983</b>



# CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state.

Generally, the amount of tax credits allowable cannot exceed 50.01% of the amount of tax due or reduce the amount of tax to less than \$250. However, Research & Experimental Expenditures tax credits and Research & Development tax credits may be used up to 60% of the tax due in income year 2022, and up to 70% of the tax due in income year 2023 and thereafter. For income years beginning on or after January 1, 2024, qualified Human Capital Investment tax credits may be used up to 70% of the tax due.

## **ABLE Account Contributions**

*Reference: Conn. Gen. Stat. § 12-217tt*

A tax credit may be allowed for contributions made by taxpayers into the ABLE accounts of employees who are employed by such taxpayers. This tax credit is administered by the Office of the State Treasurer (OTT).

The credit amount equals the amount of the contributions made by the taxpayer into the ABLE accounts of employees of such taxpayer during the income or taxable year. The credit amount allowed with respect to a specific employee must not exceed \$2,500 for any income or taxable year.

## **Accredited Theater Production**

*Reference: Conn. Gen. Stat. § 10-419*

Any production company that receives a final accredited theater production certificate may be allowed a credit of equal to 30% of the production and performance expenditures of the accredited theater production. This tax credit is administered by the Connecticut Department of Economic and Community Development (DECD).

The credit allowed must be claimed for the income or taxable year in which the credit was earned and may be carried forward for not more than three immediately succeeding income or taxable years.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### Apprenticeship Training

*Reference: Conn. Gen. Stat. § 12-217g*

A corporation that hires apprentices in the manufacturing trades may apply for a credit of up to \$7,500 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$6 up to a maximum of either \$7,500 or 50% of the total wages paid during the first half of a two-year program or three-quarters of a four year program.

Pass-through entities may also earn this tax credit for apprenticeships in manufacturing.

A corporation that hires apprentices in the plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$4. The credit may not exceed 50% of the actual wages paid or \$4,800, whichever is less.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$4,000 per apprenticeship completed. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$2. The credit may not exceed \$4,000 or 50% of the actual wages paid over the first four years of the apprenticeship, whichever is less.

### Digital Animation Production

*Reference: Conn. Gen. Stat. § 12-217II*

A credit is available for digital animation production activity in the state. Any state- certified digital animation production company incurring production expenses or costs from \$100,000 up to \$500,000 will be eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million.

This tax credit is administered by the Department of Economic and Community Development (DECD). Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the costs were incurred.

### Donation of Land

*Reference: Conn. Gen. Stat. §§ 12-217dd and 12-217ff*

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space or for educational use. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price.

Unused credit for donations of land for educational use made prior to the 2013 income year may be carried forward for 15 succeeding income years. All other unused credits for donations of land may be carried forward for up to 25 years.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Electronic Data Processing Equipment**

*Reference: Conn. Gen. Stat. § 12-217t*

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment.

Unused credits may be carried forward for five succeeding income years.

### **Film Production**

*Reference: Conn. Gen. Stat. § 12-217jj*

Any eligible film production company incurring qualified production expenses or costs from \$100,000 up to \$500,000 is eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million. This tax credit is administered by the Department of Economic and Community Development (DECD).

Credit vouchers may be claimed in the year the costs were incurred or the five succeeding years after the year the costs were incurred. These may be sold, assigned or transferred in whole or part no more than three times.

For income years beginning on or after January 1, 2024, but prior to January 1, 2026, taxpayers claiming the credit against the tax imposed under Chapter 219 (sales and use tax) may only claim 92% of the amount of such credit against such tax; the remainder is forfeited.

### **Film Production Infrastructure**

*Reference: Conn. Gen. Stat. § 12-217kk*

A tax credit is available to any taxpayer that invests in a capital project to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry in this state, provided that the project has been approved by DECD.

A 20% credit is allowed for costs \$3 million and over. Credits may be claimed in the year the costs were incurred or the next three succeeding income years. These may be sold, assigned or transferred in whole or part no more than three times.

# CORPORATION BUSINESS TAX CREDITS (cont.)

## Fixed Capital Investments

*Reference: Conn. Gen. Stat. § 12-217w*

This credit is based on 5% of the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. Unused credits may be carried forward for five succeeding income years.

## Green Buildings

*Reference: Conn. Gen. Stat. § 12-217mm*

This tax credit had been available for eligible construction, renovation, or rehabilitation projects designed to meet the applicable requirements for LEED Green Building Rating System gold or platinum certification or another equivalent certification determined by DEEP.

Credit percentages ranged between 5% and 11% and depended on the location and certification level of the project. Credits may be assigned to another taxpayer or taxpayers. Unused credits may be carried forward for five succeeding income years.

The Green Buildings tax credit is sunset as of December 1, 2017.

## Historic Homes Rehabilitation

*Reference: Conn. Gen. Stat. § 10-416*

The Department of Economic and Community Development (DECD) may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$15,000 in order to qualify.

After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. This maximum is increased to \$50,000 for owners that are nonprofit corporations. Unused credits may be carried forward for four succeeding income years.

For income years beginning on or after January 1, 2024, if a taxpayer holding a tax credit voucher claims a credit against any tax imposed under chapter 207, 208, 208a, 209, 210, 211 or 212, any unused portion of this credit may be carried forward to any or all of the four income years following the year in which the tax credit voucher is issued. No carryback is allowed.

If a taxpayer holding a tax credit voucher claims a credit against the tax imposed under chapter 229, the amount of the credit voucher that exceeds the taxpayer's liability for such tax, the excess shall be considered an overpayment and shall be refunded without interest.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### Historic Rehabilitation

*Reference: Conn. Gen. Stat. § 10-416c*

This tax credit, provides for a 25% credit based on the qualified rehabilitation expenditures associated with the rehabilitation of a certified historic structure for either 1) residential use of five units or more, 2) mixed residential and nonresidential use or 3) nonresidential use consistent with the historic character of such property or the district in which such property is located.

The amount of the available credit increases to 30% of the qualified expenditures if at least 20% of the units are rental units and qualify as affordable housing or at least 10% of the units are individual homeownership units and qualify as affordable housing.

Unused credits may be carried forward for five succeeding income years or may be sold, assigned or transferred in whole or part no more than three times.

### Historic Structures Rehabilitation

*Reference: Conn. Gen. Stat. § 10-416a*

This tax credit was available to owners rehabilitating certified historic structures for residential use. DECD could allocate up to \$15 million in vouchers for this credit during any fiscal year. After the rehabilitation work was performed and verified, a tax credit was allowed for 25% of the qualified rehabilitation expenditures not to exceed \$2.7 million.

DECD no longer reserves Historic Structures Rehabilitation tax credits. Unused credits could be carried forward for five succeeding income years.

### Housing Program Contribution

*Reference: Conn. Gen. Stat. § 8-395*

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

For taxable or income years beginning on or after January 1, 2024, legislation amends the Housing Program Contribution Tax Credit by making investments in “workforce housing development projects” eligible for said tax credit.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### Human Capital Investments

*Reference: Conn. Gen. Stat. § 12-217x*

The Human Capital Investments credit is based on 5% of the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, child care center establishment costs, and donations to institutions of higher education for improvements to technology. Unused credits may be carried forward for five succeeding income years.

For income years beginning on or after January 1, 2024, the human capital investment tax credit increases from 5% of the amount paid or incurred for eligible investments to 10% for most eligible investments and 25% for childcare related investments. Generally, the amount of tax credits allowable cannot exceed 50.01% of the amount of tax due or reduce the amount of tax to less than \$250, but qualified Human Capital Investment tax credits may be used up to 70% of the tax due.

### Insurance Reinvestment Fund

*Reference: Conn. Gen. Stat. § 38a-88a*

A credit may be applied against the corporation business tax for investments made through a fund manager registered with the Commissioner of Economic and Community Development (DECD). These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

New eligibility certificates for insurance businesses which enable investors to claim a corporation tax credit cannot be issued on or after July 1, 2010. Any new eligibility certificates issued on or after July 1, 2010 now qualify investors for the Second Insurance Reinvestment Fund tax credit applicable against the insurance premiums tax (Chapter 207); health care centers tax (Chapter 207); and surplus lines brokers tax (Section 38a-743).

## CORPORATION BUSINESS TAX CREDITS (cont.)

### JobsCT

Reference: Conn. Gen. Stat. § 32-7t

Qualified businesses that create jobs in this state may be allowed a tax rebate for reaching certain job creation targets. The rebate is based on the number of new full-time equivalent employees (FTEs) the business creates and maintains, the FTEs' average wage, and the state income tax that would be paid on this average wage for a single filer.

A qualified business may be allowed a rebate equal to:

- 50% of the income tax that would be paid on the average wage for new FTEs that were created or **maintained in an opportunity zone or distressed municipality; or**
- 25% of the income tax that would be paid on the average wage for new FTEs that were created or maintained in a location **other than an opportunity zone or distressed municipality.**

A rebate may be granted to an approved qualified business for not more than seven successive calendar years. A rebate will not be granted until at least 24 months after DECD approves a qualified business' application.

### Machinery and Equipment

Reference: Conn. Gen. Stat. § 12-217o

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

### Manufacturing Facility in a Targeted Investment Community/Enterprise Zone

Reference: Conn. Gen. Stat. § 12-217e

A business may earn a credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located within a Targeted Investment Community, but not in an Enterprise Zone.

Certification was required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

This tax credit is being sunset. Only those companies that first claimed the credit on a return for an income year beginning before 2018, may continue to claim the credit.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Neighborhood Assistance Act Program**

*Reference: Chapter 228a of the Conn. Gen. Stat.*

The Connecticut Neighborhood Assistance Act (NAA) tax credit program is designed to provide funding for municipal and non-profit organizations. Businesses are granted a tax credit of 60% of the amount contributed to certain approved programs (or 100% in the case of energy conservation programs) conducted by municipal and non-profit organizations. Unused credits may be carried back to the two preceding income years.

The NAA program has several statutory limits. A business is limited to receiving \$150,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

### **Research and Development Expenditures**

*Reference: Conn. Gen. Stat. § 12-217n*

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut. The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year. Unused credits that were earned during income years that began before January 1, 2021, may be carried forward until fully taken. R&D credits that are earned during income years that began on or after January 1, 2021, may be carried forward for up to 15 years.

### **Research and Experimental Expenditures**

*Reference: Conn. Gen. Stat. § 12-217j*

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year.



## CORPORATION BUSINESS TAX CREDITS (cont.)

### Service Facility

*Reference: Conn. Gen. Stat. § 12-217e*

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development (DECD). The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

This tax credit is being sunset. Only those companies that first claimed the credit on a return for an income year beginning before 2018, may continue to claim the credit.

### Student Loan Payment

*Reference: Conn. Gen. Stat. § 12-217qq*

The Student Loan Payment Tax Credit may be claimed by each qualified employer that employs a qualified employee and makes a payment directly to the Connecticut Higher Education Supplemental Loan Authority (CHESLA) for education loans on behalf of such qualified employee. This tax credit may be claimed against the taxes imposed under Chapter 207 (Insurance Companies and Health Care Centers Taxes) or Chapter 208 (Corporation Business Tax).

This tax credit is allowed in an amount equal to 50% of the amount of payments made to the outstanding principal balance of such loans by the qualified employer during the income year, provided:

- The credit shall not be allowed against the taxes imposed under Chapter 207 or Chapter 208 for the same loan payment; **and**
- The amount of credit allowed for any income year with respect to a specific qualified employee shall not exceed \$2,625.

A qualified employer may claim the credit for a payment made during the part of the income year the qualified employee worked and resided in the state, provided a qualified employee who worked and resided in the state for any part of a month shall be deemed to have worked and resided in the state for the entire month.

### Traffic Reduction Programs

*Reference: Conn. Gen. Stat. § 12-217s*

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. The credit cannot exceed \$250 per participating employee. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. Currently, no such area is designated in Connecticut.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### Urban and Industrial Site Reinvestment

*Reference: Conn. Gen. Stat. § 32-9t*

This credit is available for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

### Workforce Housing Opportunity Development

*Reference: Conn. Gen. Stat. § 8-395a*

A tax credit administered by the Connecticut Department of Housing (DOH) is available, other than the liability imposed by Conn. Gen. Stat. § 12-707, for individuals and entities making cash contributions to an eligible developer for an eligible workforce housing opportunity development project located in a federally designated opportunity zone. The total amount of all tax credits allowed to all individuals or entities must not exceed \$5,000,000 in any one fiscal year.

No tax credit shall be granted to any individual or entity for any contribution of less than \$250. The amount of tax credit that is not used in the taxable income year during which the cash contribution was made may be carried forward or back for the five immediately succeeding or preceding taxable or income years until the full credit has been allowed.

### Youth Development Organization Contribution

*Reference: Conn. Gen. Stat. § 12-217rr*

For income or taxable years commencing on or after January 1, 2024, and prior to January 1, 2026, a tax credit may be claimed, other than the liability imposed by Conn. Gen. Stat. § 12-707, for cash contributions made to a youth development organization to fund programs such as after-school tutoring, mentoring programs and workforce preparedness training. This tax credit program is administered by the Office of Policy and Management (OPM).

A tax credit is allowed in an amount equal to 50% of the contribution made during the income or taxable year, provided:

- The credit allowed under the tax imposed by Chapter 208 (Corporation Business Tax) must not exceed \$100,000; or
- The credit allowed under the tax imposed by Chapter 229 (Income Tax) must not exceed \$20,000.

The credit allowed must be claimed for the income or taxable year in which the contribution was made.

## CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number and amount of corporation tax credits claimed by businesses. The figures represent credit claimed on 2022 returns and any credits carried forward from prior years and used in 2022.

### Tax Credits Claimed on 2022 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	10	\$159,395
Donation of Land	3	10,362
Electronic Data Processing	1,227	12,538,035
Film Production	30	51,835,790
Film Production Infrastructure	1,161	10,150,691
Fixed Capital Investments	313	43,253,244
Historic Structures Rehabilitation	3	2,860,876
Housing Program Contribution	5	106,759
Human Capital Investments	114	4,103,230
Machinery and Equipment	39	834,641
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	8	510,693
Neighborhood Assistance	42	1,888,945
Research & Development	390	14,704,771
Research & Experimental Expenditures	384	35,645,942
Urban and Industrial Site Reinvestment	9	7,380,826
Undetermined		1,115,748
<b>Total</b>	<b>3,739</b>	<b>\$187,099,948</b>

## CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the unused credit amounts reported on 2022 corporation business tax returns as being carried forward to the 2023 income year.

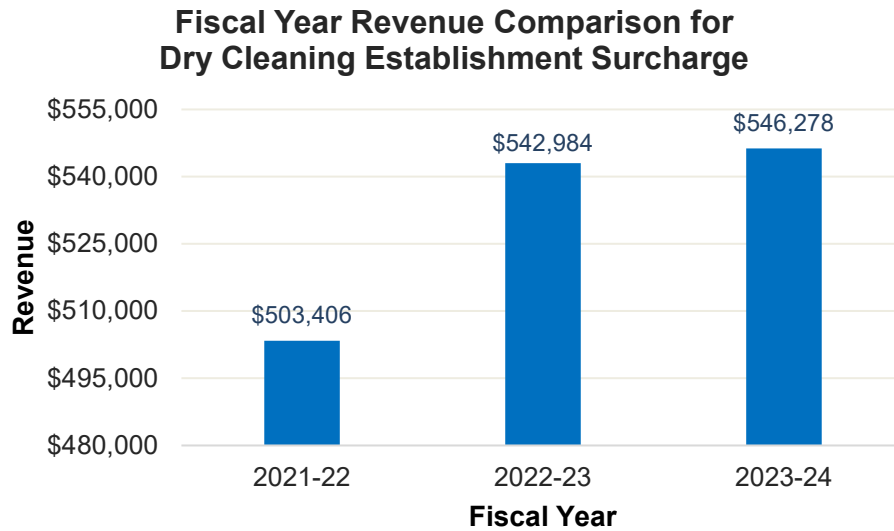
### Credits Carried Forward to 2023 Income Year

Type of Credit	Carryforward Amount
Donation of Land	\$1,931,013
Electronic Data Processing	62,501,500
Fixed Capital Investments	435,184,955
Historic Preservation	122
Historic Rehabilitation	5,168,210
Housing Program Contribution	13,980
Human Capital Investments	11,200,926
Research & Development	1,866,637,263
Research & Experimental Expenditures	646,064,743
Urban and Industrial Site Reinvestment	14,341,453
<b>Total Carryforward Credits</b>	<b>\$3,043,044,165</b>

# DRY CLEANING ESTABLISHMENT SURCHARGE

The Dry Cleaning Establishment Surcharge is used to provide grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. Revenue is deposited into the Dry Cleaning Remediation Account, which is used to provide these grants and fund other measures undertaken to prevent pollution.

