

CONNECTICUT TAX GUIDE FOR PAYERS OF NONPAYROLL AMOUNTS

Connecticut Income Tax Withholding Requirements

The following information is included in this booklet:

- Electronic Filing Requirements
- Calendar of Duties
- Important Information for Connecticut Payers of Nonpayroll Amounts
- Withholding Requirements

Tax information is available on our website at
www.ct.gov/DRS.

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Effective January 1, 2016
Keep and use this booklet until a new edition
of the Connecticut Tax Guide for Payers of
Nonpayroll Amounts is issued.

Frequently Used Telephone Numbers

Connecticut Department of Revenue Services

Connecticut calls outside the Greater Hartford calling area	800-382-9463
From anywhere	860-297-5962
Collection Unit	860-297-5909
Electronic Funds Transfer	860-297-4973
Forms Unit	860-297-4753
TTY, TDD, and Text Telephone users only	860-297-4911

Internal Revenue Service

Tax Assistance	800-829-1040
Tax Forms and Publications	800-829-3676

Related Web Sites

Connecticut Department of Revenue Services (DRS)	www.ct.gov/DRS
DRS Taxpayer Service Center (<i>TSC</i>)	www.ct.gov/TSC
Internal Revenue Service (IRS)	www.irs.gov

Connecticut Forms Referenced in This Booklet

Form CT-8109	<i>Connecticut Withholding Tax Payment Form for Nonpayroll Amounts</i>
Form CT-945	<i>Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts</i>
Form CT-1096	<i>Connecticut Annual Summary and Transmittal of Information Returns</i>
Form REG-1	<i>Business Taxes Registration Application</i>
Form CT-W4P	<i>Withholding Certificate for Pension or Annuity Payments</i>
Form CT-941X	<i>Amended Connecticut Reconciliation of Withholding</i>
Form CT-8809	<i>Request for Extension of Time to File Information Returns</i>
Form CT-8508	<i>Request for Waiver from Filing Information Returns Electronically</i>
Form DRS-EWVR	<i>Electronic Filing and Payment Waiver Request</i>

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Calendar of Duties

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.

In this publication, *you* means the payer, unless otherwise specified.

Payer's Classification Determines When Payments Are Required to Be Made

Forms **must** be filed electronically and **all** payments made by electronic funds transfer (EFT) as follows:

Weekly remitters on or before the Wednesday following the weekly period during which the nonpayroll amounts were paid.

Monthly remitters on or before the fifteenth day of the month following the month during which the nonpayroll amounts were paid.

Quarterly remitters on or before the last day of the month following the quarterly period during which the nonpayroll amounts were paid.

See *Remitter Classifications* on Page 10.

On or Before January 31

You must file **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts*, even if no tax is due or has been withheld for the year.

You must provide payees with federal Form 1099-MISC, Miscellaneous Income; 1099-R, Distributions From Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.; or W-2G, Certain Gambling Winnings, for each payment, distribution, or transaction made during the preceding calendar year.

On or Before March 31

You must file **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Returns* and Forms 1099-MISC, 1099-R, and W-2G electronically. See *Electronic Filing Through the Taxpayer Service Center (TSC)* on Page 6.

If you are unable to file information returns electronically due to a documented hardship DRS may waive the requirements. To request a waiver, complete and mail **Form CT-8508**, *Request for Waiver From Filing Information Returns Electronically*, to DRS at least 30 days before the due date. If a waiver is granted, the due date is the last day of February.

Frequently Asked Questions

1. Which nonpayroll information returns must be filed with DRS?

DRS requires every state copy of the following:

- Federal Form W-2G for (1) Connecticut Lottery winnings paid to resident and nonresident individuals even if no Connecticut income tax was withheld, and (2) other gambling winnings paid to resident individuals even if no Connecticut income tax was withheld;
- Federal Form 1099-MISC for payments made to Connecticut resident individuals or to nonresident individuals if the payments relate to services performed wholly or partly in Connecticut even if no Connecticut income tax was withheld; **and**
- Federal Form 1099-R but only if Connecticut income tax was withheld.

2. Does DRS participate in the Combined Federal/State Filing Program?

Yes. DRS does participate in the **Combined Federal/State Filing** Program for federal Forms 1099-MISC and 1099-R.

