



STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

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Hartford CT 06103-1837

SN 2022(4)
SPECIAL NOTICE

2022 Legislative Changes Affecting the Income Tax

Purpose: This Special Notice describes legislation enacted during the 2022 regular session of the Connecticut General Assembly affecting the income tax.

Effective Date: The effective dates of the legislative changes are noted herein.

Property Tax Credit: Legislation increases the property tax credit from \$200 to \$300 and expands the eligibility to allow more persons to apply such credit. For taxable years 2017 through 2021, only persons 65 years of age or older and persons who validly claimed dependents on their federal income tax return in a given taxable year were eligible for the credit. These changes are effective upon passage and applicable to taxable years commencing on or after January 1, 2022.

Conn. Gen. Stat. § 12-704c, as amended by 2022 Conn. Pub. Acts 118, § 408.

Credit for the Birth of a Stillborn Child: Legislation establishes a credit for the birth of a stillborn child. Eligible taxpayers may claim a credit of \$2,500 against their Connecticut income tax liability. This credit is effective for taxable years commencing on or after January 1, 2022.

2022 Conn. Pub. Acts 118, § 412.

Subtraction Modification for Pension and Annuity Income: Legislation accelerates the phase-in of the subtraction modification for pension and annuity income. Subject to income thresholds, and effective for taxable years commencing on or after January 1, 2022, eligible persons are authorized to subtract from their adjusted gross income 100% of pension and annuity income when calculating their Connecticut income tax liability. Without this amendment, this subtraction modification would not have been fully available until the taxable year commencing on or after January 1, 2025. This change is effective upon passage.

Conn. Gen. Stat. § 12-701(a)(20)(B)(xxi), as amended by 2022 Conn. Pub. Acts 118, § 410.

Subtraction Modification for Enhanced Earned Income Tax (EITC) Payments: Under this legislation, any person who received an enhanced EITC payment under the 2020 Earned Income Tax Credit enhancement program and any person who receives an enhanced EITC payment under the 2021 Earned Income Tax Credit enhancement program is authorized to subtract such payments from their federal adjusted gross income when calculating their Connecticut income tax liability. This legislation is effective upon passage.

Conn. Gen. Stat. § 12-701(a)(20)(B), as amended by 2022 Conn. Pub. Acts 118, § 410.

Expansion of Credit for Taxes Paid to Other Jurisdictions: Corresponding amendments to Conn. Gen. Stat. § 12-704 and Conn. Gen. Stat. § 12-732 serve to authorize claims for refund due to changes made by another jurisdiction impacting a taxpayer's Connecticut income tax liability on or before the ninetieth day after the final determination of said change, even if an original return was not filed. These provisions are effective for taxable years commencing on and after January 1, 2022.

Conn. Gen. Stat. § 12-704, as amended by 2022 Conn. Pub. Acts 117, § 2, and Conn. Gen. Stat. § 12-732, as amended by 2022 Conn. Pub. Acts 117, § 3.

Responsible Person Provision: Legislation amends Conn. Gen. Stat. § 12-736 to impose a responsible person penalty that includes tax, penalty, and interest as opposed to just tax. Previously, the responsible person penalty assessed in connection with withholding tax was limited to a penalty for the amount of tax exclusive of penalty and interest. This legislation brings Conn. Gen. Stat. § 12-736 into conformity with Conn. Gen. Stat. § 12-414a and takes effect upon passage.

Conn. Gen. Stat. § 12-736, as amended by 2022 Conn. Pub. Acts 117, § 1.

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Effect on Other Documents: None.

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).

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E-Services Update

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