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**UNRELATED BUSINESS TAX – GENERAL INSTRUCTIONS**

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**Who Must Complete a Registration Application and File an Unrelated Business Income Tax Return**

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An organization that has unrelated business taxable income attributable to a trade or business carried on within Connecticut and meets all of the following conditions must complete a registration application and file **Form CT-990T**, *Connecticut Unrelated Business Income Tax Return*:

- Is subject to taxation on income from an unrelated trade or business under the provisions of the Internal Revenue Code;
- Is exempt from taxation under the provisions of IRC § 501; **and**
- Is an organization described in IRC § 511(a)(2)(A) or a trust described in IRC § 511(b)(2).

Register online through **myconneCT**. Go to **myconneCT**, under Business Registration click *New Business/Need a CT Registration Number?* There is no fee for registering for the Unrelated Business Income Tax.

[Click here to File, Pay, or Register Now on myconneCT!](#)

**myconneCT** is the Connecticut Department of Revenue Services' (DRS) online portal to file tax returns, make payments, view your filing history, and communicate with the agency simply and more efficiently on virtually any mobile device, including laptops, tablets, and smartphones, 24 hours a day, 7 days a week.

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**When to File (Tax Due Dates and Extensions)**

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Form CT-990T is due on the same due date as federal Form 990-T. If the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed by the next business day.

To request additional time to file Form CT-990T, the organization must file **Form CT-990T EXT**, *Application for Extension of Time to File Unrelated Business Income Tax Return*, no later than the due date of Form CT-990T.

than the due date of the return, with payment of the total tax due. Filing Form CT-990T EXT automatically extends the due date for six months. For detailed information about extensions, see the instructions to Form CT-990T EXT.

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## Where to File

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### File Electronically

Form CT-990T **must** be filed electronically through **myconneCT**.

If Form CT-990T is filed late, see **Interest and Penalties** to determine if interest and penalty should be reported with this return.

### Attachments

In **myconneCT**, you must attach a complete copy of federal Form 990-T as filed with the Internal Revenue Service (IRS), including all schedules and attachments used in arriving at federal unrelated business taxable income. Attach **Form CT-1120K, Business Tax Credit Summary**, to Form CT-990T if the organization is claiming the Electronic Data Processing Property tax credit, the Urban and Industrial Site Reinvestment tax credit, or a carryforward balance of either tax credit for the current income year.

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## Electronic Payment Options

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### DRS myconneCT

Visit **myconneCT** to make an electronic payment. After logging in to **myconneCT**, find your tax account on the Summary screen, select the *Make a Payment* link, and choose your payment method.

- **Pay by Direct Payment:** Using this option authorizes DRS to electronically withdraw a payment from your bank account (checking or savings) on a date you select up to the due date.
- **Pay by Credit Card or Debit Card:** You may elect to pay your tax liability using a credit card (American Express®, Discover®, Master Card®, Visa®) or comparable debit card. A convenience fee will be charged by the credit card service provider. You will be informed of the amount of the fee and may elect to cancel the transaction. Your payment will be effective on the date that you make the charge.

At the end of the transaction, you will receive a confirmation number for your records. As a reminder, even if you pay electronically, you must still file your return by the due date. Tax not paid on or before the due date will be subject to penalty and interest.

### ACH Credit

ACH credit method users should consult with their banking institution for guidelines to ensure that payment is received timely. (Taxpayers must pre-register with the DRS Electronic Commerce Unit (ECU) prior to using this option). The taxpayer initiates an electronic payment through their banking institution. This payment must be sent in the ACH standard CCD+TXP format.

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## Estimated Tax Payments

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Every organization subject to the Connecticut Unrelated Business Income Tax whose tax for the current income year is more than \$1,000 must make estimated tax payments. See General Instructions on **Forms CT-990T ESA, ESB, ESC, and ESD, Estimated Unrelated Business**

*Income Tax Payment Coupons*. Safe harbor provisions have been established for calculating the required estimated tax installment due.

To file and pay estimated taxes electronically, visit **myconneCT**.