Dry cleaning establishments are required to renew their registration with DRS each October 1<sup>st</sup>. Establishments that fail to register or renew their registration are subject to a penalty.



## Basis and Rate

1% of gross receipts at retail.

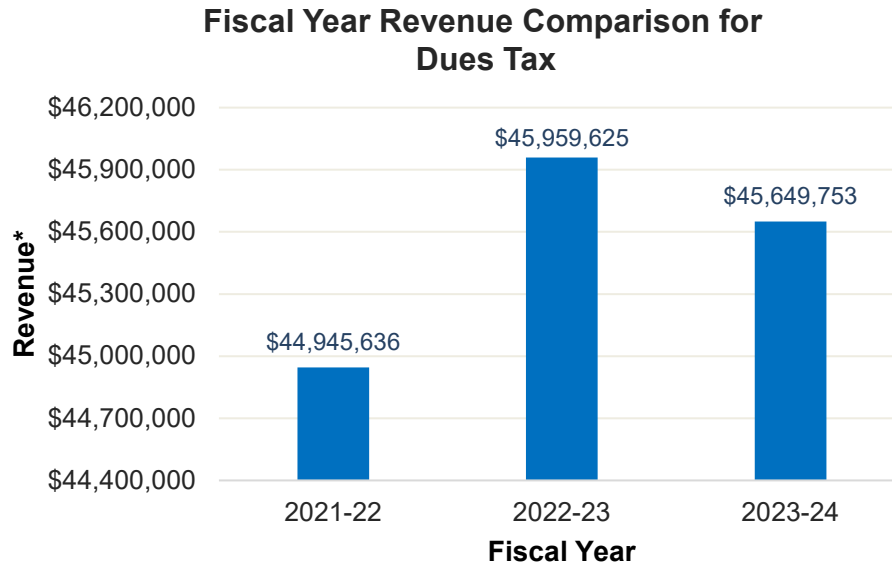
## Number of Taxpayers/Filing Frequency

237 taxpayers/Quarterly

# DUES TAX

A 10% Dues Tax applies to any social, athletic, or sporting club in the state that imposes initiation fees or membership dues.

This tax was previously known as the Admissions & Dues Tax. However, as of January 1, 2023, the admissions tax imposed on the admission charges to motion picture shows costing more than \$5 has been eliminated.



\* Includes revenue from the Transportation Network Company Fee.

## Exemptions

- A club where the annual dues and any initiation fee of a fully privileged member are each \$100 or less;
- Lawn Bowling Clubs;
- Locker Rental Fees;
- Additional charges used to acquire open space land;
- Charitable, religious, governmental or non-profit educational institution; and
- Society, order or association operating under the lodge system or local fraternal organizations among students at a college or university.

## Basis and Rate

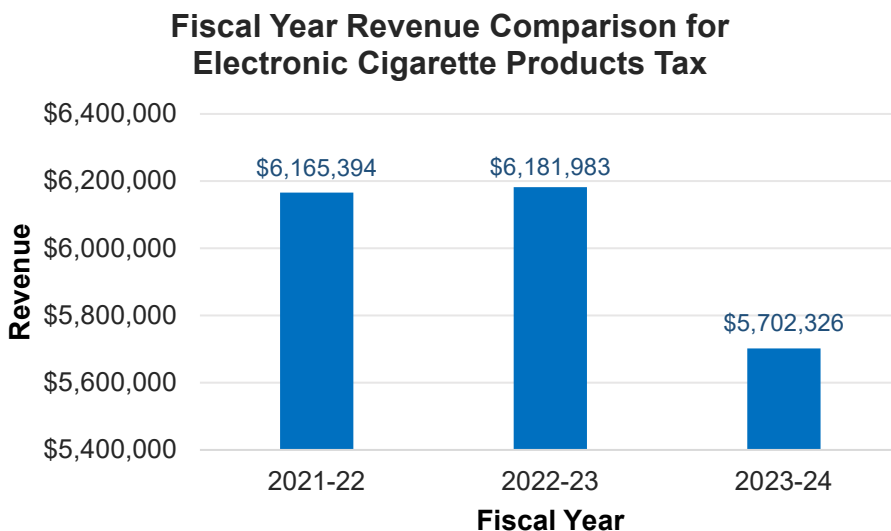
10% of membership dues or initiation fees to any social, athletic, or sporting club organization.

## Number of Taxpayers / Filing Frequency

342 taxpayers / Monthly

# ELECTRONIC CIGARETTE PRODUCTS TAX

A tax is imposed on electronic cigarette liquid and electronic cigarette products. “Electronic cigarette liquid” is a liquid that, when used in an electronic nicotine delivery system or vapor product, produces a vapor that includes nicotine and is inhaled by the user of such electronic nicotine delivery system or vapor product. “Electronic cigarette products” are defined as electronic nicotine delivery systems, liquid nicotine containers, vapor products and electronic cigarette liquids. The tax went into effect October 1, 2019.



## Exemptions

- A device used by a patient, as prescribed, or directed by a licensed health care provider in any setting;
- Any biological product, as described in 42 USC 262, and 21 CFR 600.3 authorized for sale by the United States Food and Drug Administration;
- Any drug or device, as defined in the federal Food, Drug and Cosmetic Act, 21 USC 321;
- Any combination product, as described in in the federal Food, Drug and Cosmetic Act, 21 USC 353(g); or
- Any biological product, as described in 42 USC 262, and 21 CFR 600.3 authorized for sale by the United States Food and Drug Administration.

## Number of Taxpayers/Filing Frequency

245 distributors/Monthly

# ELECTRONIC CIGARETTE PRODUCTS TAX (cont.)

## Basis and Rate

The tax is imposed on the first sale or use in Connecticut of any electronic cigarette product at a rate of either:

- \$0.40 per milliliter of the electronic cigarette liquid contained within an electronic cigarette product that is prefilled, sealed by the manufacturer, and not intended to be refillable; or
- 10% of the wholesale sales price of any other electronic cigarette product.

## Fiscal Year Electronic Cigarette Products Tax Liability

Fiscal Year	Tax Collected at \$0.40 per Milliliter of the E-Cig Liquid	Tax Collected at 10% of the Wholesale Sales Price
FY 2023-24	\$3,857,303	\$907,112
FY 2022-23	4,824,750	1,340,795
FY 2021-22	4,819,941	1,319,549



# ESTATE AND GIFT TAX

Resident and nonresident estates of decedents dying during 2024 are liable for the Connecticut Estate Tax on the amount of the Connecticut taxable estate that exceeds the federal basic exclusion amount.

“Connecticut taxable estate” is defined as the sum of the total value of the decedent’s federal gross estate, less allowable deductions, plus the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005. A credit is granted for gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut estate tax.

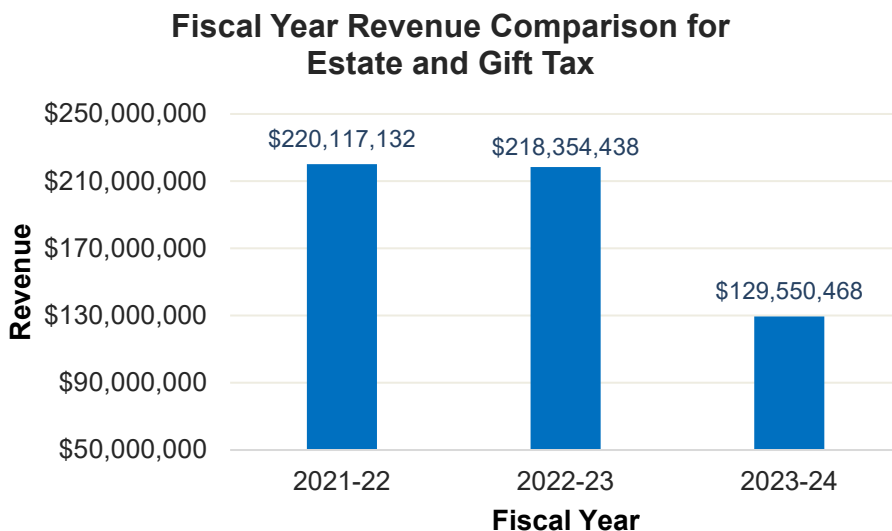
For Connecticut taxable gifts, a donor must pay Connecticut gift tax if the aggregate amount of Connecticut taxable gifts made between January 1, 2005, and December 31, 2024, exceeds the federal basic exclusion amount. A credit is allowed against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut gift tax.

“Connecticut taxable gifts” are defined as taxable gifts as determined for federal gift tax purposes. These include:

- Gifts of Connecticut real property;
- Gifts of tangible personal property situated within Connecticut; or
- Gifts of intangible personal property made by Connecticut residents.

Taxpayers are required to file a Connecticut Estate and Gift Tax return to report all Connecticut taxable gifts, even if no Connecticut gift tax is due.

The maximum amount of tax paid by the estates of decedents who die on or after January 1, 2019, is \$15 million. This payment cap also applies to the gift tax amount paid by donors who make taxable gifts on or after January 1, 2019. The payment cap is reduced by the amount of any gift taxes paid on taxable gifts made on or after January 1, 2016.



## ESTATE AND GIFT TAX (cont.)

For gifts made, or the estates of decedents dying **on or after January 1, 2021**, to **December 31, 2021**, the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$7,100,000	None
Over \$7,100,000 but not over \$8,100,000	10.8% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$108,000 plus 11.2% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$220,000 plus 11.6% of the excess over \$9,100,000
Over \$10,100,000	\$336,000 plus 12% of the excess over \$10,100,000

For gifts made, or the estates of decedents dying **on or after January 1, 2022**, to **December 31, 2022**, the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$9,100,000	None
Over \$9,100,000 but not over \$10,100,000	11.6% of the excess over \$9,100,000
Over \$10,100,000	\$116,000 plus 12% of the excess over \$10,100,000

For gifts made, or the estates of decedents dying **on or after January 1, 2023**, the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over the federal basic exclusion amount	None
Over the federal basic exclusion amount	12% of the excess over the federal basic exclusion amount

## ESTATE AND GIFT TAX (cont.)

### Detail of Revenue

For Fiscal Year 2023-24, total Estate and Gift Tax revenue collected was \$129,550,468. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during Fiscal Year 2023-24 follows.

### ESTATE AND GIFT TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2023-24

Amount of Taxable Estate		Number of Returns	Tax Due	Tax Due After Credits *
More Than	Not Over			
	\$10 Million	10	\$363,459	\$357,880
\$10 Million	\$15 Million	40	9,458,094	8,766,024
\$15 Million	\$25 Million	23	22,947,203	20,287,850
\$25 Million		33	138,434,393	108,710,290
<b>Total</b>		<b>106</b>	<b>\$177,203,149</b>	<b>\$138,122,044</b>

\* Reflects credits for real or tangible personal property located in other jurisdictions and prior gift tax payments.

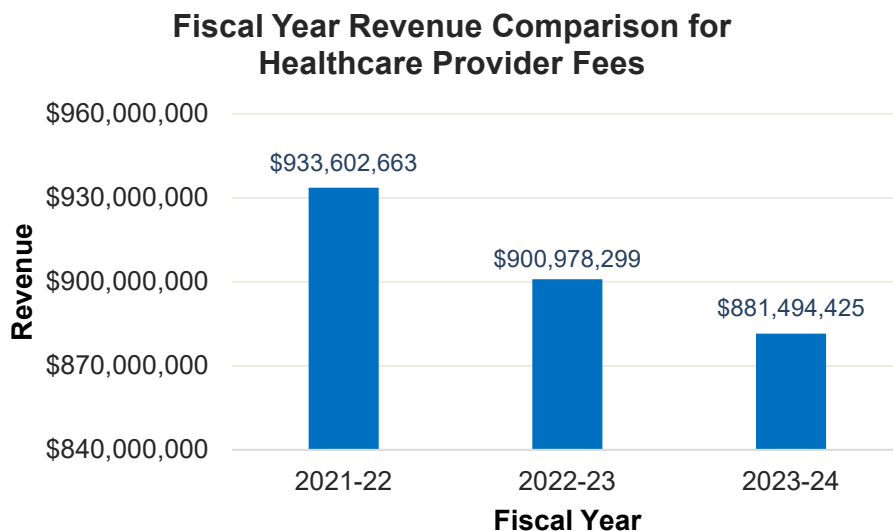
For Fiscal Year 2023-24, an additional amount of the estate and gift tax was attributable to gift tax returns filed by non-decedents. A breakdown of calendar year 2023 gift tax returns is shown below.

### ESTATE AND GIFT TAX RETURNS 2023 GIFT TAX ONLY

Amount of 2023 Taxable Gifts		Number of Returns	Tax Due
More Than	Not Over		
	\$3 Million	103	\$0
\$3 Million	\$4 Million	72	0
\$4 Million		113	5,643,331
<b>Total</b>		<b>288</b>	<b>\$5,643,331</b>

# HEALTHCARE PROVIDER FEES

There are three components to the healthcare provider fees established under Chapter 211c of the Connecticut General Statutes. They include the hospital user fee, intermediate care facility, and nursing home user fees. Each of the three provider types are outlined below.



## HOSPITALS

A quarterly user fee is imposed on each hospital's net revenue for the provision of inpatient hospital services and for the provision of outpatient hospital services.

### Exemptions

- Specialty hospitals;
- Hospitals which are licensed by the Department of Public Health as children's general hospitals;
- Short-term acute hospitals operated exclusively by the State of Connecticut (other than short-term acute hospitals operated by the state as a receiver); and
- Financial hardship (outpatient services).

### Basis and Rate

The effective user fee rate on inpatient hospital services is 6%, and the effective user fee rate on outpatient hospital services is 12.0942%.

### Number of Taxpayers / Filing Frequency

26 taxpayers / Quarterly

## HEALTHCARE PROVIDER FEES (cont.)

### INTERMEDIATE CARE FACILITY USER FEE

*An intermediate care user fee is established on each residential facility for individuals with intellectual disabilities that meet certain federal requirements, and, in the case of a private facility, is licensed by the Department of Developmental Services.*

#### **Basis and Rate**

The intermediate care facility user fee is \$27.76. The amount due from each facility is determined by multiplying the user fee by the facility's resident days for the calendar quarter.

#### **Number of Taxpayers / Filing Frequency**

67 taxpayers / Quarterly

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### NURSING HOME USER FEE

*A nursing home user fee is established on each chronic and convalescent nursing home or rest home with nursing supervision that is licensed as a nursing home by the Connecticut Department of Public Health.*

#### **Basis and Rate**

The user fee is \$16.13 for municipally-owned facilities and facilities with over 230 beds and \$21.02 for all other nursing homes. The amount due from each nursing home is determined by multiplying the appropriate user fee by the home's resident days for the calendar quarter.