3. Who is required to file electronically with DRS?

All payers must file Form CT-1096 and Forms 1099-MISC, 1099-R, or W-2G electronically.

4. Where can I get information on filing electronically with DRS?

You should refer to the current version of **Informational Publication 2016(12)**, *Forms 1099-R, 1099-MISC, and W-2G Electronic Filing Requirements*.

5. How do I request a waiver from filing information returns electronically?

DRS may waive the electronic reporting requirement only if you are unable to file electronically due to a documented hardship. To request a waiver, complete and mail **Form CT-8508**, *Request for Waiver From Filing Information Returns Electronically*, to DRS at least 30 days before the due date. **Form CT-8508** cannot be filed electronically.

If a waiver is granted, file a paper Form CT-1096 with every Copy 1 of the required federal Forms listed in question 1. Group form types and file one Form CT-1096 for each form type. The due date for nonelectronic filing of Form CT-1096 is the last day of February.

6. How do I request an extension of time to file information returns electronically?

To request an extension, you must complete and submit **Form CT-8809**, *Request for Extension of Time to File Information Returns*, on or before March 31. DRS will notify you only if your extension request is denied. Form CT-8809 cannot be filed electronically.

7. I file federal Form 1096, but I am not required to be registered with DRS for Connecticut income tax withholding purposes, am I required to file Form CT-1096, Connecticut Annual Summary and Transmittal of Information Returns?

Yes. You can use the **Taxpayer Service Center (TSC)** to file your Form CT-1096 and associated 1099-MISC forms without logging in under a Connecticut Tax Registration Number. Click on *Businesses, TSC-BUS*, and then the *File Form CT-1096 and associated 1099-MISC Forms* link in the left-hand toolbar found on the *TSC Welcome* page.

8. How does Form CT-1096 get filed?

For individual filers, once the Forms 1099 and W-2G have been successfully uploaded, the *TSC* will automatically populate Form CT-1096 for you. You must verify all the figures and complete the quarterly breakout for the Connecticut taxes withheld. If you are a registered third party bulk filer filing for multiple businesses, you will have the option to return to the third party bulk filer menu. Select the *Form CT-1096* link from the menu options in the file import section, then upload and complete the filing process using the *TSC* dynamic web import process. Visit the DRS website at www.ct.gov/electronicfileW2and1099 for more information on filing Form CT-1096.

9. What paper forms should accompany the electronic filing?

None. Do not submit paper copies of any electronically filed forms. If there are any attachments or schedules that cannot be electronically filed, keep this information with your records and provide them to DRS upon request.

10. How do I report changes on a previously-filed electronic submission?

DRS accepts electronic amended and supplemental filings through the *TSC*. Amended and supplemental filings can only be done using the Single Filer or Single Client - Key and Send filing. For more information refer to the current version of Informational Publication 2016(12).

Electronic Filing and Payment of Withholding Tax

Electronic Filing Through the Taxpayer Service Center (TSC)



File withholding information through the *TSC*. The *TSC* is a free, fast, easy, and secure way to conduct business with DRS. Go to www.ct.gov/TSC.

Use the *TSC* to view current account balances, make and schedule payments, and amend certain tax returns. Transmit the following information returns through the *TSC*:

- Federal Forms 1099-R;
- Federal Forms 1099-MISC;
- Federal Forms W-2G; **and**
- **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Returns*.

Do not file paper forms if you filed through the *TSC*.

A penalty may apply if you file paper federal Forms W-2G, 1099-R, or 1099-MISC and have not received a waiver from electronic filing from DRS.

For exceptions to the electronic filing requirement of these forms see Form CT-1096 for the year you are filing or visit the DRS website at www.ct.gov/DRS.

Payment by Electronic Funds Transfer (EFT)

You are required to file all withholding forms electronically and pay any associated taxes by electronic funds transfer (EFT).

Penalties for Failure to Pay Electronically

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

- First offense – 10% penalty on the amount of the required 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.

Waiver of requirement to file and pay by EFT

If you are not a return preparer, and you are required to file a return electronically or pay the tax by EFT, you may request a waiver of this requirement. You must submit the request using **Form DRS-EWVR**, *Electronic Filing and Waiver Request*, to the Commissioner at least 30 days before the due date of the required filing or required payment.

