



## Welcome to 2025!



### Inside this Edition

Welcome to the first edition of the *Tax Topics Newsletter* for 2025! Here's a rundown of some of the most notable items impacting the filing season:

- Changes to the pass-through entity and composite tax;
- Updates to the pension and annuity phase-out for pensions, annuities, and IRA distributions;
- Amount that may be claimed for the earned income tax credit;
- Tips for filing electronically;
- Reminders for seasonal businesses; and
- Upcoming educational events.

Be sure to make DRS' website [portal.ct.gov/DRS](https://portal.ct.gov/DRS) a favorite on your device, so you can check back often for updates.

### HOW TO GET ASSISTANCE



#### Business Address:

450 Columbus Blvd, Ste 1  
Hartford, CT 06103

#### Business Hours:

Monday through Friday, between  
8:30 a.m. and 4:30 p.m.

#### Phone:

860-297-5962

860-297-4911 (TTY, TDD and Text  
Telephone users only)

Email: [DRS@ct.gov](mailto:DRS@ct.gov)

Website: [portal.ct.gov/DRS](https://portal.ct.gov/DRS)

#### In-Person Assistance:

- Remote video conferencing via the Microsoft Teams platform.
- In-person meetings with a DRS professional at the 450 Columbus Blvd, Hartford, CT location.
- To schedule an appointment, taxpayers should contact DRS' Taxpayer Contact Center at [DRS@ct.gov](mailto:DRS@ct.gov).

### DEPARTMENT NEWS

#### Important Reminders for Pass-Through Entities

##### Changes to the Pass Through Entity Tax

As taxpayers and tax practitioners are aware, the General Assembly made fairly significant changes to the pass-through entity tax during the 2023 legislative session. Most significantly, the General Assembly made the pass-through entity tax an elective tax starting January 1, 2024. The full scope of these changes is available on DRS' website at [portal.ct.gov/drs/taxes/pass-through-entity/tax-information](https://portal.ct.gov/drs/taxes/pass-through-entity/tax-information).

##### Reinstatement of the Composite Income Tax

For periods beginning on and after January 1, 2024, the General Assembly reinstated the composite income tax. The full scope of these changes is available on DRS' website at [portal.ct.gov/drs/taxes/composite-income-tax/tax-information](https://portal.ct.gov/drs/taxes/composite-income-tax/tax-information).

In an effort to assist taxpayers and tax practitioners in evaluating the impact of the changes on pass-through entities, DRS has developed a series of webinars. If you are interested in learning more about the changes related to the pass-through entity tax and the composite income tax, click on the links below to register for an upcoming webinar:

- [Part 1 - Friday, January 24, 2025, 10:00 a.m.](#)
- [Part 2 - Friday, February 7, 2025, 10:00 a.m.](#)
- [Part 3 - Friday, February 21, 2025, 10:00 a.m.](#)
- [Part 4 - Friday, March 7, 2025, 10:00 a.m.](#)



# DEPARTMENT NEWS CONTINUED

## Pension and Annuity Updates



### Extension of Phase-Out of Allowable Pensions, Annuity and IRA Distributions (Other than Roth IRAs) for Purposes of the Connecticut Subtraction Modification

As a reminder, beginning January 1, 2024, the General Assembly extended the phase-out for allowable pension, annuity, and IRA distributions (other than Roth IRAs) to taxpayers who meet certain income thresholds.

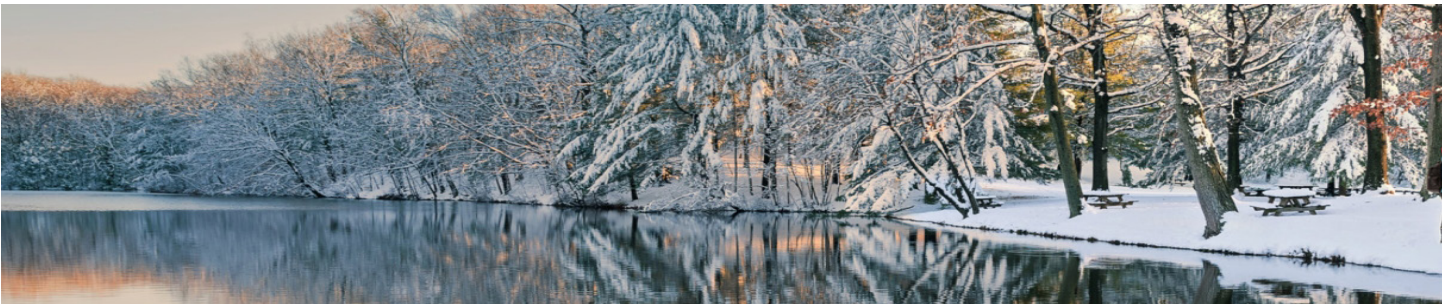
The full scope of these changes is available on DRS' website at [portal.ct.gov/drs/individuals/resident-income-tax/tax-information](https://portal.ct.gov/drs/individuals/resident-income-tax/tax-information).

### Changes to the Connecticut Withholding Requirements for Distributions of Pensions, Annuities or Other Income

As a reminder, the General Assembly changed the requirements for distributions of pensions, annuities or other income distributions. Beginning January 1, 2025, payers of pensions, annuities or other income distributions are no longer required by law to withhold Connecticut income tax, unless the payee requests it or if it is a lump sum distribution. The full scope of these changes is available on DRS' website at [portal.ct.gov/drs/withholding-taxes/tax-information](https://portal.ct.gov/drs/withholding-taxes/tax-information).

