



# STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

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**COMMISSIONER'S BULLETIN  
OFFICE OF MARK D. BOUGHTON  
Posted: March 5<sup>th</sup>, 2021**

*Connecticut State Senate Passes H.B. No. 6516 and Immediately Transmits the Legislation to Governor Lamont*

On March 1<sup>st</sup>, 2021, the Connecticut State Senate passed H.B. No. 6516, *An Act Mitigating Adverse Tax Consequences from Employees Working Remotely During COVID-19, and Concerning the Removal of Liens on the Property of Public Assistance Beneficiaries and a Three-Tiered Grants in Lieu of Taxes Program*, and immediately transmitted the legislation to Governor Lamont. As Governor Lamont is expected to sign the legislation into law, the purpose of this Bulletin is to make taxpayers aware of the impact the legislation will have on tax filing and payment obligations for taxable year 2020,<sup>1</sup> including individual income tax returns and associated liabilities due on or before April 15<sup>th</sup>, 2021.

Section 1 of H.B. No. 6516

As an initial matter, it is critically important that taxpayers are aware that the provisions of section 1 of H.B. No. 6516 apply only to taxable year 2020.<sup>2</sup> As such, if signed into law, section 1 of H.B. No. 6516 will have no impact beyond taxable year 2020. With this background, the Department addresses the specific language of section 1 of H.B. No. 6516 below.

Subdivision (1) of subsection (b) of section 1 of H.B. No. 6516

Subdivision (1) of subsection (b) of section 1 of H.B. No. 6516 provides as follows with regard to taxable year 2020:

(1) Any resident who paid income tax to any other state that uses a convenience of the employer rule shall be allowed a credit against such resident's Connecticut income tax, for the tax paid to such other state on income earned by such resident while working remotely from this state for said taxable year, including while obligated by necessity to work remotely from this state

As directed by the above-quoted language, the Department will allow any Connecticut resident who paid income tax to any other state that employs a "convenience of the employer rule" for taxable year 2020 a credit against his or her Connecticut income tax for taxable year 2020 for the taxes paid to said state on income earned while working remotely from Connecticut for said taxable year irrespective of the provisions of Conn. Gen Stat. § 12-704.<sup>3</sup>

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<sup>1</sup> Although the term "taxable year" is not defined in H. B. No. 6516, for purposes of giving effect to the language of said bill and the various taxes impacted by said bill, the Department will apply said term so as to mean and include any period commencing between January 1<sup>st</sup>, 2020 and December 31<sup>st</sup>, 2020.

<sup>2</sup> While a determination of tax liability is always dependent on specific facts and circumstances, Connecticut residents need to be mindful of the continued tax implications of working from home beyond taxable year 2020. While the General Assembly has addressed the impact of the pandemic from a tax perspective for taxable year 2020 through H. B. No. 6516, it is critical for Connecticut residents to take any and all appropriate steps (e.g., document their work location, make any changes to withholding) so as to make sure that Connecticut tax is properly applied to their specific facts and circumstances for subsequent taxable years.

<sup>3</sup> Conn. Gen. Stat. § 12-704 is the statute that authorizes Connecticut residents to claim a credit against their income tax for tax paid to another jurisdiction. This tax credit is subject to two requirements. First, the tax paid to the other jurisdiction must have been on income derived from sources therein. Second, the income for which the credit is being claimed must be subject to Connecticut income tax. Essentially, and stated simply, Connecticut allows a credit for tax paid to another jurisdiction on any income Connecticut imposes its nonresident income tax upon.



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## Subdivision (2) of subsection (b) of section 1 of H.B. No. 6516

Subdivision (2) of subsection (b) of section 1 of H.B. No. 6516 provides as follows with regard to taxable year 2020:

(2) Any resident who paid income tax to any other state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such other state on income earned while such nonresident employee was working remotely from this state due to COVID-19 if, immediately prior to March 11, 2020, such nonresident employee was performing such work within such other state, shall be allowed a credit against such resident's Connecticut income tax, for the tax paid to such other state on income earned by such resident while working remotely from this state for said taxable year;

As directed by the above-quoted language, the Department will allow any Connecticut resident who paid income tax to another state for taxable year 2020 a credit against his or her Connecticut income tax for taxable year 2020 for the taxes paid to said jurisdiction on income earned while working remotely from Connecticut for said taxable year irrespective of Conn. Gen Stat. § 12-704.<sup>4</sup>

## Subdivision (3) of subsection (b) of section 1 of H.B. No. 6516

Subdivision (3) of subsection (b) of section 1 of H.B. No. 6516 provides as follows with regard to taxable year 2020:

(3) The Department of Revenue Services shall not consider, in determining whether an employer has nexus with this state for purposes of the imposition of any Connecticut tax, the activities of an employee who worked remotely from this state during said taxable year solely due to COVID-19.

As directed by the above-quoted language, the Department will not consider the activities of an employee who worked remotely from Connecticut during calendar year 2020 solely due to the pandemic in determining whether an employer has nexus with Connecticut for purposes of all taxes administered by the Department, including withholding taxes, sales taxes, corporation business, and pass-through entity taxes.

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The Department recognizes that, if H.B. No. 6516 is signed into law by Governor Lamont, taxpayers and practitioners will have questions about the scope and application of this legislation. The Department has established a dedicated phone number for H.B. 6516 questions: **860-297-5677**. Taxpayers and practitioners are encouraged to contact the Department.

The Department is committed to addressing any and all questions it receives regarding H.B. No. 6516 as quickly as possible and will update this Bulletin with additional guidance as it becomes available.

**Note:** Governor Lamont signed the bill, now [Public Act 21-3](#), into law on [Friday, March 5<sup>th</sup>, 2021](#).

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<sup>4</sup> See footnote 3 above.