The Commissioner may waive this requirement if, based on information you provide, electronic filing would create an undue hardship. The Commissioner is required to promptly notify you whether or not the waiver request has been granted. The Commissioner's decision is final and not subject to review or appeal. If the request is granted, you may file a

signed paper Connecticut tax return and make payments by means other than EFT.

The waiver is effective for 12 months from the date the waiver is granted. See **Informational Publication 2014(15)**, *Filing and Paying Connecticut Taxes Electronically*; and **Policy Statement 2011(3)**, *Request for Waiver of Electronic Filing and Payment Requirements*.

For more information on EFT payments, call **860-297-4973**.

Electronic Filing of Information Returns

You must file Form CT-1096 and Forms 1099-R, 1099-MISC, or W-2G electronically by March 31. You may request a waiver of the electronic filing requirements by completing **Form CT-8508** at least 30 days before the due date. If a waiver is granted the due date is the last day of February. For exceptions to the electronic filing requirement of these forms see Form CT-1096 for the year you are filing or visit the DRS website at www.ct.gov/DRS.

Refer to the most recent version of **Informational Publication 2016(12)**, *Forms 1099-R, 1099-MISC, and W-2G Electronic Filing Requirements*, for electronic reporting specifications.

Bulk Filing of Information Returns

The *TSC* makes filing information returns easier while ensuring the security of the data being filed. You can use the *TSC* to *key and send* or *upload* forms either by having bulk filing capabilities assigned to their current Connecticut tax registration number or, for tax preparers who are filing for their clients and are not registered with DRS, by completing an application and being issued a separate third party bulk filer (TPBF) identification number.

With bulk filing capabilities, you may then select and begin to file your information returns online. After you enter all information returns, transmit Form CT-1096 to complete the filing process. The information returns are not accepted until Form CT-1096 is filed. You will receive a unique confirmation number for each Form CT-1096 submitted. The confirmation number is your proof of filing.

Options for Filing Forms 1099-R, 1099-MISC, W-2G, and CT-1096 Through the TSC

Key and Send

The key and send method is used to submit a maximum of 100 information returns per form type. This option allows you to enter up to 100 Forms 1099-R, 1099-MISC, or W-2G in a single login process. Once all Forms 1099-R, 1099-MISC, or W-2G are entered, select *Next*. You will be brought to

Form CT-1096 where the *TSC* has populated many of the fields based on the information you just entered. Verify the Form CT-1096 information and then complete the quarterly breakout. Your Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the *TSC* issues a confirmation number for Form CT-1096.

Dynamic Web Import (DWI)

DWI is a file import process that allows you to define and upload your information returns. The agency's DWI tool does **not** support the standard electronic file formats used by the Internal Revenue Service (IRS). Each field in the file represents an item from a return you are reporting. You can arrange the fields in any order by defining your own customized layout.

If an error or errors are found during the upload process, DRS will identify and explain each error. You must correct all errors on your file and then upload the file again. Once all Forms 1099-R, 1099-MISC, or W-2G are successfully uploaded, you will be brought to Form CT-1096 where the *TSC* has populated many of the fields based on the information you just entered. Verify the Form CT-1096 information and then complete the quarterly breakout.

Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the *TSC* issues a confirmation number for Form CT-1096.

Batch File Upload Using DRS Standard File Layout

Batch file upload allows you to submit a file using the standard file layouts defined in the most recent version of IP 2016(12). Once the file upload is completed, a results file will acknowledge the success or failure of your file upload. If an error or errors are found during the upload process, the results file will identify and explain each error. You will need to correct and resubmit the entire file.

Once you have successfully uploaded all your returns, you must return to the withholding main menu. Select *Form CT-1096*, choose the period end, and proceed to Form CT-1096. Verify the Form CT-1096 information and then complete the quarterly breakout.

Your Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the *TSC* issues a confirmation number for Form CT-1096.

Third Party Bulk Filing

Third party bulk filers (TPBF) are tax preparers who prepare returns for multiple clients or multiple locations for the same client. A registered TPBF can key in information for one client at a time or upload a file for multiple taxpayers with a single login.