### **Organizations Subject to Unrelated Business Income Tax**

Organizations that are exempt from tax under IRC § 501 but that are subject to tax on unrelated business income are required to make estimated tax payments. Generally, the same rules for calculating installments of estimated tax apply to such organizations. Organizations that are exempt from tax under IRC § 501 and that are subject to tax on unrelated business income attributable to Connecticut must complete Forms CT-990T ESA, ESB, ESC, and ESD, and pay the tax due (including surtax).

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#### **Annualization**

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If the organization is annualizing its income, check the corresponding box and complete **Form CT-1120I, *Computation of Interest Due on Underpayment of Estimated Tax***.

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#### **Amended Returns and Federal Changes**

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Any organization that fails to include items of income or deduction or makes any other error on a return must file an amended Form CT-990T and check the *amended return* box.

If an organization has filed an amended federal return with the Internal Revenue Service (IRS) making changes to its federal unrelated business taxable income, then within 90 days of the IRS final determination on that amended federal return the organization shall file an amended Form CT-990T, checking the amended return box, and attach a copy of the amended federal return.

If the IRS has made corrections to an organization's federal unrelated business taxable income, the organization shall report those changes within 90 days after the IRS final determination by filing an amended Form CT-990T and checking the amended return box. If an extension of time is necessary to report changes, an extension request must be submitted in writing to the Commissioner of Revenue Services stating the reason the additional time is required.

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#### **Interest and Penalties**

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

##### **Interest**

If an organization does not pay the tax when due, it will owe interest at the rate of 1% per month or fraction of a month until the tax is paid in full. Interest due on the underpayment of estimated tax is computed using **Form CT-1120I, *Computation of Interest Due on Underpayment of Estimated Tax***. Interest on underpayment or late payment of tax cannot be waived.

##### **Penalty for Failure to Remit Payments Electronically**

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

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

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

### **Penalty for Late Payment or Late Filing**

The penalty for late payment or underpayment of tax is 10% of the tax due or \$50, whichever is greater. If a request for a filing extension has been granted, an organization may avoid a penalty for failure to pay the full amount due by the original due date if it pays:

- At least 90% of the tax shown to be due on the return on or before the original due date of the return; **and**
- The balance due with the filing of Form CT-990T, on or before the extended due date.

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

### **Penalty for Willful Failure to File or Pay**

Anyone who willfully fails to pay the tax or file a return will be fined up to \$1,000 or imprisoned up to one year, or both, in addition to any other penalty.

### **Penalty for Willful Filing of a Fraudulent or Materially False Return**

If you willfully file a tax return you know to be fraudulent or false in any material matter, you may be fined up to \$5,000 or imprisoned from one to five years, or both.

### **Penalty for Failure to Disclose Listed Transaction**

A penalty of 75% of the amount of the deficiency may be imposed when it appears that any part of the deficiency is due to failure to disclose a listed transaction, as defined in IRC § 6707A.

## **Resources**

### **Unrelated Business Tax Research Links**

- [Topical Indexes](#)
- [General Statutes of Connecticut](#)
- [Regulations of Connecticut State Agencies](#)
- [Connecticut Secretary of the State](#)

### **Contact Information**

- [Contact DRS](#)

## **Other Helpful Unrelated Business Income Tax Information**

- **Other Taxes for Which the Organization May be Liable**
- **Electronic Filing and Payment Waiver**
- **File a Paper Return**
- **Waiver of Penalty**
- [Copies of my Returns](#)
- [Status Letter](#)

- Obtain Tax Clearance
- Rounding Off to Whole Dollars
- Report a Lost or a Stolen Check
- Recordkeeping
- [Fraud Reporting Form](#) or DRS Fraud hotline: 855-842-1441
- Power of Attorney
- Change of Address

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### Other Taxes for Which the Organization May be Liable

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Note: Additional taxes for which the organization is liable may be added to the registration online through [myconneCT](#).

#### Connecticut Income Tax Withholding

Any organization that maintains an office or transacts business in Connecticut (regardless of the location of the payroll department) and is considered an employer for federal income tax withholding purposes must withhold Connecticut income tax from Connecticut wages as defined in Conn. Agencies Reg. § 12-706(b)-1. See the current edition of the **Connecticut Employer's Tax Guide, Circular CT**.

