



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2003(16)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2003 Legislation Affecting the Health Care Center Tax

Purpose: This Special Notice discusses 2003 legislation affecting the health care center tax.

Effective Date: As indicated below.

Statutory Authority: Conn. Gen. Stat. §12-202a, as amended by 2003 Conn. Pub. Acts 6, §65 (June 30 Spec. Sess.); and 2003 Conn. Pub. Acts 1, §86 (June 30 Spec. Sess.).

Definitions: As used in this Special Notice:

- **General business tax credits** mean the:
 - Computer donation credit under Conn. Gen. Stat. §10-228b;
 - Electronic data processing equipment property tax credit under Conn. Gen. Stat. §12-217t;
 - Employer-assisted housing credit under Conn. Gen. Stat. §12-217p;
 - Historic homes rehabilitation credit under Conn. Gen. Stat. §10-320j;
 - Housing program contribution credit under Conn. Gen. Stat. §8-395;
 - Insurance reinvestment fund credit under Conn. Gen. Stat. §38a-88a; and
- **Individuals eligible for a health coverage tax credit** mean individuals who are eligible for the credit for health insurance costs under Section 35 of the Internal Revenue Code.

Tax Credit Restriction: For calendar years beginning on or after January 1, 2003, the amount of general business tax credit or credits otherwise allowable against the health care center tax for any calendar year may not exceed 70% of the amount of health care center tax due (*not 70% of the amount of tax reported to be due*) for the calendar year prior to the application of the credit or credits.

Revised Instructions for Estimated Health Care Center Tax Payment Coupons: The Department of Revenue Services (DRS) will not revise **Forms 207HCC ESC and 207HCC ESD**, which were previously mailed to health care centers. This Special Notice provides guidance for making the estimated health care center tax payments due on September 15, 2003, and on December 15, 2003. Line 2 of those forms instructs a health care center to multiply the tax shown on the 2003 Form 207HCC by 90%. Because the tax shown on the 2003 Form 207HCC is the tax *after* tax credits have been subtracted, the tax credit restriction affects the tax shown on the 2003 Form 207HCC.

Exemption for Individuals Eligible for Health Coverage Tax Credit: Net direct subscriber charges received by a health care center on any new or renewal contract or policy entered into on or after July 1, 2003, to provide health care coverage for individuals eligible for a health coverage tax credit and their dependents under a plan procured under Conn. Gen. Stat. §5-259 are exempt from the health care center tax.

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling **860-297-4911**.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Preview and download forms and publications from the DRS Web site at **www.ct.gov/DRS**
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- **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** (in-state) and select **Option 2** from a touch-tone phone
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Paperless Filing Methods (fast, easy, free, and confidential):

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the Internet or telephone. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File Returns On-Line* or call **860-947-1988**.
- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File Returns On-Line*.