To register as a TPBF:

- Go to **www.ct.gov/TSC**;
- Select *Tax Preparer*;
- Scroll down and select *Third Party Bulk Filing requires preregistration. Please click here to register*;
- Select *Application to Become a Bulk Filer (Fillable Version)*;
- Complete and print the form; **and**
- Fax it to: 860-297-4761; **or**
- Mail it to:

Department of Revenue Services
Electronic Commerce Unit
450 Columbus Blvd STE 1
Hartford CT 06103-1837

Once the application has been processed, a bulk filing identification number, password, and instructions will be mailed to you.

Visit **www.ct.gov/electronicfileW2and1099** for detailed bulk filing information.

Instructions

Who Is Required to Withhold Connecticut Income Tax

Anyone who maintains an office or transacts business in Connecticut must withhold Connecticut income tax whether or not the payroll or accounts receivable department is located in Connecticut.

Special rules apply to payers of compensation to professional athletes and entertainers and payers of nonpayroll amounts. See *Payments Made to Athletes or Entertainers*, on this page.

Any payer who is required to withhold Connecticut income tax must register for withholding tax with DRS.

Income Subject to Connecticut Income Tax Withholding

In general, Connecticut law follows federal law in determining what income is subject to withholding. Certain nonpayroll income (also known as nonpayroll amounts) is subject to withholding.

Pension and annuity distributions if the recipient is a Connecticut resident and has requested Connecticut income tax withholding.

If you make payments of pensions and annuities, both public and private, and you maintain an office or transact business in Connecticut, you are required to notify Connecticut resident recipients of the availability of Connecticut income tax withholding and withhold Connecticut income tax from payments if the Connecticut resident recipient submits a request in writing. This requirement applies to all pension and annuity payments from qualified or nonqualified plans, including lump sum distributions, whether or not payments are made from a Connecticut location.

In general, you follow the instructions in the section entitled *How to Report and Remit Taxes Withheld* on Page 9. Additionally, on or before the succeeding January 31 you must give federal Form 1099-R, showing the amount of Connecticut income tax withheld in the prior year, to the recipients of pension or annuity plans.

Unemployment compensation payments if the recipient has requested Connecticut income tax withholding.

Gambling winnings other than Connecticut lottery winnings if the payment is subject to federal income tax withholding and the payment is made to a resident or to someone receiving the payment on behalf of a resident.

If you are a payer of gambling winnings, and maintain an office or transact business in Connecticut, you must withhold Connecticut income tax from winnings if the winnings are

paid to a Connecticut resident, or to someone receiving them on behalf of a Connecticut resident, and the winnings are subject to federal income tax withholding.

Gambling winnings include both cash and noncash winnings. The value of noncash winnings is fair market value.

Any payer of gambling winnings who is subject to Connecticut withholding and who is not otherwise required to register with DRS must register by filing Form REG-1.

See *How to Register for Withholding Tax* on Page 9.

You must deduct and withhold Connecticut income tax at a flat rate of 6.99%, without allowance for exemption. Compute the Connecticut withholding on the same amount subject to withholding for federal income tax purposes. If the winnings are a noncash prize, you must collect the required withholding in cash from the winner before awarding the noncash prize.

See **Informational Publication 2011(27)**, *Connecticut Income Tax Treatment of Gambling Winnings Other Than State Lottery Winnings*.

Connecticut lottery winnings if reportable for federal income tax withholding purposes, whether or not federal income tax withholding is required.

The Connecticut Lottery Corporation withholds Connecticut income tax at the rate of 6.99% from all payments of reportable Connecticut Lottery winnings made to a resident or a nonresident, whether or not federal income tax is withheld.

See **Informational Publication 2015(23)**, *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*.

In general, you follow the instructions in the section entitled *How to Report and Remit Taxes Withheld* on Page 9. Additionally, on or before the succeeding January 31 you must give federal Form W-2G showing the winnings paid and any Connecticut income tax withheld during the preceding year to the recipients.

Payments Made to Athletes or Entertainers if the payments are not wages for federal income tax withholding purposes but Connecticut income tax withholding is required.