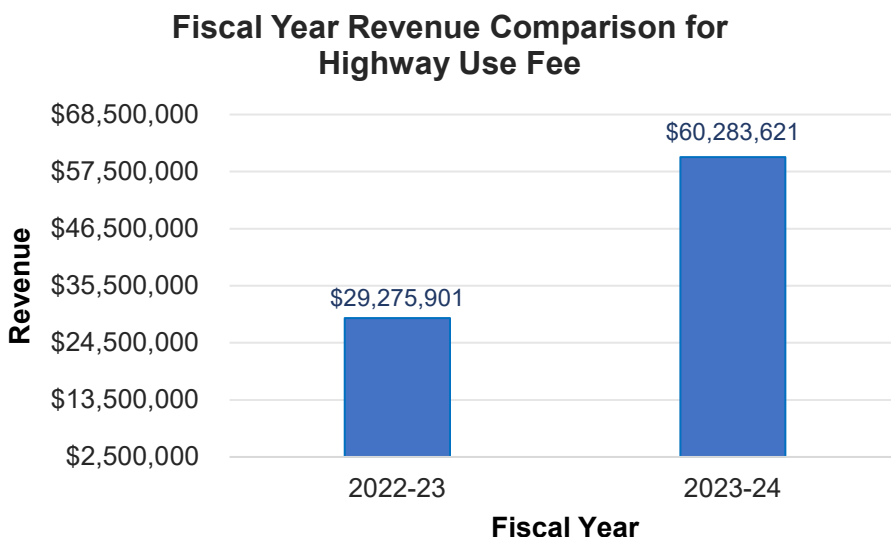
#### **Number of Taxpayers / Filing Frequency**

194 taxpayers / Quarterly

# HIGHWAY USE FEE

As of January 1, 2023, a Highway Use Fee was imposed on certain carriers for the privilege of operating, or causing to be operated, heavy, multi-unit motor vehicles on any highway (i.e., public road) in Connecticut.

An eligible motor vehicle has a gross weight of 26,000 pounds or more and carries a classification between Class 8 and Class 13, and the Highway Use Fee is calculated based on an eligible motor vehicle's weight and the number of miles driven in Connecticut.



**Please note:** Since the Highway Use Fee officially began on January 1, 2023, the tax revenue for FY 2023 reflects only a partial year and is not fully comparable to FY 2024.

## Number of Taxpayers\*

29,425/Total

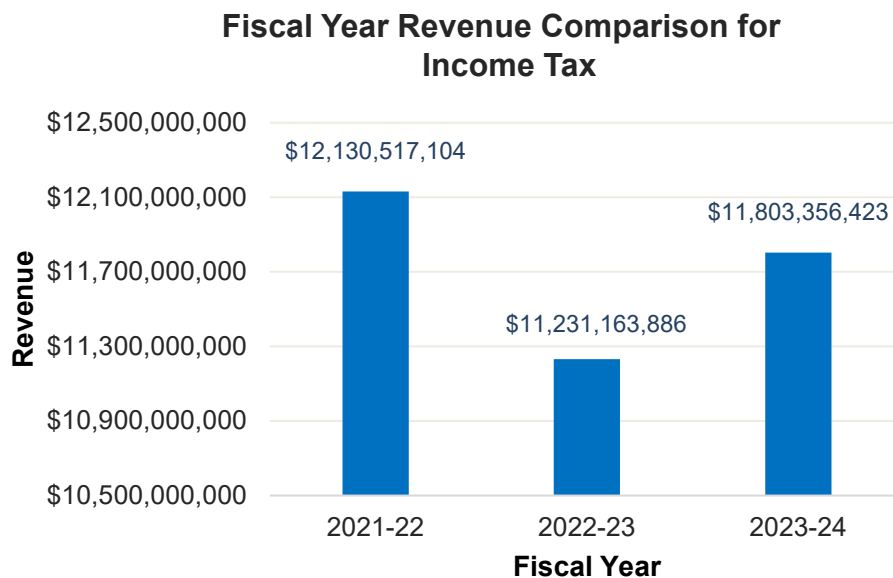
2,811/In-State

26,614/Out-of-State

\* 2023 Conn. Pub. Acts 204 changed the filing and payment frequency from monthly to quarterly effective with the calendar quarter commencing October 1, 2023.

## INCOME TAX

Connecticut imposes a tax on income earned by resident individuals, trusts, and estates. Nonresidents and part-year resident individuals, trusts, and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.



### Number of Taxpayers / Filing Frequency

2 million taxpayers / Annually

Taxpayers who expect to owe more than \$1,000 in income tax, in addition to income tax withheld, are required to file four estimated tax payments by the 15<sup>th</sup> of the month (April, June, September & January).

# INCOME TAX (cont.)

## Basis and Rate

Connecticut's tax is levied upon Connecticut taxable income, as defined above.

**Effective for taxable years commencing on or after January 1, 2015, but prior to January 1, 2024:**

Filing Status	Rate and Basis
Single and Married Filing Separately	3% on the first \$10,000 of Connecticut Taxable Income
	5% on the excess over \$10,000, but not over \$50,000
	5.5% on the excess over \$50,000, but not over \$100,000
	6% on the excess over \$100,000, but not over \$200,000
	6.5% on the excess over \$200,000, but not over \$250,000
	6.9% on the excess over \$250,000, but not over \$500,000
	6.99% on the excess over \$500,000
Head of Household	3% on the first \$16,000 of Connecticut Taxable Income
	5% on the excess over \$16,000, but not over \$80,000
	5.5% on the excess over \$80,000, but not over \$160,000
	6% on the excess over \$160,000, but not over \$320,000
	6.5% on the excess over \$320,000, but not over \$400,000
	6.9% on the excess over \$400,000, but not over \$800,000
	6.99% on the excess over \$800,000
Joint Filers	3% on the first \$20,000 of Connecticut Taxable Income
	5% on the excess over \$20,000, but not over \$100,000
	5.5% on the excess over \$100,000, but not over \$200,000
	6% on the excess over \$200,000, but not over \$400,000
	6.5% on the excess over \$400,000, but not over \$500,000
	6.9% on the excess over \$500,000, but not over \$1,000,000
	6.99% on the excess over \$1,000,000

## Tax Credits

### Income Tax Credit for Property Taxes Paid

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. The credit cannot exceed the amount of qualifying property taxes paid or the income tax liability.

Legislation increased the maximum property tax credit from \$200 to \$300 and expanded the scope of persons eligible for such credit. This credit is now available to all Connecticut residents claiming property tax credit. These changes are effective upon passage on May 27, 2022, and applicable to taxable years commencing on or after January 1, 2022. For taxable years 2017 through 2021, only persons 65 years of age or older and persons who validly claimed dependents on their federal income tax return in a given taxable year were eligible for the credit.



# INCOME TAX (cont.)

## Real Estate Conveyance Credit

Legislation revises the income tax credit for individuals who pay the 2.25% real estate conveyance tax rate on properties in excess of \$2.5 million. Taxpayers may use the conveyance tax payment as the basis for the property tax credit for three years, beginning in the third tax year after the year in which the taxpayer paid the conveyance tax. The credit in each year cannot exceed 33.3% of the eligible tax payment and is effective May 27, 2022.

## Credit for Income Taxes Paid to Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by 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.

## Credit for the Birth of a Stillborn Child

Legislation establishes a credit for the birth of a stillborn child. Eligible taxpayers may claim a credit of \$2,500 against their Connecticut income tax liability. This credit is effective for taxable years commencing on or after January 1, 2022.

## Connecticut Earned Income Tax Credit

A Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year. Starting with the taxable year 2023, the EITC increased from 30.5% to 40% of the federal credit. If the CT EITC exceeds the taxpayer's Connecticut income tax liability, the excess is considered an overpayment and will be refunded without interest.

Any person who received an enhanced EITC payment under the 2020 Earned Income Tax Credit enhancement program and any person who received an enhanced EITC payment under the 2021 Earned Income Tax Credit enhancement program is authorized to subtract such payments from their federal adjusted gross income when calculating their Connecticut income tax liability.

Earned Income Tax Credit			
Year	Number of Credits	Amount of Credit	EITC Rate
2021	260,358	\$147,629,615	30.5%
2022	184,135	129,698,137	30.5%
2023	191,209	190,103,143	40%

# INCOME TAX (cont.)

## Angel Investor Tax Credit

Reference: Conn. Gen. Stat. §12-704d

An **angel investor** is an accredited investor, as defined by the Securities and Exchange Commission, or a network of accredited investors who review new or proposed businesses for potential investment and may seek active involvement, such as consulting and mentoring, in a Connecticut business.

The angel investor must apply to Connecticut Innovations, Inc. (CII) to reserve a tax credit. The angel investor must choose from a list of Connecticut businesses that CII has determined qualified to receive the cash investment. Tax credits cannot be reserved for any investments made on or after July 1, 2024.

The angel investor credit provides for a tax credit for a cash investment of not less than \$25,000 in the qualified securities of a Connecticut business by an angel investor. Before the taxable year 2019, the credit was 25% of such investor's cash investment not to exceed \$250,000 per investor and was claimed in the taxable year in which the cash investment was made. Effective July 1, 2019, the total credits allowed to any one investor increased from \$250,000 to \$500,000. The credits may be assigned, transferred, or sold.

Legislation provides that no additional tax credits shall be reserved for investments made in a qualified Connecticut business on or after July 1, 2028, or for any investments made in a qualified cannabis business on or after July 1, 2023. The legislation is effective July 1, 2023.

## Credit for Prior Year Connecticut Alternative Minimum Tax for Individuals

Taxpayers may be able to claim a credit for an alternative minimum tax paid in a prior year.

## Credit for Pass-Through Entity Taxes Paid

The Pass-Through Entity Tax credit is reduced from 93.01% to 87.5% effective for taxable years beginning on or after January 1, 2019.

Pass-Through Entity Tax Credit	
Year	Amount of Credit
2021	\$1,375,258,357
2022	1,238,665,684
2023	1,138,421,488

***In addition to the above-referenced credits, the following credit is no longer available, however, taxpayers who previously earned the credit may still be claiming it.***

## Insurance Reinvestment Fund

The insurance reinvestment fund credit is no longer available to individuals under the personal income tax. The new *Second Insurance Reinvestment Fund Tax Credit* replaces the original credit and is only available against insurance premiums taxes. Any credits previously earned under the old Insurance Reinvestment Act can be used until they expire, not to exceed 10 years.

## INCOME TAX (cont.)

### Personal Income Tax Credits

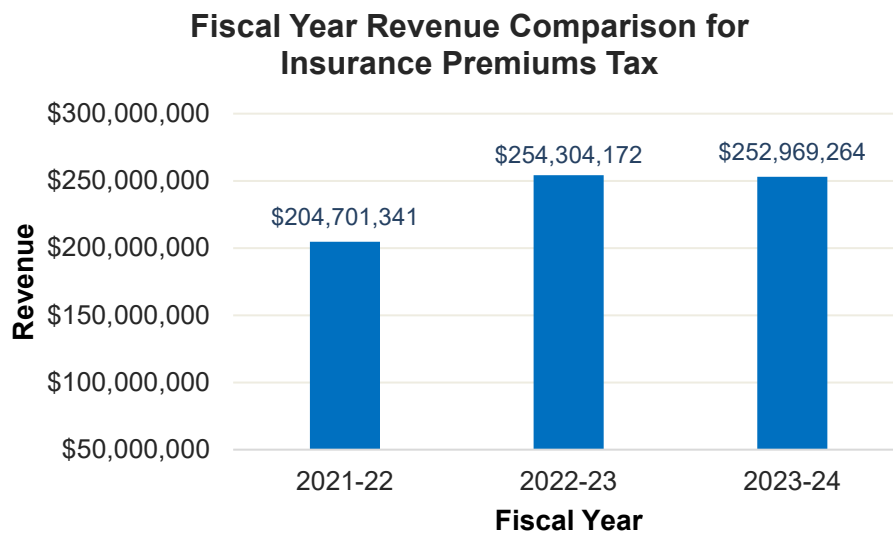
2022 Personal Income Tax Credits		
Credit	Number of Credits Claimed	Amount of Credit
Angel Investor	211	\$3,362,776
Insurance Reinvestment Fund	28	39,704
Prior Year CT Alternative Minimum Tax	190	910,239
Birth of Stillborn Child	117	182,790
<b>Total</b>	<b>546</b>	<b>\$4,495,509</b>

### Personal Income Tax Credits Carried Forward to 2023 Income Year

Credits Carried Forward to 2023 Income Year	
Credit	Carryforward Amount
Angel Investor	\$1,857,207
Insurance Reinvestment Fund	73,348
Prior Year CT Alternative Minimum Tax	13,631,274
<b>Total</b>	<b>\$15,561,829</b>

# INSURANCE PREMIUMS TAX

Insurance companies, domestic and foreign, are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. Total net direct subscriber charges received on any new or renewal contract or policy by a health care center are also taxed. The State also imposes a tax on premiums for unauthorized insurance. Specifically, insureds who procure non-admitted insurance are required to remit tax on premiums paid to a non-admitted insurer. Additionally, risk retention groups are required to pay tax on premiums collected on coverages within the State. Captive insurance companies are now allowed to operate within Connecticut. A captive insurance company is a company that is created and wholly owned by one or more non-insurance companies to insure the risks of its owners as a type of self-insurance.



## Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, employees and retired members and their dependents, of a Connecticut municipality, nonprofit organizations or employees of community action agencies and their dependents, and small employer's employees and their dependents under a plan procured pursuant to Conn. Gen. Stat. § 5-259(i), from net direct subscriber charges of health care centers.

# INSURANCE PREMIUMS TAX (cont.)

## Number of Taxpayers/Filing Frequency

- 1,315 Insurance Companies/Annually with four estimated payments
  - 83 Domestic Companies
  - 1,101 Foreign Companies
  - 13 Health Care Centers
  - 74 Non-admitted/Risk Retention Groups
  - 44 Captive Insurers

## Basis and Rate

- 1.5% of net direct premiums by domestic and foreign insurance companies;
- 4% of gross premiums charged by non-admitted and unauthorized insurers; and
- 1.5% of net direct subscriber charges of health care centers.

## Comparative Data

	FY 2021-22	FY 2022-23	FY 2023-24
Domestic	\$29,487,263	\$47,897,022	\$49,320,976
Foreign	163,866,266	192,717,482	189,473,363
Health Care Center	2,135,169	3,401,206	2,249,237
Non-admitted/ Unauthorized/Captive	9,212,643	10,288,462	11,925,688
<b>Total</b>	<b>\$204,701,341</b>	<b>\$254,304,172</b>	<b>\$252,969,264</b>

## Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please see the Corporation Business Tax section of this report for additional information on tax credits.

### Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. § 12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. § 12-202.

## INSURANCE PREMIUMS TAX (cont.)

### Insurance Guaranty Association Credits

*Reference: CGS Chapter 704a*

Members of the Connecticut Insurance Guaranty Association (CIGA) and the Connecticut Life and Health Insurance Guaranty Association (CLHIGA) are allowed a credit against the insurance premiums tax, or the health care centers tax, in the amount of 20% of the CIGA or CLHIGA assessment paid during the calendar year.