#### Connecticut Sales and Use Taxes

An organization may be responsible for filing sales and use tax returns. Sales tax is due if the company sells taxable goods or services. Use tax is due on the purchase of taxable goods or services from out-of-state retailers or Connecticut retailers who have not collected the sales tax. Use **Form OS-114, Connecticut Sales and Use Tax Return**, to report both sales tax and business use tax.

#### Controlling Interest Transfer Tax

Tax is imposed on the sale or transfer for consideration of a controlling interest in an entity where the entity owns, directly or indirectly, an interest in Connecticut real property. This tax is reported on **Form AU-330, Connecticut Controlling Interest Transfer Tax Return**.

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### Electronic Filing and Payment Waiver

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If an organization can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by completing **Form DRS-EWVR, Electronic Filing and Payment Waiver Request**, no fewer than 30 days before the due date of your first electronic filing and payment. See **Policy Statement 2020(2), Requests for Waiver of Electronic Filing and Electronic Payment Requirements**.

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### File a Paper Return

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A paper return may be filed **only** if a waiver from the electronic filing requirement has been granted. To apply for a waiver from the electronic filing requirement, complete **Form DRS-EWVR, Electronic Filing and Payment Waiver Request**. See **Electronic Filing and Payment Waiver** for more information.

If you file a paper return, print in blue or black ink. Do not use staples.

Please note that each form is year specific. To prevent any delay in processing your return, the correct year's form **must** be submitted to the Department of Revenue Services (DRS).

Mail paper return to:

Department of Revenue Services  
State of Connecticut  
PO Box 5014  
Hartford CT 06102-5014

Make check payable to **Commissioner of Revenue Services**. To ensure payment is applied to the correct account, write "**2024 Form CT-990T**" and your Connecticut Tax Registration Number on the front of your check. Be sure to sign your check and paper clip it to the front of your return. DRS may submit your check to your bank electronically. **Do not send cash.**

The return will meet the timely filed and timely payment rules if the U.S. Postal Service cancellation date, or the date recorded or marked by a designated private delivery service (PDS) using a designated type of service, is on or before the due date. Not all services provided by these designated PDSs qualify. See **Policy Statement 2016(4)**, *Designated Private Delivery Services and Designated Types of Service*, for a current list of qualified PDSs.

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### Waiver of Penalty

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To make a penalty waiver request, complete and submit **Form DRS-PW**, *Request for Waiver of Civil Penalty*, to the DRS Operations Bureau/Penalty Waiver through **myconneCT**, by mail, or fax.

For more information about the penalty waiver process, see [Penalty waiver request, offer in compromise or protest](#) (ct.gov)

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### Obtain Tax Clearance

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- **IP 2018(10)**, *Successor Liability and Request for Tax Clearance*
- **AU-866**, *Request for a Tax Clearance Certificate*

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### Rounding Off to Whole Dollars

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You must round off cents to the nearest whole dollar on your return and schedules. If you do not round, DRS will disregard the cents. Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents. However, if you need to add two or more amounts to compute the amount to enter on a line, include cents and round off **only** the total.

**Example:** Add two amounts (\$1.29+\$3.21) to compute the total (\$4.50) to enter on a line. \$4.50 is rounded to \$5.00 and entered on a line.

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### Recordkeeping

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Keep a copy of the tax return, worksheets, and records of all items appearing on the return until the statute of limitations expires for that return. Usually, this is three years from the date the return was due or filed, whichever is later.

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### Power of Attorney

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To authorize one or more individuals to represent you or your business before the Department of Revenue Services (DRS), use **LGL-001, *Power of Attorney***. This authorization allows your representative(s) to receive and inspect confidential tax information and to act on your behalf in matters before DRS.

Complete and attach LGL-001 through **myconneCT** at [portal.ct.gov/DRS-myconneCT](https://portal.ct.gov/DRS-myconneCT).

To attach LGL-001 through **myconneCT**:

- Log into myconneCT.
- Click the *More...* tab.
- Under the *Forms* panel, click the *Submit LGL-001 for Power of Attorney* hyperlink.

**LGL-001 must be completed and signed prior to submission on myconneCT.**

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### Change of Address

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Taxpayers can change their address through **myconneCT**.

1. Log in to **myconneCT**.
2. Open the **More...** menu.
3. Locate the **Taxpayer Updates** group and click the **Manage Names & Addresses** hyperlink.
4. Continue to follow the prompts on the screen.