Compensation for personal services performed in Connecticut by a professional athlete or entertainer, paid in cash or otherwise, in connection with sporting events or with the preparation or presentation of entertainment, whether as a participant, performer, or otherwise, is subject to

Connecticut income tax withholding if you are a designated withholding agent.

See **Policy Statement 2015(5)**, *Income Tax Withholding for Athletes or Entertainers*.

Payee Request for Withholding Tax

You must provide recipients with **Form CT-W4P**, *Withholding Certificate for Pension or Annuity Payments*, or a reasonable facsimile. Form CT-W4P or a written request providing the same information must be on file with you before withholding begins. The request to deduct and withhold Connecticut income tax must be made in specific whole dollar amounts. The minimum amount a recipient can request to be withheld is \$10 per payment. No maximum limit is placed on the amount that can be withheld, but it must be a whole dollar amount.

The written request for withholding or a request for a change in the amount to be withheld takes effect with the first payment made on or after the date which occurs:

1. In a case in which no previous request is in effect, three calendar months after the date the request is furnished to you; **or**
2. In a case in which a previous request is in effect, the first status determination date (January 1, May 1, July 1, and October 1 of each year) which occurs at least 30 days after the date the request is furnished to you.

Form CT-W4P remains in effect until terminated by the payee. The payee may terminate the request by furnishing you with a signed written notice of termination.

Any payer who receives a request to withhold Connecticut income tax must register by filing Form REG-1.

See *How to Register for Withholding Tax* on this page.

Payments Not Subject to Connecticut Income Tax Withholding

In general, income not subject to federal withholding is not subject to Connecticut income tax withholding.

Military retirement pay is exempt from Connecticut income tax effective January 1, 2015.

Teachers Retirement Board pension payments are partially exempt as follows:

Taxable Year Beginning	Percentage Exempt
January 1, 2015	10%
January 1, 2016	25%
January 1, 2017 and after	50%

Special rules apply to payers of compensation to professional athletes and entertainers. See *Payments Made to Athletes or Entertainers*, Page 8.

How to Register for Withholding Tax

If you are a new payer required to deduct and withhold Connecticut income tax from nonpayroll amounts you must register with DRS. Visit www.ct.gov/DRS to register online or complete **Form REG-1**, *Business Taxes Registration Application*. See *Income Subject to Connecticut Income Tax Withholding* on Page 8 for the requirements to withhold Connecticut tax. Form REG-1 is also used to register a business for most other state taxes, including sales and use taxes and corporation business tax.

If you are a payer of nonpayroll amounts not already registered with DRS, including if you are starting a new business, you must register to withhold Connecticut income tax.

If you are a payer of nonpayroll amounts already registered with DRS for other state taxes, you are still required to register to withhold Connecticut income tax.

If you are a payer of nonpayroll amounts who acquires an existing business you must register with DRS to obtain a Connecticut tax registration number. You, as the new owner, cannot use the previous owner's tax registration number or withholding tax forms.

The DRS tax registration number and federal employer identification number must appear on all Connecticut withholding forms and on all correspondence with DRS. Do not use the registration number issued by the Department of Labor (DOL) on DRS forms.

Voluntary Registration by Persons Other Than Employers to Withhold Tax

Any person (other than an employer) not required to register to withhold Connecticut income tax may register solely for the purpose of withholding Connecticut income tax if both the payer and the payee voluntarily agree Connecticut income tax will be withheld. Once registered, the payer will be treated as an employer required to withhold Connecticut income tax while the agreement remains in effect.

How to Report and Remit Taxes Withheld

If you are registered with DRS for Connecticut income tax withholding purposes, you must file all withholding returns electronically and remit all associated withholding payments by EFT. See *Payment by Electronic Funds Transfer (EFT)*, on Page 6.

When to Remit Withholding Payments

You are required to withhold Connecticut income tax from nonpayroll amounts at the time those amounts are paid and you are required to remit the Connecticut income tax withholding to DRS according to your remitter classification. See the requirements in *Weekly Remitter*, *Monthly Remitter*, or *Quarterly Remitter*, below.