Calendar Year 2022 Insurance Tax Credits		
Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	59	\$9,268,778
Insurance Department Assessment	4	343,781
Insurance Reinvestment	35	19,543,403
Second Insurance Reinvestment	57	17,913,388
Neighborhood Assistance	14	1,038,426
Urban & Industrial Site Reinvestment	4	2,796,455
Film Production	65	49,176,877
Film Production Infrastructure	0	0
Digital Animation	2	375,000
Historic Rehabilitation	3	279,451
CIGA Assessment	338	3,825,608
CLHIGA Assessment	195	4,944,898
<b>Total Credits</b>	<b>776</b>	<b>\$109,506,065</b>

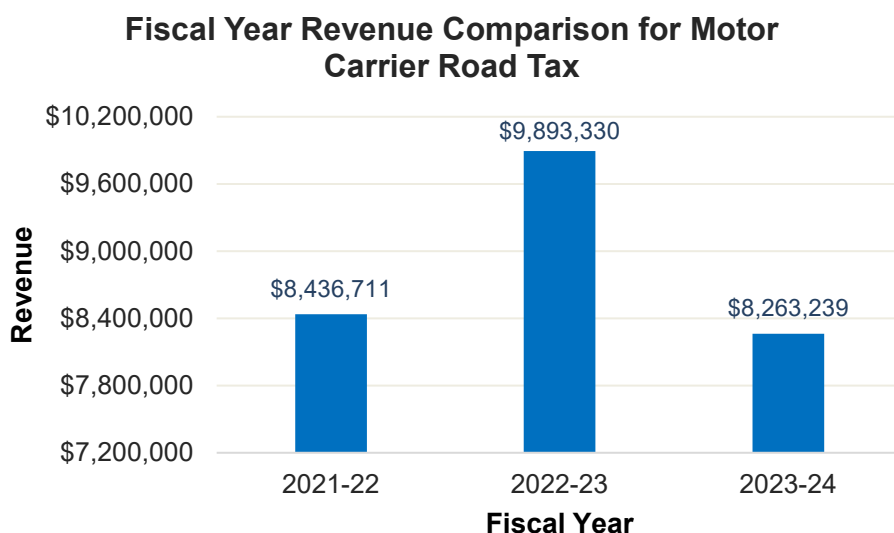
# MOTOR CARRIER ROAD TAX

Connecticut has participated in the International Fuel Tax Agreement (IFTA) since 1996. IFTA is a cooperative agreement among most states and provinces of Canada that simplifies the collection and reporting of fuel use tax by interstate motor carriers.

Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes, where operations are controlled, and the vehicle is operated.

For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds.

Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.



## Exemption

- Any vehicle owned by the United States, the state, any political subdivision thereof, or any school bus.

## Number of Taxpayers / Filing Frequency

2,241 IFTA filers / Quarterly  
2,641 Intrastate Motor Carriers / Annual

## MOTOR CARRIER ROAD TAX (cont.)

### Basis and Rate

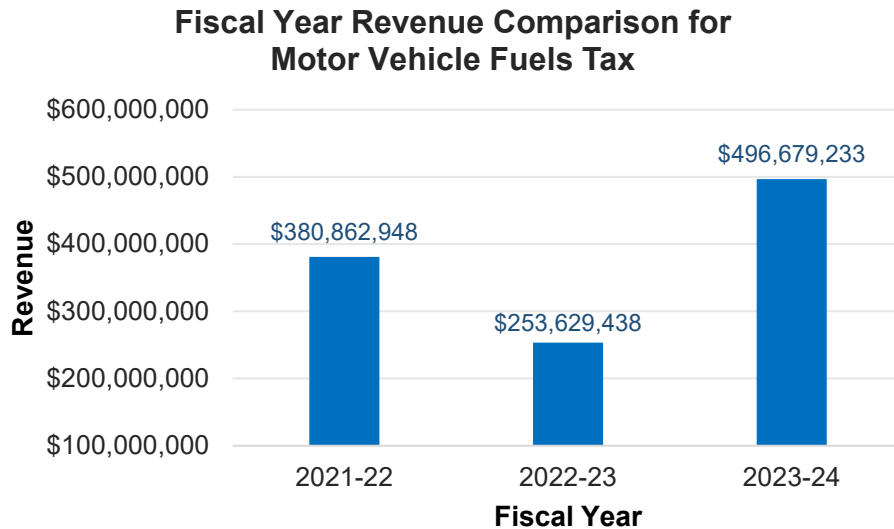
	Rate per Gallon
Aviation Fuel 7/1/25 through 6/30/29	15¢
Gasohol	25¢
Diesel Fuel 7/1/22 through 6/30/24*	49.2¢
Diesel Fuel 7/1/24 through 6/30/25*	52.4¢
Natural Gas or Propane	26¢

- \* Each fiscal year the Department is required to calculate the new diesel fuel rate using the average wholesale price per gallon of diesel fuel for the 12-month period ending on the preceding March 31<sup>st</sup>, as determined by statute.



# MOTOR VEHICLE FUELS TAX

Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.



## Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel sold to a municipality for use in a school bus;
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts;
- Fuel sold to a farmer who is the holder of a farmer's exemption permit;
- A company that uses or consumes motor fuels exclusively for hauling waste for the Connecticut Resource Recovery Authority, Mid-Connecticut Project;
- Fuels sold for use to any vessels displacing over 4,000 dead weight tons or fuel sold for use to any vessels primarily engaged in interstate commerce;
- Dyed diesel sold to marine fuel docks for marine purposes. However, the fuel is now subject to sales tax at the rate of 2.99%; and
- Emergency medical service organizations can seek refunds of motor vehicle fuels tax it paid on fuel that is used in an ambulance owned by such organizations.

## Number of Taxpayers/Filing Frequency

645 taxpayers/Monthly

## MOTOR VEHICLE FUELS TAX (cont.)

### Basis and Rate

	Rate per Gallon
Aviation Fuel 7/1/25 through 6/30/29	15¢
Gasohol	25¢
Diesel Fuel 7/1/22 through 6/30/24	49.2¢
Diesel Fuel 7/1/24 through 6/30/25	52.4¢
Natural Gas or Propane	26¢

- Each fiscal year the Department is required to calculate the new diesel fuel rate using the average wholesale price per gallon of diesel fuel for the 12-month period ending on the preceding March 31<sup>st</sup>, as determined by statute.
- **Aviation Fuel Tax:** A new tax on companies that distribute aviation fuel in Connecticut will be in effect for the quarterly periods commencing on or after July 1, 2025, and prior to July 1, 2029. The tax is imposed on the first sale of aviation fuel at the rate of 15 cents per gallon.

### Comparative Data

	FY 2021-22 (gallons)	FY 2022-23 (gallons)	FY 2023-24 (gallons)
Gasohol	1,060,726,161	995,792,393	1,451,235,949
Gas Tax Holiday	283,862,736	494,187,906	
Special Fuel*	284,645,120	271,424,644	267,809,707
Alternative Fuels**	2,516,214	3,603,704	3,983,070
<b>Total Gallons</b>	<b>1,631,750,231</b>	<b>1,765,008,647</b>	<b>1,723,028,726</b>

\* Gallons reported under Special Fuel primarily contain diesel fuel, however, there are minimal amounts of Natural Gas and Propane reported under this category.

\*\* Alternative fuels consist of Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG), and Liquefied Petroleum Gas (Propane).

- **Gas Tax Holiday:** Section 1 of Special Act 22-2 suspended the application of the motor vehicle fuels tax to gasoline and gasohol between April 1, 2022, and June 30, 2022. Additional legislation extended the suspension through December 31, 2022, and gradually phased the tax in at 5¢ per month beginning January 1, 2023.

## MOTOR VEHICLE FUELS TAX (cont.)

### Conversion Factors in Gaseous Form

The conversion factors for motor vehicle fuels occurring in gaseous form applicable for the twelve-month period beginning July 1, 2023, are as follows:

#### Compressed Natural Gas (CNG):

- 1 gasoline gallon = 123.57 cubic feet; or
- 1 gasoline gallon = 5.66 pounds.

#### Liquefied Petroleum Gas (LPG):

- 1 gasoline gallon = 1.353 gallons; or
- 1 gasoline gallon = 5.75 pounds.

Special Rules for LPG (commonly known as Propane): Conn. Gen. Stat. § 12-458i(b) states that the conversion factor for propane can only be used if two conditions are met:

1. The propane is used exclusively in motor vehicles owned by the purchaser of the propane; and
2. The propane is stored in a cylinder or tank owned by the purchaser.

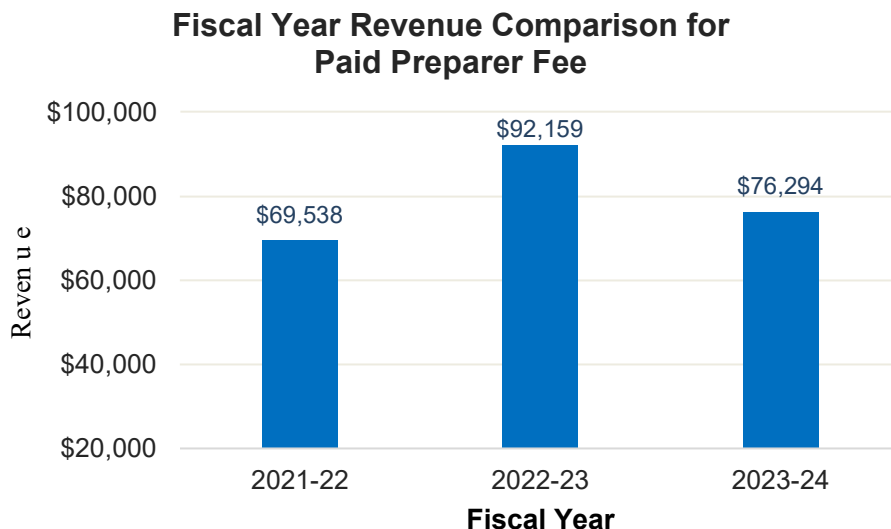
#### Compressed Propane (Gaseous Form):

Currently, there is no federal conversion factor for compressed propane sold in gaseous form. Consequently, the conversion factor for compressed propane (gaseous form) remains as set forth in Conn. Agencies Regs. § 12-455a-1. The conversion factor for compressed propane (gaseous form) at 14.73 lbs. of pressure per square inch (psi) and 60 degrees Fahrenheit is:

- 1 gallon propane = 35.97 cubic feet propane.

## PAID PREPARER FEE

The Connecticut General Assembly enacted a comprehensive law which established professional practice standards for all tax preparers and facilitators. In addition, any person that prepares federal or state personal income tax returns for a fee or other consideration, and is not expressly exempt, must have a permit. The permit must be renewed every two years.



### Fee

All tax preparers who are not exempt are required to have a permit. The initial application fee is \$100. The permit expires after two years. The renewal fee is \$50.

### Exempt Preparers

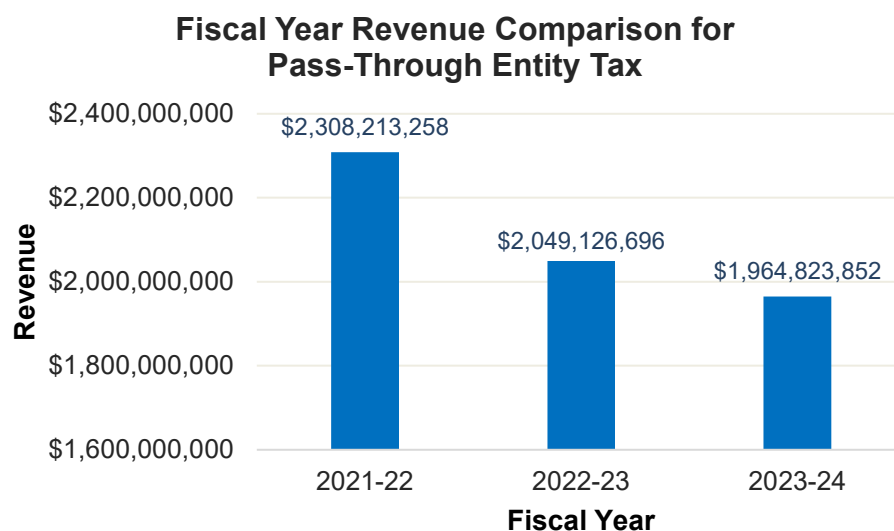
- Attorneys;
- Certified Public Accountants;
- Enrolled Agents;
- IRS qualified volunteer tax preparers participating in either a Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) program;
- Employee of an attorney preparing tax returns under the supervision of the attorney;
- Employee of a local, state or federal governmental agency preparing returns in the performance of official duties;
- Employee of, or assistant to, a tax preparer or person exempted from the permit requirements, in the performance of official duties for such tax preparer or exempt person;
- Fiduciary acting on behalf of an estate; and
- Individuals employed, full-time or part-time, to act as a tax preparer solely for the business purposes of such individual's employer.

# PASS-THROUGH ENTITY TAX

The Pass-Through Entity tax is imposed on the following entities that do business in Connecticut or have income derived from or connected with Connecticut sources:

- Partnerships, including limited liability companies that are treated as partnerships for federal income tax purposes, but excluding publicly traded partnerships; and
- S corporations, including limited liability companies that are treated as S corporations for federal income tax purposes.

Recent legislation makes the pass-through entity tax optional, effective January 1, 2024, and applicable to taxable years commencing on and after that date.



## Filing Frequency

Annually with four estimated installments.

## Number of Taxpayers

138,178 taxpayers

## PASS-THROUGH ENTITY (cont.)

### Basis and Rate

There are two methods that pass-through entities (PE) may use to calculate their tax. The tax rate of 6.99% is applied to the applicable base to determine the amount of tax due.

#### Standard Base

The Standard Base is equal to a PE's Connecticut source income from its own activities. The Standard Base does not include income from subsidiary PE's.

#### Alternative Base

The Alternative Base is equal to the portion of a PE's CT source income from its own activities that flows through to members who are chapter 229 taxpayers (income tax) plus the portion of the PE's income that flows through to members who are Connecticut residents and that is not sourced to any state.

### Pass-Through Entity Tax Credit

Members of a PE are entitled to a credit based upon their respective shares of the PE's tax liability. The PE Tax Credit is 87.5% of the member's share of the PE Tax.

A member may claim the PE Tax Credit against taxes imposed under chapter 208 (corporation business tax) or chapter 229 (income tax). For taxable years that begin on or after January 1, 2024, the credit has been eliminated against the corporation business tax for pass-through entity tax paid by an entity on behalf of a corporation that is member of said entity and that is subject to the Corporation Business tax.

### Composite Personal Income Tax

Pass-through entities can remit composite income tax in connection with the PE's taxable year on behalf of each of its members who are nonresident individuals. Pass-through entities remitted \$18,346,319 in Personal Income tax in 2022.

For taxable years that begin on or after January 1, 2024, legislation **requires** that the pass-through entity file an income tax return and pay the tax on behalf of any nonresident member for whom the business is the only source of Connecticut income.

## PASS-THROUGH ENTITY (cont.)

### Pass-Through Entity Tax Optional Starting January 1, 2024

Recent legislation makes the pass-through entity tax optional, effective January 1, 2024, and applicable to taxable years commencing on and after that date. Any entity that elects to pay such tax must give the Commissioner of Revenue Services written notice for each tax year it makes the election and must do so no later than the due date (or extended due date) for filing the return. The legislation also makes the following changes to the pass-through entity tax:

- Eliminates the standard base method and instead requires all entities electing to pay the tax to use the alternative base method.
- Requires that the pass-through entity file an income tax return and pay the tax on behalf of any nonresident member for whom the business is the only source of Connecticut income.
- Eliminates the credit against the corporation business tax for pass-through entity tax paid by an entity on behalf of a corporation that is member of said entity and that is subject to the corporation tax.
- Eliminates the option for a pass-through entity to file a combined return with one or more commonly owned pass-through entities.

