



STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**AN 2001(6)**

25 Sigourney Street  
Hartford CT 06106-5032

**ANNOUNCEMENT**

**Nonresident Individuals Now Subject to Connecticut Income Tax  
on Certain Connecticut Lottery Winnings**

**Purpose:** This Announcement alerts those nonresident individuals (“nonresidents”) who have won in excess of \$5,000 as a result of a wager placed with the Connecticut Lottery Corporation (including Powerball) that recent legislation makes their winnings subject to Connecticut income tax. Connecticut resident individuals (“residents”) have been and will continue to be subject to Connecticut income tax on all gambling winnings.

**Effective Date:** This publication is effective for certain Connecticut Lottery winnings paid to nonresidents on or after January 1, 2001.

**Statutory Authority:** Conn. Gen. Stat. §12-711(b)(1) and (2), as amended by 2001 Conn. Pub. Acts 6 (June Spec. Sess.), §37.

**Connecticut Source Income of Nonresidents Now Includes Certain Connecticut Lottery Winnings:** Nonresidents must pay Connecticut income tax on Connecticut source income. Recent legislation amended the definition of Connecticut source income to include certain nonresident’s lottery winnings. As a result of this amendment, a nonresident’s lottery winnings are now considered Connecticut source income and thus subject to Connecticut income tax if:

- The proceeds are more than \$5,000, and
- The proceeds are from a lottery conducted by the Connecticut Lottery Corporation.

Beginning on or after January 1, 2001, payments received by nonresidents during the taxable year are subject to Connecticut income tax even if the Connecticut Lottery was won prior to January 1, 2001. Additionally, the proceeds are subject to Connecticut income tax, even if the nonresident’s proceeds are paid to more than one winner or over a period of years, so

that the amount paid in a particular taxable year or to a particular winner does not exceed \$5,000.

**Certain Lottery Winnings Will Be Subject to Connecticut Withholding:** The Connecticut Lottery Corporation will withhold 4.5% in Connecticut income tax from all payments made to nonresidents who receive proceeds from a wager that exceed \$5,000.

The Connecticut Lottery Corporation will continue to withhold 4.5% in Connecticut income tax from all payments made to residents that are subject to federal income tax withholding.

**Filing Connecticut Income Tax Returns:** For the 2001 taxable year and succeeding years, a nonresident must file **Form CT-1040NR/PY**, *Connecticut Nonresident or Part-Year Resident Income Tax Return*, if both of the following are true:

- The nonresident wins in excess of \$5,000 as a result of playing the Connecticut Lottery (including Powerball), and
- The nonresident’s *gross income* exceeds:
  - **\$12,000** and the nonresident will file as Married Filing Separately
  - **\$12,500\*** and the nonresident will file as Single
  - **\$19,000** and the nonresident will file as Head of Household
  - **\$24,000** and the nonresident will file as Married Filing Jointly

\* This amount will be \$12,750 for 2002, \$13,000 for 2003, \$13,500 for 2004, \$14,000 for 2005, \$14,500 for 2006, and \$15,000 for 2007 or succeeding taxable years.

A nonresident's *gross income* includes all income received in the form of money, goods, property, and services that is not exempt from federal income tax and any additions that are required to be reported on **Form CT-1040NR/PY, Schedule 1**.

If a nonresident's *gross income* is less than the amount required to file a return and Connecticut income tax was withheld from his or her winnings, the nonresident may be eligible for a refund of tax withheld on his or her winnings but cannot receive a refund unless he or she files a **Form CT-1040NR/PY**.

Nonresidents must include on **Form CT-1040NR/PY**, Line 6 the total amount of payments that they received during the taxable year from the Connecticut Lottery Corporation. They must include on **Form CT-1040NR/PY**, Line 19 the total Connecticut income tax that was withheld during the taxable year from those payments made by the Connecticut Lottery Corporation. They must attach the "state copy" of federal Form W-2G showing Connecticut income tax withheld by the Connecticut Lottery Corporation to their **Form CT-1040NR/PY**. See the instructions to **Form CT-1040NR/PY** for more information.

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**Informational Publication to be Issued:** The Department of Revenue Services (DRS) will be issuing an Informational Publication to answer commonly-asked questions concerning the imposition of Connecticut income tax on Connecticut Lottery winnings paid to nonresident individuals.

**Effect on Other Documents:** SN 92(9), *Income Tax Withholding on Certain Gambling Winnings*, is obsolete and may not be relied upon for taxable years commencing on or after January 1, 2001.

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**Effect of This Document:** Announcements alert taxpayers to new developments including new administrative positions, policies or practices.

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**For Further Information:** Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

**TTY, TDD, and Text Telephone users only** may transmit inquiries 24 hours a day by calling 860-297-4911.

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**Obtaining Forms and Publications:** Nonresidents may obtain **Form CT-1040NR/PY** from the following DRS resources at any time of day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: [www.drs.state.ct.us](http://www.drs.state.ct.us)
  - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
  - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.
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