Remitter Classifications

Each calendar year DRS will classify you either as a weekly remitter, monthly remitter, or quarterly remitter. The classification relates to how much time you have to remit Connecticut income tax withholding to DRS after you pay the nonpayroll amounts to payees and Connecticut income tax is deducted and withheld from those nonpayroll amounts. Your classification is based on your reported liability for Connecticut income tax withholding during the look-back period. The look-back period is the second preceding calendar year from which your annual classification was made. For example, the look-back period for 2017 is calendar year 2015.

DRS will notify you of your new payment frequency if your prior classification has changed. Most new payers will be classified as monthly remitters.

See **Special Notice 2004(10)**, *2004 Legislation Affecting Connecticut Income Tax Withholding by Payers From Nonpayroll Amounts Paid On or After January 1, 2005*.

Weekly Remitter

You are a **weekly remitter** if your reported liability for Connecticut income tax withholding during the look-back period was more than \$10,000. As a weekly remitter you are required to remit Connecticut income tax withholding on or before the Wednesday following the weekly period during which the nonpayroll amounts were paid. **Weekly period** is the seven-day period beginning on a Saturday and ending on the following Friday.

Schedule for Weekly Remitters

If nonpayroll amounts are paid on Saturday, Sunday, Monday, or Tuesday	Remit Connecticut income tax withholding on or before the second Wednesday following the date the nonpayroll amounts were paid.
If nonpayroll amounts are paid on Wednesday, Thursday, or Friday	Remit Connecticut income tax withholding on or before the Wednesday following the date the nonpayroll amounts were paid.

Weekly Period Spanning Two Quarterly Periods

If you are a weekly remitter, and you have two or more paydays during a weekly period, you are generally required to make only one payment for the weekly period to DRS and should enter the date of the last payday when making the payment. However, if the paydays fall in different quarterly periods, you must make separate payments for the separate Connecticut income tax withholding liabilities.

Monthly Remitter

You are a **monthly remitter** if your reported liability for Connecticut income tax withholding during the look-back period was more than \$2,000 but not more than \$10,000. A monthly remitter, you are is required to remit Connecticut income tax withholding on or before the fifteenth day of the month following the month during which the nonpayroll amounts were paid.

Quarterly Remitter

You are a **quarterly remitter** if your reported liability for Connecticut income tax withholding during the look-back period was \$2,000 or less. As a quarterly remitter you are required to remit Connecticut income tax withholding on or before the last day of the month following the quarterly period during which the nonpayroll amounts were paid. **Quarterly period** means a period of three calendar months that ends on the last day of March, June, September, or December.

New Payer

Most new payers are classified by DRS as monthly remitters. A payer is a new payer for the calendar year during which the payer is first registered with DRS for Connecticut income tax withholding purposes and for the following calendar year. For the calendar year following those two calendar years, a new payer will be classified either as a weekly remitter, monthly remitter, or quarterly remitter based on the payer's annualized reported liability for Connecticut income tax withholding during the look-back period.

Liability for Taxes Withheld

If you are a payer of nonpayroll amounts, you are liable for the amount of the Connecticut income tax required to be withheld. For purposes of assessment and collection, amounts required to be withheld and paid over to DRS (and any penalties and interest) are your liability (as withholding agent) under the law. You remain liable for the tax even if a third party is withholding on your behalf.

Annual Reconciliation of Withholding

You must file **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts*, on or before January 31. As a payer of nonpayroll amounts

subject to Connecticut income tax withholding you are required to file Form CT-945 as long as you have an active withholding account with DRS. This is true even if no tax is due or required to be withheld for that year or even if you are not required to file federal Form 945. If you remitted all taxes when due, you may file Form CT-945 on or before February 10.

Amended Annual Reconciliation of Withholding

If you made an error on a previously-filed Form CT-945, you must file an amended return. You must amend Form CT-945 electronically. You may file a paper **Form CT-941X, Amended Connecticut Reconciliation of Withholding**, to amend Form CT-945 only if you been granted a waiver from electronic filing and payment from DRS.

Annual Summary of Information Returns

Electronically filed Form CT-1096, Connecticut Annual Summary and Transmittal of Information Returns, is due on or before March 31. Do not make payments with Form CT-1096. All payments must be made by EFT when electronically filing Form CT-8109 and Form CT-945.