### Detail of Revenue

#### 2022 Pass-Through Entity Tax Returns

Tax Due	Number of Returns	Tax Due
Zero	75,594	\$0
\$1 to \$999	15,633	6,106,595
\$1000 to \$24,999	37,949	261,185,935
\$25,000 to \$49,999	4,092	143,364,792
\$50,000 to \$99,999	2,370	164,511,964
\$100,000 to \$249,999	1,554	236,513,422
\$250,000 to \$499,999	521	179,846,197
\$500,000 to \$999,999	264	186,761,658
\$1 million to \$2 million	111	154,381,387
\$2 million to \$3 million	50	120,837,680
\$3 million to \$4 million	14	47,792,700
\$4 million and over	26	262,264,444
<b>Total</b>	<b>138,178</b>	<b>\$1,763,566,774</b>

# PASS-THROUGH ENTITY (cont.)

## Business Tax Credits

### Apprenticeship Training

Reference: Conn. Gen. Stat. § 12-217g

A pass-through entity that hires apprentices in the manufacturing trades may apply for a credit of up to \$7,500 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$6 up to a maximum of either \$7,500 or 50% of the total wages paid during the first half of a two-year program or three-quarters of a four-year program.

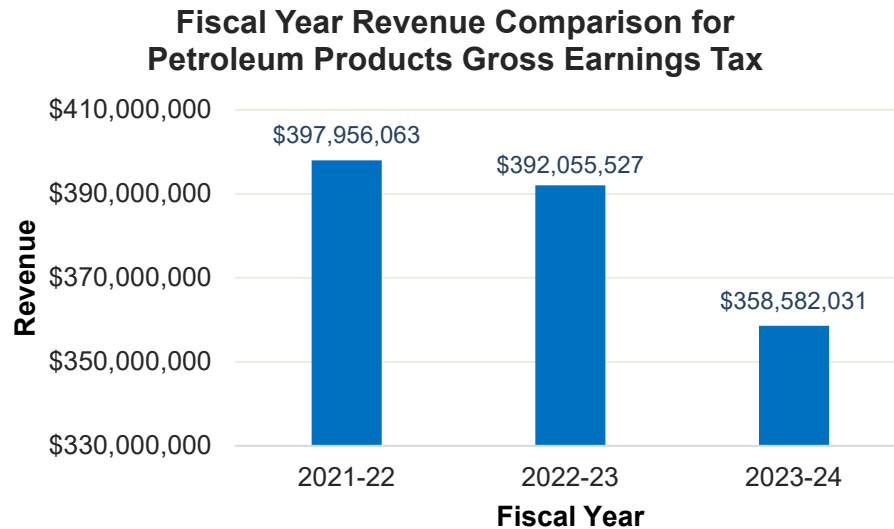
### Tax Credits Claimed on 2022 Pass-Through Entity Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	3	\$47,522



# PETROLEUM PRODUCTS GROSS EARNINGS TAX

*A tax is levied on the gross earnings from the first sale of companies distributing petroleum products in Connecticut. Petroleum products include but are not limited to gasoline, aviation fuel, kerosene, diesel fuel, number 2 heating oil, greases, lubricants, mineral oils, and motor oil.*



## Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons, and used in vessels primarily engaged in interstate commerce;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas primarily used for heating purposes;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers;
- Commercial heating oil blend containing not less than 10% alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to biodiesel or low sulfur dyed diesel fuel and kerosene. Such blended products must be used for commercial heating;
- Diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity;
- Cosmetic grade mineral oil; and
- Propane used as a fuel for school buses.

# PETROLEUM PRODUCTS GROSS EARNINGS TAX (cont.)

## Number of Taxpayers/Filing Frequency

612 taxpayers/Quarterly

## Basis and Rate

8.1%

## Cap on Petroleum Products Gross Earnings Tax

The petroleum products gross earnings tax has a \$3.00 per gallon cap on which the tax is calculated for the first sale for gasoline and gasohol. Petroleum products distributors are required to calculate the tax at \$3.00 per gallon even if the price exceeds said amount and any consideration received by the distributor in excess of \$3.00 is exempt from tax.

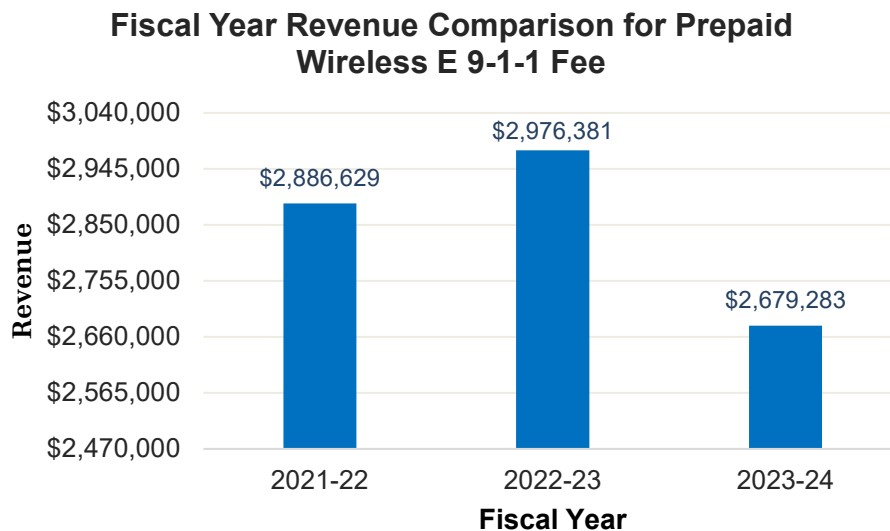
## Connecticut Airport and Aviation Account

The Connecticut Airport and Aviation Account previously received 75.3% of the petroleum products gross earnings tax collected from aviation fuel sources. However, recent legislation exempts aviation fuel from the petroleum gross earnings tax for first sales occurring on or after July 1, 2023.

## PREPAID WIRELESS E 9-1-1 FEE

A Prepaid Wireless E 9-1-1 Fee is levied on each sale of prepaid wireless telecommunications service by a retailer. A prepaid wireless telecommunications service is a wireless telephone service that a consumer pays for in advance, and that is sold in predetermined units or dollars that decline with use. Prepaid wireless telecommunications include prepaid wireless phone cards, recharge or refill authorization codes, and prepaid cell phones or other prepaid wireless devices preloaded with airtime minutes.

The fee is determined each June for the upcoming fiscal year by the Connecticut Public Utility Regulatory Authority (PURA). All monies collected are deposited in the Enhanced 9-1-1 Telecommunications Fund. Retailers may retain 1% of the Prepaid Wireless E 9-1-1 Fees they collect. Beginning July 1, 2022, marketplace facilitators are required to begin collecting and remitting the E 9-1-1 fee.



### Basis and Rate

\$0.73 for sales made on or after July 1, 2024.

\$0.68 for sales made between July 1, 2023, and June 30, 2024.

### Number of Taxpayers / Filing Frequency

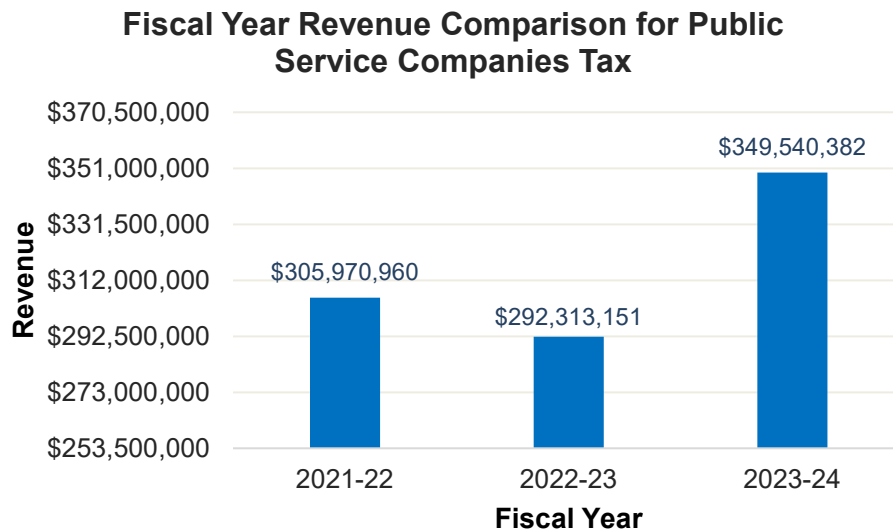
214 Retailers

194 / Monthly

20 / Quarterly

# PUBLIC SERVICE COMPANIES TAX

There are four statutory components to the public service companies taxes under Chapters 210, 211, 212, and 212a of the Connecticut General Statutes. Included under these tax chapters are: Gas Companies, Electric & Power Distribution Companies, Municipal Electric Utilities, Community Antenna TV & Certified Competitive Video Provider, Satellite TV Companies and Railroad Companies taxes.



## Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities;
- Gas and Electric sales to manufacturing in NAICS code sectors 31-33;
- Natural Gas sold to out-of-state users or entities;
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel;
- Retail sales of steam by utility companies; and
- Effective July 1, 2022, any municipality, or department or agency thereof, or district that manufactures, sells, or distributes gas to be used for light, heat or power.

## Number of Taxpayers/Filing Frequency

90 Taxpayers

58 Public Utility Companies/Quarterly

9 Community Antenna TV & Certified Competitive Video Provider  
Companies/Quarterly

13 Satellite TV Companies /Quarterly

10 Railroad Companies/Annually (July 1)

## PUBLIC SERVICE COMPANIES TAX (cont.)

### Basis and Rate

Community Antenna TV*	5.25%
Certified Competitive Video Service Provider*	5.25%
Satellite TV*	5.25%
Railroad	2 - 3.5%
Gas Companies	5%
Gas sales to residential customers	4%
Electric Distribution Companies & Municipal Electric Utilities	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

\* Certified Competitive Video Service Providers, Community Antenna TV, and Satellite TV service providers are subject to an additional 0.25% tax for a total tax rate equal to 5.25%. The additional tax is used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account.

### Residential Credit

Companies claimed \$8,006,793 in Fiscal Year 2023-24 under the one-percent credit attributable to the sale of gas and electric power for residential use.

### Manufacturing Companies Credit

\$7,456,850 was claimed in credit for Fiscal Year 2023-24 for gas used directly by a company engaged in a manufacturing production process.

### Comparative Data

	FY 2021-22	FY 2022-23	FY 2023-24
Cable, Satellite & Video	\$39,072,064	\$49,226,215	\$35,555,237
Electric & Power Companies	167,554,267	149,579,820	237,946,264
Gas Companies	96,084,499	90,207,200	72,970,332
Public, Educational & Governmental Programming Tax*	2,690,191	2,825,522	2,573,751
Railroad Companies	569,939	474,393	494,799
<b>Total Tax</b>	<b>\$305,970,960</b>	<b>\$292,313,151</b>	<b>\$349,540,382</b>

\*Additional tax on cable, satellite and video for deposit in the public, educational and governmental programming and education technology investment account.

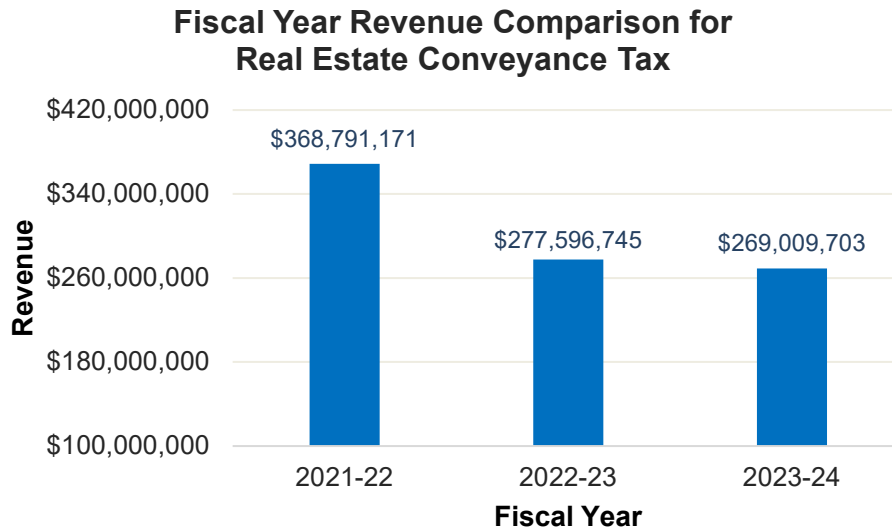
## PUBLIC SERVICE COMPANIES TAX (cont.)

### Fiscal Year 2023-24 Public Service Companies Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	3	\$894,647
Neighborhood Assistance	9	1,119,519
Historic Homes Rehabilitation	4	2,667,698
Historic Rehabilitation	3	8,095,968
Housing Program Contribution	1	10,000,000
Urban & Industrial Site Reinvestment	2	3,846,267
<b>Total Tax Credits</b>	<b>22</b>	<b>\$26,624,099</b>

# REAL ESTATE CONVEYANCE TAX

Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.



## Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court; as the result of:
  - An annulment, dissolved marriage, or legal separation;
  - Partition of joint and common estates; or
  - Foreclosure by sale;
- Certain exempt corporation transfers;
- Transfers between spouses;
- Instruments conveying property located in an enterprise zone or entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program;

## REAL ESTATE CONVEYANCE TAX (cont.)

### Exemptions (cont.)

- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership;
- Employee relocation company or employer re-sales within six months of conveyance from relocated employee;
- Deeds of sale in lieu of foreclosure that transfer the transferor's principal residence;
- Deeds pursuant to a judgment of foreclosure by market sale;
- Conveyances made pursuant to a judgment of loss mitigation;
- An instrument that conveys a transferor's principal residence with a deteriorated concrete foundation caused by pyrrhotite, as determined by a professional engineer. The exemption applies only to the first transfer after the engineer's written evaluation has been obtained by the transferor and is not available to any seller who received financial assistance from the Crumbling Foundations Assistance Fund; and
- Any instrument transferring a transferor's principal residence where the gross purchase price is insufficient to pay the sum of:
  - The mortgages encumbering the property transferred; and
  - Any real property taxes and municipal utility or other charges for which the municipality may place a lien on the property (such as sewer taxes) and which have priority over the mortgages encumbering the property transferred.

### Basis and Rate

Conveyances made on or after July 1, 2023:

Classification	Rate
Unimproved Land	0.75%
Nonresidential property other than Unimproved Land	1.25%
Residential Dwelling:	
Portion \$800,000 or less	0.75%
Portion between \$800,000 and \$2.5 million	1.25%
Portion that exceeds \$2.5 million	2.25%
Residential Property other than Residential Dwelling	0.75%
Delinquent Mortgage	0.75%



## REAL ESTATE CONVEYANCE TAX (cont.) Fiscal Year 2023-24 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances	Number of Exempt Conveyances	Tax Due
Under \$2,000	0	28,369	4,643	\$ 0
\$ 2,000 to \$ 29,999	1,198	0	44	107,636
\$ 30,000 to \$ 39,999	252	0	*	68,539
\$ 40,000 to \$ 49,999	279	0	12	97,937
\$ 50,000 to \$ 59,999	353	0	10	153,660
\$ 60,000 to \$ 69,999	363	0	11	185,760
\$ 70,000 to \$ 79,999	335	0	12	197,876
\$ 80,000 to \$ 89,999	379	0	*	251,996
\$ 90,000 to \$ 99,999	346	0	*	260,583
\$100,000 to \$109,999	443	0	*	358,950
\$110,000 to \$119,999	430	0	10	381,197
\$120,000 to \$129,999	515	0	*	500,988
\$130,000 to \$139,999	487	0	23	506,730
\$140,000 to \$149,999	474	0	19	533,847
\$150,000 to \$159,999	641	0	20	768,874
\$160,000 to \$169,999	601	0	*	754,084
\$170,000 to \$179,999	681	0	15	926,826
\$180,000 to \$189,999	677	0	24	956,934
\$190,000 to \$199,999	649	0	18	974,296
\$200,000 to \$249,999	4,320	0	87	7,497,785
\$250,000 to \$299,999	5,402	0	95	11,387,154
\$300,000 to \$399,999	9,992	0	113	26,646,209
\$400,000 to \$499,999	6,322	0	65	21,725,738
\$500,000 to \$599,999	3,606	0	32	15,223,930

Note that conveyances for no consideration or consideration of less than \$2,000 are non-taxable.

