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860-297-5962 (from anywhere)
Hours: 8:30 a.m. to 4:30 p.m.
Email: drs@po.state.ct.us

February 2020

For Connecticut tax practitioners and their clients.

Connecticut Tax Year 2019 Reminders

In an effort to communicate both tax-related and organizational changes, we hope the following is both helpful and informative. The Department of Revenue Services (DRS) welcomes your feedback.

From Acting Commissioner John Biello

“The agency has embarked on a period of sustained transition. Notably, DRS is making a substantial investment in technology to better serve taxpayers, expand 24/7 self-service functions, and make filing taxes easier and more efficient. As such, we thought this was a good time to revive the Annual Practitioner Letter; we’ll continue to explore additional vehicles to communicate important and exciting changes. I encourage you to stay in touch with DRS and with agency news (our website is always a great place to start). I look forward to continue working with you in service to the taxpayers of Connecticut.”

New Online Tax Filing System Coming Soon!

The name of the new online DRS tax filing system is **myconneCT**, which will replace the current Taxpayer Service Center (*TSC*). The DRS **myconneCT** will provide taxpayers a safe, easy, and mobile-friendly way to submit returns, make payments, and communicate with the agency.



What should you know today?

- Rollout One of the four-year, four-phase rollout is set to launch in May 2020.
- Rollout One taxes include:
 - Sales and Use / Business Use;
 - Withholding;
 - Room Occupancy;
 - Prepaid Wireless;
 - Admissions and Dues;
 - Tourism Surcharge;
 - Rental Surcharge; **and**
 - Dry Cleaning.

- In preparation for Rollout One, DRS has discontinued the *TSC*'s secure mailbox feature which allowed taxpayers to ask account-related questions (about a bill, a refund, a return, etc.) by logging into their account in the *TSC*. While DRS transitions to a new, improved, and secure mailbox feature available with **myconneCT**, once launched, taxpayers are asked to call DRS to speak directly with an agent about the filing of a return or account-related matters. During filing season, DRS has additional staff ready and waiting to take telephone calls to insure taxpayers are responded to in a timely and efficient manner.
- In addition, as DRS gets closer to launching **myconneCT**, the **Connecticut Business Telefile System** will also be discontinued in May. As a one-stop filing center, businesses will be able to file returns and make payments electronically through **myconneCT**. Taxpayers will also be able to log into **myconneCT** and use the *Make Payment Only* option to initiate a payment without a return (to pay bills, returns, or make advance payments).



1. If you file/remit for any Rollout One taxes, starting in May you will enter through our new online tax filing and payment system, **myconneCT**.
2. Users will be encouraged to create a new **myconneCT** profile (in May) before they file in the new online system.
3. Due to the phased rollout, if you file multiple tax types with DRS be prepared to operate in the old (*TSC*) and new system (**myconneCT**).

Reminders: 2019 Legislative Changes

As a result of legislation passed by the General Assembly in 2019:

- The Business Entity Tax has been sunset. The due date of the final BET return depends on the business entity's taxable year end.
- The Pass-Through Entity Tax Credit was reduced to 87.5%.
- The Sales and Use Tax rate changed for certain goods and services. Refer to the DRS website for additional information.
- The late payment penalty for electronic filers was changed from a graduated rate to a flat percentage. The late payment penalty is 10% for all tax types other than Sales and Use Taxes, which is 15%. The threshold for penalty waiver referrals requiring review by the Penalty Review Committee was raised from \$1,000 to \$5,000.

Go to the DRS Home Page → *Most Popular* → *Recent State Tax Legislation* for additional guidance.

Income Tax Year 2019 Highlights

1. Property Tax Credit Eligibility Limits
 - Age 65 or older by the end of the taxable year; and/or claim at least one dependent on federal income tax return.
 - Maximum credit: \$200.
2. Connecticut Teachers' Pensions
 - Maintains the 25% tax exemption.
3. Social Security 100% Exemption Thresholds
 - Less than \$75,000 for single filers, **or**
 - Less than \$100,000 for joint filers.
4. Pensions and Annuities 14% Tax Exemption
Eligible if:
 - Single, Married Filing Separately, or Head of Household with federal Adjusted Gross Income (AGI) of less than \$75,000; **or**
 - Married Filing Jointly with federal AGI of less than \$100,000.
5. Angel Investor Tax Credit
 - For taxable years beginning on or after January 1, 2019, the total amount of tax credit allowed to an angel investor is \$500,000.

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

Connecticut Individual Use Tax

Taxpayers are responsible for reporting non-exempt purchases where sales tax is not paid to the retailer. Use Form CT-1040, *Schedule 4*, Line 69. See DRS **Informational Publication 2019(3)**, *Q & A on the Connecticut Individual Use Tax*, online for additional guidance.

Connecticut Earned Income Tax Credit (CT EITC)

Residents applying for the CT EITC may claim 23% of the earned income tax credit claimed on their federal return. If a CT EITC filer receives a letter from DRS requesting additional information, he or she should respond as soon as possible to avoid delays in processing.

Income Tax Fraud and Identity Theft

The DRS Tax Refund Protection Program has been implemented to protect taxpayers from identity theft and to curb the release of fraudulent state tax refunds. Some taxpayers who may be due an income tax refund will be notified by DRS when our system, using multiple factors, indicates the possibility of identity theft and/or a fraudulent claim.

The notice asks the taxpayer to visit the DRS website and verify their identity by answering a few questions, where the correct answer should only be known to the specific taxpayer. Another added security measure may prompt the taxpayer to our website to confirm a Connecticut state tax return was filed. While these steps may cause a brief delay for taxpayers entitled to a refund, the result is much better protection for both taxpayers, and the State of Connecticut.

DRS attempts to honor all direct deposit requests, including for first time filers. In general, DRS encourages taxpayers to opt for direct deposit. In certain situations where the threat of fraud is heightened, however, direct deposit requests may be converted to a paper check.

As a reminder, income tax fraud is a class F felony, which carries a fine of not more than \$5,000 or imprisonment for not more than five years, or both.

Subscribe to DRS E-alerts!

For filing reminders, the latest news, and more: Go to the DRS Home Page → *Contact DRS* → *Email Options* → *Subscribe to E-alerts*.

For Further Information

Call DRS during business hours, Monday through Friday:

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

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