A payer of nonpayroll amounts who is required to file federal Form 1096 must file Form CT-1096 with every state copy of the following:

- a. Federal Form W-2G for winnings paid to a Connecticut resident even if no Connecticut income tax was withheld;
- b. Federal Form 1099-MISC for payments to a Connecticut resident even if no income tax was withheld or to a nonresident of Connecticut if the payments relate to services performed wholly or partly in Connecticut even if no Connecticut income tax was withheld; **and**
- c. Federal Form 1099-R but only if Connecticut income tax was withheld.

Electronic Filing of Forms 1099 and W-2G

You must electronically file Forms 1099-MISC, 1099-R, or W-2G. You may request a waiver of the electronic filing requirements by completing Form CT-8508 at least 30 days before the due date. See *Electronic Filing of Information Returns* on Page 6 and the DRS website at www.ct.gov/DRS for the latest electronic filing publication for Forms 1099-MISC, 1099-R, or W-2G.

Request for Extended Due Date

You may request an extension to file Form CT-1096 by filing **Form CT-8809, Request for Extension of Time to File Information Returns**.

Amended Summary of Information Returns

If you made an error on a previously-filed Form CT-1096, you must file an amended return. Amend Form CT-1096 electronically.

Penalties and Interest

If you fail to comply with the requirements to withhold Connecticut income tax, you will be subject to penalties, including the following.

Late Payment Penalty

The penalty for late payment or underpayment of tax due is 10% of the amount due on all returns.

Late Electronic Payment Penalty

The following penalties will apply if an electronic funds transfer (EFT) payment is remitted late.

- 2% of the tax due for EFT payments not more than 5 days late;
- 5% for EFT payments more than 5 days but not more than 15 days late; **and**
- 10% for EFT payments more than 15 days late.

Penalty for Failure to Pay Electronically

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

- First offense – 10% penalty on the amount of the required 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.

Late Filing Penalty

In the event no tax is due, the Commissioner of Revenue Services may impose a \$50 penalty for failure to file any return or report that is required by law to be filed.

Interest

If you are filing a late or amended return, interest is computed on the underpayment at the rate of 1% per month or fraction of a month from the due date until the date of payment.

Required Information Returns

A penalty of \$5 per statement up to a total of \$2,000 per calendar year is imposed for failure to provide required federal Forms 1099-MISC, 1099-R, and W-2G to each payee and a copy to DRS unless due to reasonable cause.

Willful Evasion

A penalty equal to the total amount of the tax evaded, not collected, or not paid over is imposed on any responsible person for the willful failure of a payer of nonpayroll amounts to collect or truthfully account for income tax or for willfully attempting to evade the tax.

Fraud

In addition to any other penalty that may be imposed, a civil penalty of not more than \$1,000 is imposed where, with fraudulent intent, you fail to pay, deduct, or withhold and pay tax or to make or sign any return or supply information.

Criminal Penalties

If you willfully fail to pay tax, file a return, keep records, or supply information then you will be guilty of a misdemeanor. If you willfully file with DRS any document known to be fraudulent or false in any material manner then you will be guilty of a felony.

What Records to Keep

You must maintain a current accurate record for whom there is a nonpayroll payment reporting requirement. DRS has the authority to inspect your records at any time. Records should contain all of the following applicable information:

- Amounts and dates of all nonpayroll payments subject to reporting requirements;
- Names, addresses, occupations, and Social Security Numbers of persons receiving payments;
- For services performed within Connecticut by nonresident contractors, documentation identifying the type, location, and date of performance of all services including contracts, agreements, and change orders;
- Financial statements, chart of accounts, general ledger, general journal, cash disbursement journals, and check registers;
- Copies of payment forms, annual returns, and statements filed with DRS and IRS; **and**
- **Form CT-W4P**, *Withholding Certificate for Pension or Annuity Payments*.

You should keep records for at least four years after the date the tax becomes due or the date the tax is paid, whichever is later. However, a current, accurate copy of Form CT-W4P must be on file at all times.