## REAL ESTATE CONVEYANCE TAX (cont.) Fiscal Year 2023-24 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances	Number of Exempt Conveyances	Tax Due
\$600,000 to \$699,999	2,407	0	18	12,065,275
\$700,000 to \$799,999	1,647	0	11	9,571,190
\$800,000 to \$899,999	1,126	0	13	7,674,016
\$900,000 to \$999,999	781	0	13	6,311,351
\$1,000,000 to \$1,099,999	383	0	*	3,640,885
\$1,100,000 to \$1,199,999	415	0	*	4,449,184
\$1,200,000 to \$1,299,999	402	0	*	4,844,153
\$1,300,000 to \$1,399,999	314	0	*	4,249,101
\$1,400,000 to \$1,499,999	256	0	*	3,643,336
\$1,500,000 to \$1,999,999	885	0	16	15,768,263
\$2,000,000 to \$2,499,999	460	0	*	11,013,581
\$2,500,000 to \$2,999,999	294	0	*	9,488,519
\$3,000,000 to \$3,499,999	189	0	*	7,972,468
\$3,500,000 to \$3,999,999	132	0	*	6,951,908
\$4,000,000 to \$4,499,999	99	0	*	6,066,697
\$4,500,000 to \$4,999,999	67	0	*	4,822,765
\$5,000,000 and over	331	0	*	52,550,868
<b>Total</b>	<b>48,933</b>	<b>28,369</b>	<b>5,419</b>	<b>\$261,551,089</b>

Note that conveyances for no consideration or consideration of less than \$2,000 are non-taxable.

\* Less than 10 conveyances.

## FY 2023-24 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
ANDOVER	33	43	\$13,485,834	\$104,407
ANSONIA	192	216	62,496,199	490,826
ASHFORD	48	74	19,442,391	212,731
AVON	219	355	190,734,476	1,791,863
BARKHAMSTED	45	66	23,025,931	231,334
BEACON FALLS	51	107	34,945,879	560,314
BERLIN	235	284	96,327,559	873,677
BETHANY	55	62	27,505,676	295,100
BETHEL	188	245	107,249,010	948,325
BETHLEHEM	52	62	27,773,981	270,866
BLOOMFIELD	239	278	86,485,261	1,871,983
BOLTON	54	56	21,042,900	170,183
BOZRAH	33	44	11,264,551	127,070
BRANFORD	414	436	187,395,436	1,582,416
BRIDGEPORT	1,018	1,339	424,166,188	4,556,418
BRIDGEWATER	22	33	27,087,676	290,781
BRISTOL	589	886	248,780,948	2,239,823
BROOKFIELD	193	284	139,649,831	1,366,141
BROOKLYN	83	138	37,444,008	345,644
BURLINGTON	117	112	44,133,098	359,128
CANAAN	17	40	16,153,103	200,303
CANTERBURY	61	76	20,644,288	154,440
CANTON	110	155	61,160,041	569,909
CHAPLIN	38	36	6,181,500	45,945
CHESHIRE	308	411	190,101,901	1,956,721
CHESTER	46	51	24,419,350	220,457
CLINTON	190	254	99,925,601	1,016,171
COLCHESTER	135	248	89,835,646	702,403
COLEBROOK	29	14	2,948,000	25,787
COLUMBIA	58	77	29,828,796	249,270
CORNWALL	39	30	27,638,289	380,464
COVENTRY	130	180	55,322,090	436,223
CROMWELL	132	248	91,099,138	910,110
DANBURY	579	881	338,028,809	3,697,394
DARIEN	178	257	546,205,368	7,701,001
DEEP RIVER	67	80	34,988,353	458,815
DERBY	98	193	53,485,783	851,818
DURHAM	80	79	33,218,340	342,712
EASTFORD	37	39	9,006,820	99,677
EAST GRANBY	52	103	35,057,150	344,206
EAST HADDAM	155	177	53,921,982	454,702
EAST HAMPTON	166	250	80,039,099	733,911
EAST HARTFORD	334	591	137,230,607	1,412,821

## FY 2023-24 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
EAST HAVEN	314	409	\$126,673,472	\$1,022,690
EAST LYME	284	353	161,188,323	1,465,913
EASTON	75	122	91,155,045	790,253
EAST WINDSOR	119	205	55,220,919	652,260
ELLINGTON	126	209	69,775,792	586,456
ENFIELD	395	667	184,709,824	1,682,249
ESSEX	93	132	92,196,173	1,239,798
FAIRFIELD	486	823	811,575,332	8,771,367
FARMINGTON	343	395	207,772,098	2,574,971
FRANKLIN	16	35	8,596,900	174,101
GLASTONBURY	408	523	259,944,065	2,433,323
GOSHEN	73	92	33,000,222	316,505
GRANBY	130	181	69,441,310	555,690
GREENWICH	656	910	2,568,544,015	41,175,174
GRISWOLD	136	179	50,633,106	672,098
GROTON	424	459	186,886,029	2,423,109
GUILFORD	292	368	223,450,303	2,147,517
HADDAM	111	132	44,216,382	405,368
HAMDEN	457	894	274,085,610	2,628,026
HAMPTON	24	35	8,785,670	70,210
HARTFORD	580	1,006	238,402,880	3,794,413
HARTLAND	28	23	7,643,214	58,468
HARWINTON	89	71	23,660,526	201,855
HEBRON	82	121	47,269,272	364,905
KENT	54	60	30,647,130	318,978
KILLINGLY	189	372	98,750,607	918,042
KILLINGWORTH	75	88	36,345,270	297,095
LEBANON	99	121	33,390,012	271,037
LEDYARD	180	284	87,793,203	702,450
LISBON	48	76	18,264,534	167,245
LITCHFIELD	138	146	73,378,593	790,106
LYME	56	45	33,958,059	340,085
MADISON	227	273	193,654,796	1,797,516
MANCHESTER	382	747	195,108,560	2,509,659
MANSFIELD	137	200	54,372,013	442,411
MARLBOROUGH	54	93	37,062,730	296,373
MERIDEN	442	782	197,130,174	1,913,163
MIDDLEBURY	122	143	72,160,203	746,305
MIDDLEFIELD	60	51	16,935,797	331,338
MIDDLETOWN	382	644	184,386,496	1,639,211
MILFORD	510	773	354,680,147	3,409,442
MONROE	184	275	137,179,164	1,188,477
MONTVILLE	166	304	71,301,546	701,602

## FY 2023-24 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

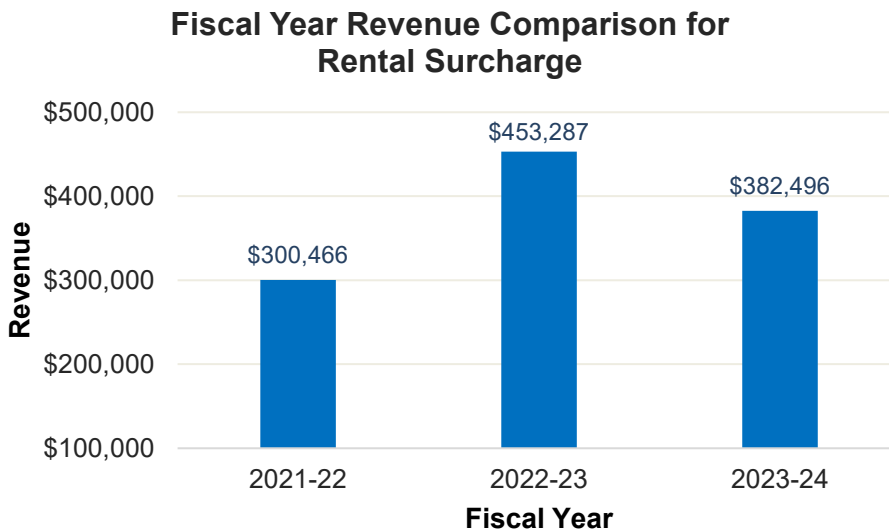
Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
MORRIS	25	47	\$23,967,795	\$215,570
NAUGATUCK	256	413	112,430,204	901,881
NEW BRITAIN	433	719	178,070,641	1,655,046
NEW CANAAN	198	328	644,758,553	7,786,856
NEW FAIRFIELD	161	174	82,495,166	673,415
NEW HARTFORD	93	98	35,644,782	367,984
NEW HAVEN	850	899	282,713,836	5,163,213
NEWINGTON	298	515	156,324,939	1,573,075
NEW LONDON	228	326	85,945,233	759,631
NEW MILFORD	337	455	179,731,783	1,594,545
NEWTOWN	269	415	230,872,479	2,454,287
NORFOLK	30	31	8,761,600	80,076
NORTH BRANFORD	172	161	61,029,348	607,947
NORTH CANAAN	33	52	9,458,400	124,401
NORTH HAVEN	251	304	121,292,522	1,366,662
NORTH STONINGTON	94	96	28,097,956	293,660
NORWALK	639	1,131	791,559,785	8,585,939
NORWICH	378	714	160,280,577	1,432,772
OLD LYME	196	148	87,245,465	792,438
OLD SAYBROOK	225	225	132,938,845	1,492,529
ORANGE	136	159	72,148,084	1,108,105
OXFORD	162	189	90,432,741	889,139
PLAINFIELD	190	285	71,771,090	729,701
PLAINVILLE	197	293	82,241,167	817,079
PLYMOUTH	129	200	52,409,757	483,873
POMFRET	53	63	18,761,159	165,608
PORTLAND	117	174	49,065,296	522,841
PRESTON	100	99	19,158,092	167,790
PROSPECT	110	105	38,303,323	350,342
PUTNAM	106	180	45,246,800	464,232
REDDING	101	134	132,282,269	1,348,871
RIDGEFIELD	306	365	325,927,739	2,974,158
ROCKY HILL	160	272	93,739,279	1,225,012
ROXBURY	36	39	37,194,001	414,552
SALEM	41	101	31,391,675	268,975
SALISBURY	83	77	77,820,254	902,757
SCOTLAND	30	22	5,031,500	39,371
SEYMOUR	146	192	61,999,573	611,168
SHARON	66	79	46,748,226	528,615
SHELTON	347	525	230,917,701	2,125,607
SHERMAN	78	67	47,852,278	482,072
SIMSBURY	249	397	173,898,673	1,466,566
SOMERS	99	131	49,105,784	407,670

## FY 2023-24 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
SOUTHBURY	248	457	\$170,403,494	\$1,393,498
SOUTHINGTON	459	606	222,520,096	1,816,861
SOUTH WINDSOR	279	421	164,276,674	1,658,913
SPRAGUE	43	51	11,092,760	93,133
STAFFORD	134	237	48,362,216	382,637
STAMFORD	874	1,441	969,609,081	9,224,982
STERLING	40	56	15,633,677	137,806
STONINGTON	296	337	178,321,816	1,811,312
STRATFORD	550	784	301,532,784	3,062,052
SUFFIELD	133	244	93,197,619	850,514
THOMASTON	53	94	24,370,875	251,650
THOMPSON	135	172	48,155,232	397,565
TOLLAND	151	196	71,431,759	587,774
TORRINGTON	388	632	151,347,778	1,564,514
TRUMBULL	273	423	249,992,848	2,025,719
UNION	12	18	5,410,000	43,612
VERNON	240	417	107,413,088	1,059,885
VOLUNTOWN	43	27	7,837,900	63,314
WALLINGFORD	369	529	179,258,154	1,734,872
WARREN	26	24	15,380,001	199,863
WASHINGTON	96	72	69,451,421	827,073
WATERBURY	840	1,485	333,856,878	3,465,223
WATERFORD	265	322	111,625,467	987,071
WATERTOWN	225	299	100,870,049	859,241
WESTBROOK	230	172	54,123,451	481,240
WEST HARTFORD	496	914	435,583,765	3,774,144
WEST HAVEN	450	645	179,525,259	1,607,854
WESTON	98	184	232,522,456	2,353,045
WESTPORT	301	489	951,777,835	13,788,458
WETHERSFIELD	226	304	106,438,830	853,151
WILLINGTON	42	62	19,191,329	165,147
WILTON	162	290	305,672,051	2,983,845
WINCHESTER	139	172	40,567,576	390,069
WINDHAM	171	260	53,297,444	443,150
WINDSOR	279	371	110,563,946	3,310,667
WINDSOR LOCKS	132	208	52,044,600	1,278,701
WOLCOTT	157	231	75,474,195	629,902
WOODBIDGE	85	126	80,309,278	719,434
WOODBURY	140	170	61,614,857	649,103
WOODSTOCK	125	154	55,788,410	479,395
TOWN UNKNOWN	10	27	10,190,000	87,125
<b>TOTAL</b>	<b>33,788</b>	<b>48,933</b>	<b>\$23,381,305,722</b>	<b>\$261,551,089</b>

## RENTAL SURCHARGE

The Rental Surcharge is imposed on the rental of machinery by a rental company. The surcharge is imposed on machinery rented for a period of less than 365 days, or under an open-ended contract for an undefined period.



### Exemptions

- Rentals by an agency of United States Government; and
- Rentals by a person that is not a rental company.

### Number of Taxpayers / Filing Frequency

18 taxpayers / Annually

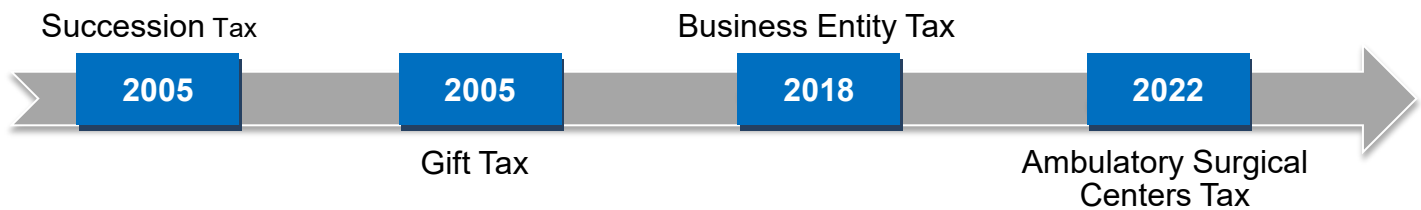
### Basis and Rate

2.75% of the total rental charges on machinery.

### Comparative Data

Gross collections of the surcharge by rental companies during 2023 amounted to \$2,536,128. Rental companies retained the difference between gross collections and the amounts remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

## REPEALED TAXES



### AMBULATORY SURGICAL CENTERS TAX

A tax is imposed on the gross receipts of each ambulatory surgical center for each calendar quarter. Gross receipts do not include net patient revenue of a hospital that is subject to the Hospitals Tax. The Ambulatory Surgical Centers Tax was repealed, per 2022 Conn. Pub. Acts 22-118, effective July 1, 2022.

Revenue collected for Fiscal Year 2023-24: \$(215)

### BUSINESS ENTITY TAX

The following business entities were subject to a Business Entity Tax if they were formed under Connecticut law or were foreign entities that were transacting business in Connecticut and required to register with or obtain a certificate of authority from the Connecticut Secretary of the State:

- S corporations (Qualified subchapter S subsidiaries (QSSS) were not liable);
- Limited liability companies (LLCs or SMLLCs) that, for federal income tax purposes, were either:
  - Treated as a partnership, if it had two or more members; or
  - Disregarded as an entity separate from its owner, if it had a single member;
- Limited liability partnerships (LLPs); and
- Limited partnerships (LPs).

Public Act 19-117 sunset the Connecticut Business Entity Tax with the 2017 and 2018 biennial period.

Revenue collected for Fiscal Year 2023-24: \$888,379

### GIFT TAX

The Connecticut Gift Tax applied to Connecticut taxable gifts made prior to January 1, 2005, that had been taxable for federal purposes. The Gift Tax was replaced by the Estate and Gift Tax for taxable gifts made on or after January 1, 2005.

