



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2010(4.1)

25 Sigourney Street Ste 2
Hartford CT 06106-5032

SPECIAL NOTICE

2010 Legislative Changes Affecting the Connecticut Real Estate Conveyance Tax

Purpose: This Special Notice summarizes legislation passed during the 2010 June Special Session affecting the state real estate conveyance tax. This Special Notice is being revised to make it clear that the real estate conveyance tax exemptions passed during the 2010 legislative session apply to both the state real estate conveyance tax and the municipal real estate conveyance tax.

Effective Date: As noted below.

Statutory Authority: Conn. Gen. Stat. §12-498(a), as amended by 2009 Conn. Pub. Acts 3, §114 (June Spec. Sess.), and 2010 Conn. Pub. Acts 1, §2 (June Spec. Sess.).

Exemption for Deeds of Sale Under a Decree of the Superior Court Pertaining to Foreclosure by Sale Reinstated: The judicial foreclosure process in Connecticut is carried out by either strict foreclosure or a decree of sale. In the case of a decree of sale, the court establishes the time and manner of the sale; appoints a committee to sell the property; and appoints three appraisers to determine the value of the property. The committee then proceeds to sell the real property. As evidence of the sale, a deed (commonly referred to as a committee deed) is issued to the purchaser.

2009 Conn. Pub. Acts 3, §114 (June Spec. Sess.) amended Conn. Gen. Stat. §12-498(a)(9) to repeal the real estate conveyance tax exemption for deeds made under a decree of the Superior Court pertaining to foreclosures by sale. Effective October 1, 2010, 2010 Conn. Pub. Acts 1, §2 (June Spec. Sess.) reinstates the real estate conveyance tax exemption for deeds made under a decree of the Superior Court pertaining to

foreclosures by sale. As a result, deeds made under a decree of sale conveying an interest in real property on or after January 1, 2010, and before October 1, 2010, are subject to the real estate conveyance tax. However, deeds made under a decree of sale conveying an interest in real property on or after October 1, 2010, will not be subject to the state or municipal real estate conveyance taxes.

Two New Exemptions From the Real Estate Conveyance Tax: Conn. Gen. Stat. §12-498(a) was amended to add two new exemptions to the real estate conveyance taxes. There is a new exemption for:

1. Deeds of sale in lieu of foreclosure that transfer the transferor's principal residence; **and**
2. Any instrument transferring a transferor's principal residence where the gross purchase price is insufficient to pay the sum of:
 - The mortgages encumbering the property transferred; **and**
 - Any real property taxes and municipal utility or other charges for which the municipality may place a lien on the property (such as sewer taxes) and which have priority over the mortgages encumbering the property transferred (short sales).

These two new exemptions apply to both the state real estate conveyance tax and the municipal real estate conveyance tax and are effective with respect to deeds of sale that convey an interest in real property on or after October 1, 2010.

Effect on Other Documents: Special Notice 2010(4.1) modifies and supersedes **Special Notice 2010(4)**, *2010 Legislative Changes Affecting the Connecticut Real Estate Conveyance Tax*.

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 the Department of Revenue Services (DRS).

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

- **1-800-382-9463** (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.

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

Paperless Filing/Payment 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 *e-alerts* from the left navigation bar.