How to Cancel Registration for Withholding Connecticut Income Tax

If you go out of business or permanently stop making payments of nonpayroll amounts, you should notify DRS immediately by filing **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts*, for the current calendar year. You must check the box to indicate that you no longer are making payments of nonpayroll amounts subject to Connecticut income tax withholding and must enter the last payment date on the line provided on Form CT-945 or send written notification to:

Department of Revenue Services
Operations Registration
PO Box 2937
Hartford CT 06104-2937

You must also file **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Returns*, with Forms 1099-MISC, 1099-R, or W-2G to DRS and issue Forms 1099-MISC, 1099-R, or W-2G to all payees showing the amounts paid and withheld.

Private Delivery Services

When sending forms, returns, or payments to DRS, you may use certain private delivery services in addition to the U.S. Postal Service and satisfy the timely filed and timely payment rules.

See **Policy Statement 2015(2)**, *Designated Private Delivery Services and Designated Types of Service*.

Related Publications

- IP 2016(1)** *Connecticut Employer's Tax Guide — Circular CT*
- IP 2014(15)** *Filing and Paying Connecticut Taxes Electronically*
- IP 2015(19)** *Federal/State Electronic Filing Handbook*
- IP 2016(12)** *Forms 1099-R, 1099-MISC, and W-2G Electronic Filing Requirements for Tax Year 2015*
- IP 2015(24)** *Connecticut Income Tax Information for Armed Forces Personnel and Veterans*
- IP 2011(26)** *Estimated Connecticut Income Taxes*
- IP 2011(27)** *Connecticut Income Tax Treatment of Gambling Winnings Other Than State Lottery Winnings*
- IP 2015(23)** *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*
- PS 2015(5)** *Income Tax Withholding for Athletes and Entertainers*
- PS 2015(2)** *Designated Private Delivery Services and Designated Types of Service*
- SN 2004(10)** *2004 Legislation Affecting Connecticut Income Tax Withholding by Payers From Nonpayroll Amounts Paid on or After January 1, 2005*

Effective Date: Effective January 1, 2016.

Effect on Other Documents: Informational Publication 2015(8.1), *Connecticut Tax Guide for Payers of Nonpayroll Amounts*, is modified and superseded in part and may not be relied upon on or after the date of issuance of this Informational Publication.

Effect of This Document: An Informational Publication addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing Methods (fast, easy, free, and confidential):

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the *TSC* to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *Sign up for e-alerts* from the *HOW DO I?* drop-down list.



Choose to file returns, pay amounts due, and direct deposit refunds electronically using the *TSC*.
 It's fast and free!

Internet	Tax Information	Forms and Publications	Internet
	The <i>TSC</i> includes a comprehensive <i>FAQ</i> database with more than 600 searchable answers. Search by category, tax type, keyword, or phrase.	Connecticut forms and publications may be viewed, downloaded, or printed by visiting www.ct.gov/DRS the DRS website.	
Phone	For telephone assistance, call the Department of Revenue Services at 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only); or 860-297-5962 (from anywhere).	800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) and select Option 2 ; or 860-297-4753 (from anywhere).	Phone
E-Mail	Send routine tax questions to drs@po.state.ct.us (do not send account related inquiries). For account-related questions, including bill and refund inquiries, use the Secure Mailbox feature by logging into the DRS electronic <i>TSC</i> .	Email requests, including your name, address (street, city, state, and ZIP code), and the name or number of the tax product to ctforms.drs@po.state.ct.us	E-Mail
Walk-In	Free personal taxpayer assistance and forms are available by visiting our offices. Walk-in assistance at all DRS locations is available Monday through Friday, 8:30 a.m. to 4:30 p.m. (arrive by 4:00 p.m.). Directions to DRS offices are available using the DRS phone menu or by visiting the DRS website. If you require special accommodations, please advise the DRS representative.		Walk-In
	Bridgeport 10 Middle St	Hartford 450 Columbus Blvd	Norwich 401 West Thames St Building #700
			Waterbury 55 West Main St Suite 100
	All calls are answered at our main office in Hartford, not at the field offices.		
	Federal Tax Information	Statewide Services	
	For questions about federal taxes , visit www.irs.gov or call the Internal Revenue Service (IRS) at 800-829-1040. To order federal tax forms , call 800-829-3676.	Visit the <i>ConneCT</i> website at www.ct.gov for information on statewide services and programs.	