Revenue collected for Fiscal Year 2023-24: \$457,202

### SUCCESSION TAX

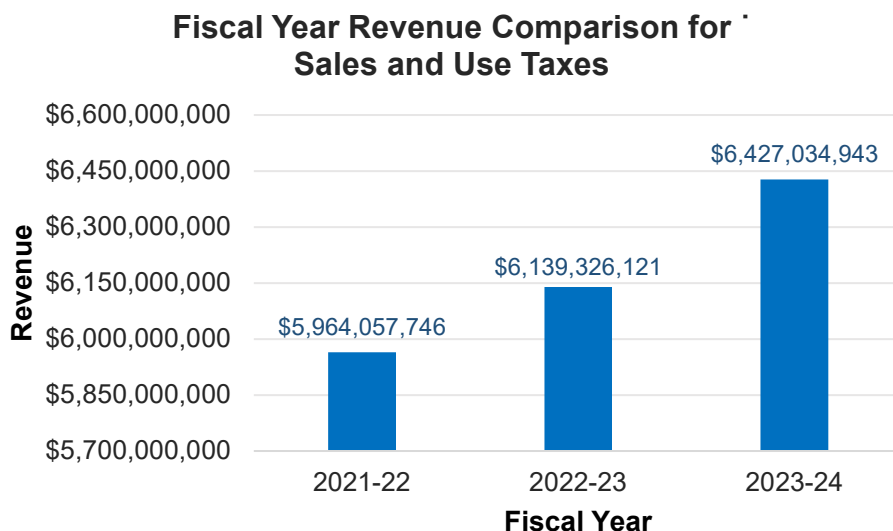
The Succession Tax was levied on the transfer of property after death, with rates that varied depending on the size of the estate and the relationship of the decedent to the beneficiary. The Connecticut Succession Tax does not apply to estates of decedents dying on or after January 1, 2005.

Revenue collected for Fiscal Year 2023-24: \$6,224



## SALES AND USE TAXES

*Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain services.*



### Basis and Rate

6.35%	on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain services (general rate);
7.35%	on the sale of meals and certain drinks;
7.75%	This tax rate applies to: <ul style="list-style-type: none"> <li>• Most motor vehicles with a sales price of more than \$50,000;</li> <li>• Items of jewelry with a sales price of more than \$5,000; and</li> <li>• Articles of clothing or footwear or a handbag, luggage, umbrella, wallet, or watch, with a price of more than \$1,000.</li> </ul>
1.0%	on computer and data processing services;
2.99%	for sales and purchases of vessels, motors for vessels, and trailers used for transporting a vessel;
4.5%	on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;
9.35%	for the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less;
11.0%	for occupancy in bed and breakfast establishments;
15.0%	for the rental of rooms in a hotel or lodging house

## SALES AND USE TAXES (cont.)

### Exemptions

Conn. Gen. Stat. § 12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services. The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2023-24.

### FY 2023-24 SALES TAX EXEMPTIONS (In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sale for Resale – Goods	\$109,121.1	\$6,936.7
Sale for Resale – Leases and Rentals	1,887.4	130.0
Sale for Resale – Labor and Services	2,660.2	168.9
Magazines by Subscription and All Newspapers	93.9	6.0
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	152.6	9.7
Food Products for Human Consumption	10,210.0	653.2
Fuel for Motor Vehicles	9,769.1	620.3
Electricity/Gas/Heating Fuel (residential)	3,316.5	210.6
Electricity (\$150 monthly per business)	79.4	5.0
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	1,221.3	77.6
Aviation Fuel	468.7	29.8
Sales of Tangible Personal Property to Farmers	107.6	6.8
Machinery/Materials/ Tools/Fuel – Mfg. Product	2,053.0	130.4
Machinery/Materials/ Equip. – Printing	57.1	3.6
Machinery/Materials/ Tools/Fuel – Comm. Fishing	15.4	1.0

## SALES AND USE TAXES (cont.)

### FY 2023-24 SALES TAX EXEMPTIONS (cont.)

*(In Millions)*

Deductible Item	Total Deductions	Revenue Forgone
Out-of-State – Sale of Goods	34,083.4	2,167.3
Out-of-State – Leases/Rentals	670.1	43.3
Out-of-State – Labor and Services	15,534.5	986.4
Sales of Motor Vehicles, Vessels to Nonresidents	1,648.6	113.0
Prescription Medicines	9,876.0	627.1
Nonprescription Drugs and Medicines	187.3	11.9
Charitable/Religious – Sale of Goods	1,224.6	78.8
Charitable/Religious – Leases and Rentals	92.3	5.9
Charitable/Religious – Labor and Services	1,111.3	70.6
Government – Sale of Goods	13,098.2	832.4
Government – Leases and Rentals	87.0	5.5
Government – Labor and Services	9,097.4	577.7
Pollution Abatement	7.9	0.5
Non-Taxable Labor and Services	25,354.4	1,610.0
Business Services/Parent Owned Subs.	829.8	52.7
Trade-ins of Like-Kind Personal Property	1,187.6	81.1
Taxed Goods returned within 90 days	123.0	7.8
Oxygen, Plasma, Prostheses, etc.	394.9	25.1
Funeral Expenses up to \$2,500	119.0	7.6
Repair or Replacement Parts/Repair Services to Aircraft	1,554.9	98.7
Certain Machinery – Manufacturing Recovery Act of 1992 (Difference between the Full and 3% Rates)	16.9	1.1

## SALES AND USE TAXES (cont.)

### FY 2023-24 SALES TAX EXEMPTIONS (cont.)

(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	40.2	2.5
Sales of Repair and Maintenance Service to Vessels	75.7	4.8
Computer and Data Processing Services (Difference between the Full and 1% Rates)	7,980.9	506.8
Renovation Services to Residential Property	1,152.7	73.2
Sales to Direct Payment Permit Holders	995.9	63.2
Sales of College Textbooks	8.8	0.6
Sales Tax Holidays	34.5	2.2
Motor Vehicles Sold to Armed Forces (Difference between the Full and 4.5% Rates)	1.6	0.1
Purchases of Cigarettes Taxed by a Distributor	564.3	35.8
Sales of Vessels and Motors or Trailers for Vessels (Difference between the Full and 2.99% Rates)	137.2	8.7
Other Adjustments – Sales of Goods	23,177.7	1,473.4
Other Adjustments – Leases and Rentals	428.6	27.7
Other Adjustments – Labor and Services	2,133.3	135.5
<b>TOTAL</b>	<b>\$294,243.9</b>	<b>\$18,728.6</b>

## SALES AND USE TAXES (cont.)

### Number of Taxpayers / Filing Frequency

**198,644 Sales & Use Taxpayers**

11,160 Annual  
 33,668 Quarterly  
 69,507 Monthly  
 84,309 Filers with no tax due

**724 Room & Occupancy Taxpayers**

591 Monthly  
 133 Quarterly

### Comparative Data

**Table I** provides a summary of collection amounts attributed to each component of the Sales and Use taxes. Revenue from required license payments are included in both Sales and Use and Room Occupancy collections.

**Table I  
 Sales and Use Tax Collections  
 Fiscal Years 2022 – 2024**

	FY 2021-22	FY 2022-23	FY 2023-24
Sales and Use	\$5,819,700,400	\$5,975,522,983	\$6,250,195,204
Individual Use	7,544,363	6,827,183	15,134,000
Room Occupancy	136,812,983	156,975,955	161,705,739
<b>Total Tax</b>	<b>\$5,964,057,746</b>	<b>\$6,139,326,121</b>	<b>\$6,427,034,943</b>

## SALES AND USE TAXES (cont.)

**Table II** provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

**Table II**  
**Gross Receipts Reported on Sales Tax Returns**  
**Periods Ending in Fiscal Year 2023-24**  
*(In Millions)*

Tax Rate	Sales of Tangible Personal Property	Leasing/Rental of Tangible Personal Property	Sales of Services
6.35% - General Rate	\$291,227.4	\$3,699.1	\$66,787.0
7.35% - Meals and Beverages	12,172.6	0	0
7.75% - Luxury Goods	4,087.9	599.2	0
9.35% - Motor Vehicle Rental	0	304.8	0

**Table III** provides a summary of taxable receipts reported under the sales and use taxes attributable to room occupancy and the rental or leasing of passenger motor vehicles for a period of 30 consecutive calendar days or less.

**Table III**  
**Taxable Receipts**  
**Periods Ending in Fiscal Year 2023-24**  
*(In Millions)*

Taxable Receipts Attributable to:	Tax Rate	Taxable Receipts
Room Occupancy in Hotel or Lodging House	15%	\$1,073.0
Room Occupancy in Bed and Breakfast Establishments	11%	5.7
Rental or Leasing of Motor Vehicles for 30 days or less	9.35%	303.6

## SALES AND USE TAXES (cont.)

**Table IV** provides a summary of taxable purchases subject to business use taxes.

**Table IV**  
**Purchases Subject to Business Use Tax**  
**Periods Ending in Fiscal Year 2023-24**  
*(In Millions)*

Tax Rate	Purchases of Tangible Personal Property	Leasing/Rental of Tangible Personal Property	Purchases of Services
6.35% - General Rate	\$6,334.3	\$573.8	\$1,875.0
7.35% - Meals and Beverages	6.4	0	0
7.75% - Luxury Goods	1.6	6.7	0
9.35% - Motor Vehicle Rental	0	0.2	0

**Table V** provides a summary of the Film Production Tax Credit claims under sales and use tax.

**Table V**  
**Film Production Tax Credit Claims for Fiscal Year 2023-24**

Fiscal Year	Number of Claims	Tax Credit Claimed
FY 2023-24	12	\$7,059,475

Table VI on the following page provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for Fiscal Year 2023-24. The revenues are from regular payments and represent 95% of the total sales and use taxes collected in FY 2023-24.

## SALES AND USE TAXES (cont.)

**TABLE VI: Sales & Use Tax - From Periods Ending in Fiscal Year 2023-24**  
(In Millions)

	Tax Due at 6.35%	Tax Due at 7.35%	Tax Due at 7.75%	Total Tax Due (Includes 9.35% Rate)
22 Utilities	\$167.9	\$0.0	\$0.0	\$167.9
23 Construction	216.5	1.6	0.0	218.1
31-33 Manufacturing	296.9	14.9	0.4	312.3
42 Wholesale Trade	315.3	1.6	1.2	318.1
<i>441 Motor Vehicle and Parts Dealers</i>	<i>476.0</i>	<i>0.0</i>	<i>125.3</i>	<i>601.6</i>
<i>442 Furniture and Home Furnishings</i>	<i>118.7</i>	<i>0.0</i>	<i>0.0</i>	<i>118.7</i>
<i>443 Electronics and Appliance Stores</i>	<i>87.7</i>	<i>0.0</i>	<i>0.0</i>	<i>87.7</i>
<i>444 Building Material &amp; Garden Equipment</i>	<i>254.7</i>	<i>0.0</i>	<i>0.0</i>	<i>255.1</i>
<i>445 Food and Beverage Stores</i>	<i>208.1</i>	<i>60.4</i>	<i>0.0</i>	<i>268.5</i>
<i>446 Health and Personal Care Stores</i>	<i>52.6</i>	<i>0.9</i>	<i>0.2</i>	<i>53.7</i>
<i>447 Gasoline Stations</i>	<i>30.6</i>	<i>6.5</i>	<i>1.6</i>	<i>38.7</i>
<i>448 Clothing and Clothing Accessories Stores</i>	<i>214.2</i>	<i>0.5</i>	<i>21.5</i>	<i>236.2</i>
<i>451 Sporting Goods, Hobby, Book Stores</i>	<i>56.0</i>	<i>0.8</i>	<i>0.0</i>	<i>56.8</i>
<i>452 General Merchandise Stores</i>	<i>264.5</i>	<i>3.3</i>	<i>0.5</i>	<i>268.2</i>
<i>453 Miscellaneous Store Retailers</i>	<i>265.8</i>	<i>8.2</i>	<i>7.2</i>	<i>281.2</i>
<i>454 Non-store Retailers</i>	<i>508.5</i>	<i>3.5</i>	<i>2.0</i>	<i>514.0</i>
<b>44-45 Retail Sector Subtotal</b>	<b>2,537.5</b>	<b>84.1</b>	<b>158.3</b>	<b>2,780.4</b>
51 Information	312.1	30.5	2.4	345.1
52 Finance and Insurance	94.5	0.0	2.1	96.6
53 Real Estate and Rental and Leasing	144.1	1.3	16.9	186.2
54 Professional, Scientific and Technical Services	264.3	31.9	0.2	296.5
56 Administrative and Support	278.3	0.6	0.4	279.3
71 Arts, Entertainment & Recreation	36.7	16.8	0.0	53.6
72 Accommodation and Food Services	17.7	594.3	0.3	612.4
81 Other Services (except Public Admin)	248.1	6.0	12.1	266.2
All Other Businesses	138.5	5.7	5.0	152.8
<b>TOTAL SALES &amp; USE TAX</b>	<b>\$5,068.4</b>	<b>\$789.3</b>	<b>\$199.5</b>	<b>\$6,086.2</b>



## SALES AND USE TAXES (cont.)

Table VII below, provides a summary of retail sales of goods for the state of Connecticut over the past three fiscal years. These sales include those goods which are exempt from the sales and use tax.

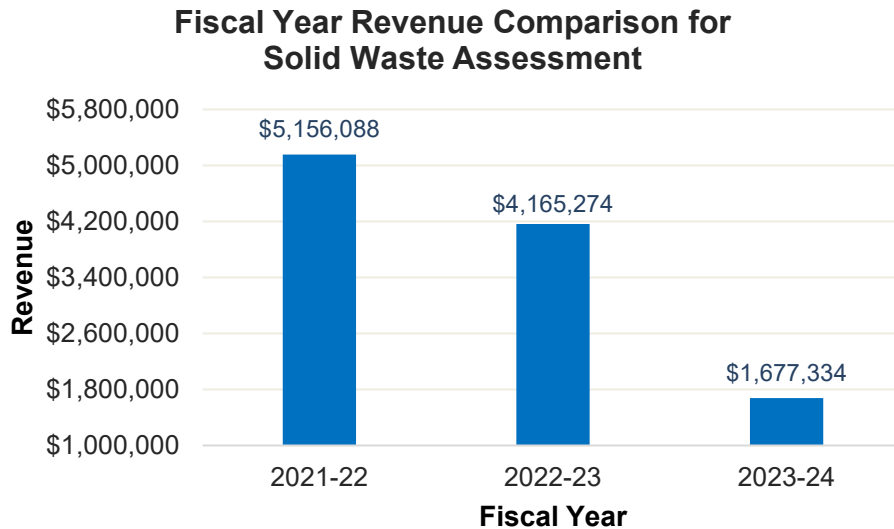
Data is provided for the Retail Trade subsectors within the North American Industry Classification System (NAICS). Approximately 44% of all the sales and use tax revenue is generated by the retail trade sector.

**TABLE VII:**  
**Retail Sales Volume - Fiscal Years 2022 – 2024**  
*(In Millions)*

	FY 2021-22	FY 2022-23	FY 2023-24
Motor Vehicle and Parts Dealers (NAICS 441)	\$13,755.2	\$14,317.8	\$14,676.6
Furniture and Home Furnishings Stores (NAICS 442)	2,403.6	2,336.7	2,132.8
Electronics and Appliance Stores (NAICS 443)	1,687.6	1,638.9	1,602.0
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	4,520.4	4,616.6	4,505.4
Food and Beverage Stores (NAICS 445)	12,706.1	13,279.2	13,794.3
Health and Personal Care Stores (NAICS 446)	5,462.4	6,014.7	6,453.9
Gasoline Stations (NAICS 447)	4,596.9	4,748.8	4,636.3
Clothing and Clothing Accessories Stores (NAICS 448)	3,699.6	3,819.4	3,866.3
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,044.0	1,055.0	1,035.2
General Merchandise Stores (NAICS 452)	6,651.2	7,125.7	7,522.6
Miscellaneous Store Retailers (NAICS 453)	9,294.6	9,381.9	9,249.2
Non-store Retailers (NAICS 454)	12,026.8	13,100.8	14,115.3
<b>Total Retail Trade (NAICS 44-45)</b>	<b>\$77,848.4</b>	<b>\$81,435.5</b>	<b>\$83,590.0</b>

# SOLID WASTE ASSESSMENT

The Solid Waste Assessment is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.



## Basis and Rate

\$1.50 per ton of solid waste processed.

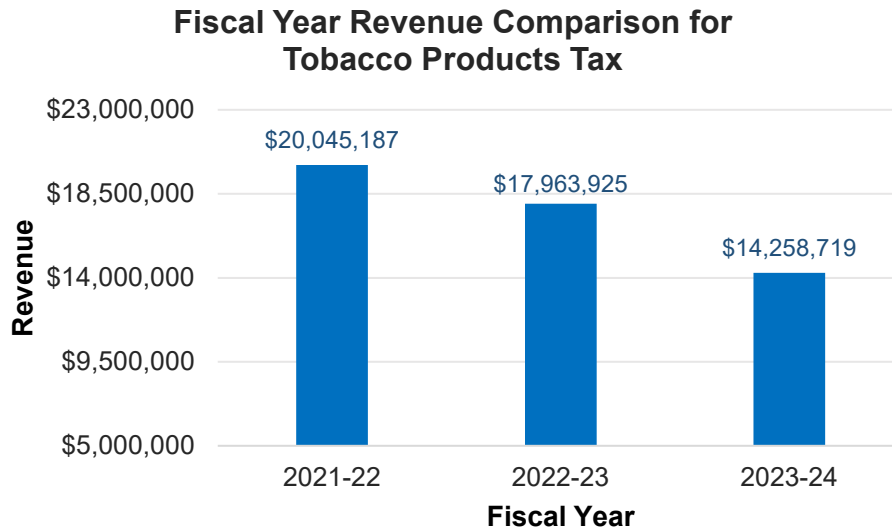
## Comparative Data

### Fiscal Year Solid Waste Assessment Tax Liability

Fiscal Year	# of Taxpayers	Tons of Solid Waste	Tax Due
FY 2021-22	5	1,851,338	\$2,777,011
FY 2022-23	5	1,387,050	\$2,080,579
FY 2023-24	4	1,434,403	\$2,151,608

# TOBACCO PRODUCTS TAX

An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.



## Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

## Number of Taxpayers/Filing Frequency

176 distributors/Monthly

## Basis and Rate

- Tobacco products are taxed at 50% of the wholesale sales price, except for cigars in excess of \$1.0 per cigar and snuff.
- Cigars are taxed at 50% of the wholesale sales price, not to exceed 50¢ per cigar.
- Snuff tobacco products are taxed at \$3.00 per ounce.

**Note:** The tax on tobacco products is reduced by 50% for any product the Secretary of the United States Department of Health and Human Services determines to be a “modified risk tobacco product” pursuant to 21 U.S.C. §387k.

## TOBACCO PRODUCTS TAX (cont.)

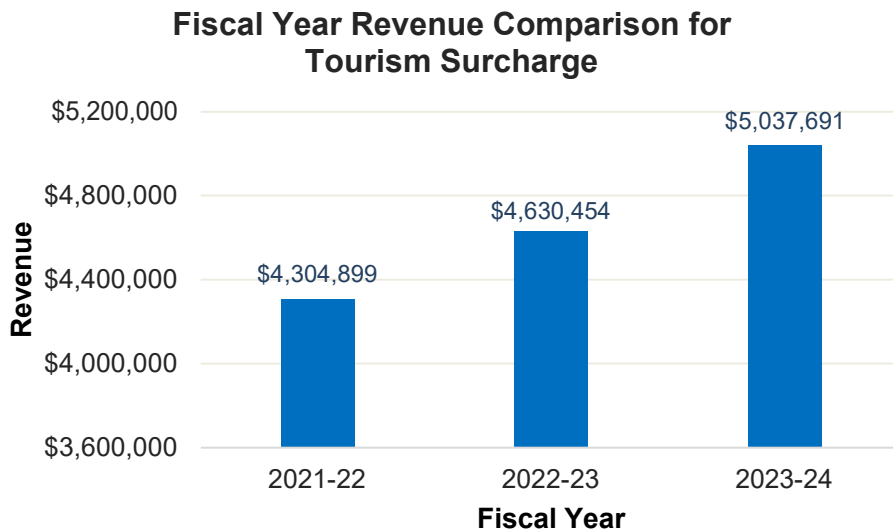
### Comparative Data

Type	FY 2021-22	FY 2022-23	FY 2023-24
Snuff Tobacco Products	\$10,041,927	\$8,680,185	\$7,041,711
Cigars in excess of \$1.00 per cigar	1,412,860	1,233,365	1,158,836
Other Tobacco Products*	8,004,872	7,699,392	5,485,403

\* Other Tobacco Products consists of all taxable tobacco products other than snuff and cigars in excess of \$1.00 per cigar.

# TOURISM SURCHARGE

A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the General Fund.



## Exemption

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

## Number of Taxpayers / Filing Frequency

22 taxpayers / Monthly  
52 taxpayers / Quarterly

## Basis and Rate

\$1.00 per day or portion of a day, for the rental or lease of a passenger motor vehicle delivered to a lessee in Connecticut (regardless of where the vehicle is subsequently used) for a term of 30 consecutive calendar days or less.

## TRANSPORTATION NETWORK COMPANY FEE

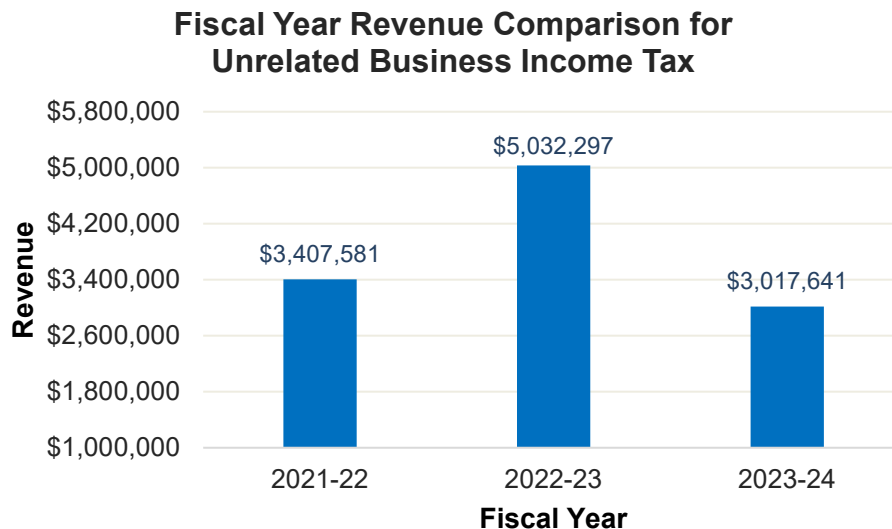
*Each transportation network company pays a fee on each prearranged ride that originates in this state. Revenue from this fee is reported together with the Dues taxes.*

### **Basis and Rate**

30¢ on each prearranged ride that originates in this state.

## UNRELATED BUSINESS INCOME TAX

The Unrelated Business Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax.



### Number of Taxpayers / Filing Frequency

509 organizations / Annually

### Basis and Rate

7.5% of the unrelated business income of the organization. A surtax of 10% applies to organizations whose gross income is \$100 million or more for income years 2018 through 2024.

No minimum tax is required.

### Credits

For the 2022 income year, 27 taxpayers claimed \$34,474 in electronic data processing equipment property tax credits.

## PENALTY AND INTEREST RECEIPTS

*Failure to pay taxes or file tax returns in a timely manner generally results in a penalty to the taxpayer of \$50 or 10% of the tax due, whichever is greater. If the taxpayer is subject to a penalty for late payment, the late filing penalty is not applicable.*

*The penalty for the late payment of Sales and Use taxes is 15% of the amount due, or \$50, whichever is greater. The penalty for failure to pay the use tax with the Connecticut income tax return is 10%, reduced from 15%, to parallel the rate for the income tax.*

*Interest is also charged on any amount of tax due that is not paid on or before the due date or on the underpayment of estimated tax requirements. Interest is charged on a monthly basis at a rate of 1% per month from the due date.*

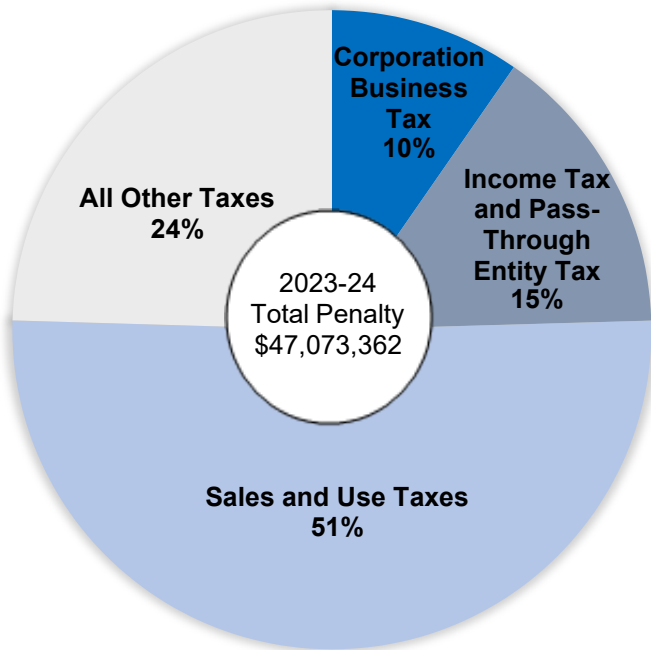
*Generally, tax payments satisfy penalty first, then interest, then tax, in that order.*

Penalty and Interest Revenue By Tax Source		
Tax Type		FY 2023-24
Corporation	Penalty	\$4,543,976
Business Tax	Interest	14,951,736
<hr/>		
Income Tax and Pass-Through Entity Tax	Penalty	7,011,277
	Interest	22,645,926
<hr/>		
Sales & Use Taxes	Penalty	23,967,299
	Interest	21,329,519
<hr/>		
All Other Taxes	Penalty	11,550,811
	Interest	35,222,713
<hr/>		
<b>Total</b>	<b>Penalty</b>	<b>\$47,073,362</b>
	<b>Interest</b>	<b>\$94,149,893</b>

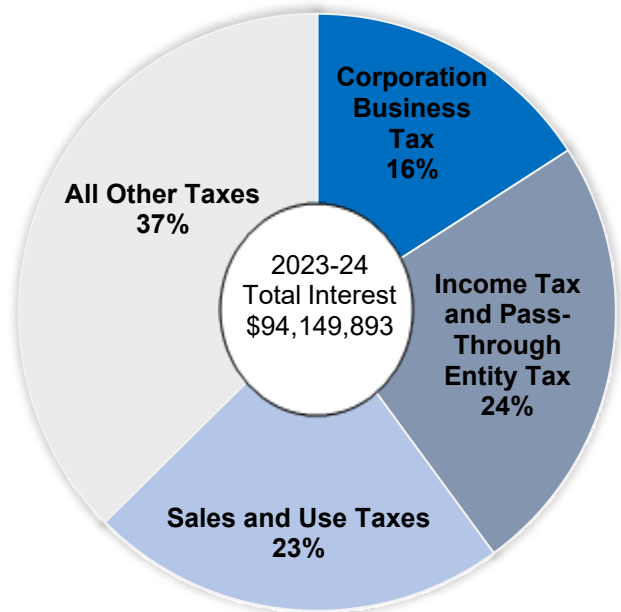


## PENALTY AND INTEREST RECEIPTS (cont.)

### FY 2023-24 TOTAL PENALTY



### FY 2023-24 TOTAL INTEREST



## TAX REFUNDS

Refund amounts provided by the Department of Revenue Services to taxpayers are shown for the most recent three fiscal years below.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to Connecticut, the Internal Revenue Service or another reciprocating state may be withheld to offset the outstanding debt. There were 35,388 external offsets totaling \$17,012,238 in Fiscal Year 2023-24, compared to 39,926 external offsets that totaled \$17,216,041 in Fiscal Year 2022-23.

AMOUNT OF TAXES REFUNDED			
	FY 2021-22	FY 2022-23	FY 2023-24
Alcoholic Beverages	\$34,637	\$223,818	\$552,114
Ambulatory Surgical Center	11,048	5,958	46,897
Beverage Container Deposits	325,267	1,316,113	252,966
Business Entity Tax (Repealed)	445,522	3,053,211	3,512,042
Cable, Satellite & Video Companies Tax	2,146	7,768,542	8,123,481
Cigarette Tax	759,628	440,800	609,829
Controlling Interest Transfer Tax	1,449,542	918,980	1,953,299
Corporation Business	151,379,622	129,918,479	159,342,364
Corporation R&D Credit Buyback	5,755,602	6,061,233	9,027,570
Dry Cleaning Establishment Surcharge	9,358	3,208	2,942
Dues Tax	340,753	163,571	54,642
Electric & Power Companies	100,074	243,419	2,885,381
Electronic Cigarette Products	11,366	480,995	17,405
Estate & Gift Tax	20,707,775	24,723,155	16,569,854
Gas Companies	128,100	77,411	40,473
Gift Tax (Repealed)	7,482	37,159	0
Health Care Centers Tax	16,750	82,579	87,265
Healthcare Provider Taxes and Fees	851,818	468,599	536,061
Highway Use Fee	0	107,676	377,386
Income Tax	1,438,879,680	1,618,558,632	1,739,374,987
Insurance Premiums Tax, Domestic	1,790,189	1,599,297	1,305,439
Insurance Premiums Tax, Foreign	11,737,922	8,252,408	10,247,377
Insurance, Non-admitted/Unauthorized	45,822	20,074	(3,342)
Motor Carrier Road Tax	1,077,523	1,361,238	1,469,994
Motor Vehicle Fuels Tax – Gasoline	3,606,729	4,421,466	3,543,089
Motor Vehicle Fuels Tax – Special Fuel	419,890	289,073	155,750

## TAX REFUNDS (cont.)

AMOUNT OF TAXES REFUNDED (cont.)			
	FY 2021-22	FY 2022-23	FY 2023-24
Occupational Tax	350,808	473,930	310,286
Pass-Through Entity	99,936,651	139,701,810	143,620,836
PEG Account	0	10,919	2,174
Petroleum Products Gross Earnings	11,140,381	2,728,070	4,947,924
Prepaid Wireless E 9-1-1 Fee	14,021	13,789	2,319
Real Estate Conveyance Tax	4,608,302	2,353,418	1,895,698
Room Occupancy Tax	399,792	191,406	285,054
Sales & Use Taxes	51,130,008	28,152,935	31,734,462
Solid Waste Tax	0	0	288,131
Tobacco Products Tax	391,491	342,237	2,096,612
Unrelated Business Income Tax	910,063	884,603	973,696
Withholding	27,224,275	27,678,361	29,953,545
Miscellaneous	76,308	56,032	45,531
<b>Total</b>	<b>\$1,836,073,342</b>	<b>\$2,013,184,603</b>	<b>\$2,176,241,528</b>



**CONNECTICUT**  
Revenue Services

**ANNUAL REPORT  
FISCAL YEAR  
2023-2024**

**PREPARED BY THE  
EDUCATION & OUTREACH UNIT  
RESEARCH, ANALYTICS, AND FORECASTING UNIT**