If you are interested in learning more about the changes impacting pension and annuity recipients, click on the link below to register for the upcoming webinar:

- [Wednesday, February 26, 2025, 10:00 a.m.](#)



## File and Communicate Electronically



DRS encourages you to file and communicate with the agency electronically. There are free, online state income tax filing options available. One of the safest and most secure options is **myconneCT**: [portal.ct.gov/DRS-myconneCT](https://portal.ct.gov/DRS-myconneCT). There are many benefits to electronic filing. These benefits include:

- Simple, secure, and can be completed from the comfort of your home.
- Can reduce return errors.
- Results in an immediate confirmation that your submission has been received by DRS.
- If you are expecting a refund, electronic filing is the quickest way to receive the refund.

## Helpful Tips for Filing Income Tax Returns

If you are a salary or wage earner, your employer is required to provide you with a statement at the end of each year that lists information about what you earned in that year. That form is known as Form W-2. Under the law, your employer is required to provide this form to you by January 31, 2025. This form contains critical information that is necessary for you to file both your federal and state income tax returns. If you have questions regarding Form W-2, contact DRS.



Do you own a house? Do you own a car? If so, and you paid property tax to the city or town in which you live, you may be eligible for a credit up to \$300 against your Connecticut income tax. For more information, see the instructions to the **2024 Form CT-1040, Connecticut Resident Income Tax Return** [portal.ct.gov/-/media/drs/forms/2024/income/2024-ct-1040-instructions\\_1224](https://portal.ct.gov/-/media/drs/forms/2024/income/2024-ct-1040-instructions_1224) or contact DRS.

If you are interested in learning more tips about filing your 2024 Connecticut income tax return, click on the links below to register for an upcoming webinar:

- [Wednesday, January 29, 2025, 10:00 a.m.](#)
- [Thursday, March 20, 2025, 10:00 a.m.](#)

## Earned Income Tax Credit Tax Information

For taxable year 2024, the amount of the earned income tax credit that a Connecticut resident taxpayer may claim on the Connecticut income tax return is 40% of the earned income tax credit claimed on the federal return. To qualify for the CT EITC, you must be eligible for the federal EITC and meet the following criteria below:



- Taxpayer, spouse and qualifying children must have a valid Social Security Number (SSN);
- Must have earned income;
- Cannot be the qualifying child of another person;
- Earned income and AGI must be within federal limitations;
- Investment income cannot exceed \$11,600;
- Age limit between 25-64 with no qualifying children; and
- Must be considered a full-year resident for CT-EITC.

You can claim the CT EITC even if you don't have any children. To learn more about the criteria to apply for the CT EITC visit:

DRS' Website: [portal.ct.gov/drs/ct---eitc/ct-eitc-information/ct-earned-income-tax-credit](https://portal.ct.gov/drs/ct---eitc/ct-eitc-information/ct-earned-income-tax-credit).

If you are interested in learning more about the changes impacting the Connecticut earned income tax credit, click on the link below to register for the upcoming webinar:

- [Thursday, February 27, 2025, 10:00 a.m.](#)

## SEASONAL TAX MATTERS

- This is an extremely busy time for tax preparation companies. As a reminder tax preparation services are not subject to sales and use tax.
- Chimney cleaning services are subject to sales and use tax. Remember to keep your chimney safe!
- Snowblower machine repair services are also subject to sales and use tax. Plan ahead with scheduling your repairs.

For more information, see the dedicated Sales Tax landing page on DRS' website [portal.ct.gov/drs/sales-tax/tax-information](https://portal.ct.gov/drs/sales-tax/tax-information).



# UPCOMING TAX FILING DUE DATES

## Income Tax:

**Form CT-1040**, *Resident Income Tax Return*, and **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*. Gather all year-end paperwork now! DRS will begin accepting electronically filed returns on January 21, 2025.

## Income Tax Tables/Calculators:

- **2024 Tax Calculation Schedule**
- **2024 Tax Tables to \$102K**
- Income Tax Calculator - Located on the **myconneCT** homepage [drs.ct.gov/eservices](https://drs.ct.gov/eservices), in the Individuals panel select *View Tax Calculators*, then select *Income Tax Calculator*.

## Pass Through Entity/Composite Income Tax:

**Form CT-PET**, *Connecticut Pass-Through Entity Tax Return*, is due on or before the fifteenth day of the third month following the close of the taxable year (March 15 for calendar year filers).

**Form CT-1065/CT-1120SI**, *Connecticut Composite Income Tax Return*, is due on or before the fifteenth day of the third month following the close of the taxable year (March 15, for calendar year filers).

## Petroleum Products Gross Earnings Tax:

**Form OP-161**, *Petroleum Products Gross Earnings Tax Return*, must be filed on or before the last day of the month following the quarter.

## Rental Surcharge Annual Report:

**Form OP-383**, *Rental Surcharge Annual Report*, only companies that rent pieces of machinery must file an annual consolidated report with DRS and remit payment. Effective January 1, 2018, the rental surcharge rate is 2.75% and Form OP-383, must be remitted by February 15, following the close of the calendar year.

## Sales and Use Tax:

**Form OS-114**, *Connecticut Sales and Use Tax Return*, to report all sales activity in Connecticut, even if no sales were made or no tax is due. Both taxable and nontaxable sales must be reported in accordance with monthly, quarterly, or annual filing frequency assigned by DRS. Form OS-114 is due on or before the last day of the month following the end of the filing period.

## Trust and Estates:

**Form CT-1041**, *Connecticut Income Tax Return for Trusts and Estates For residents, nonresidents, and part-year residents*, must be filed on or before April 15, following the close of the calendar year. If the trust or



estate is not a calendar year filer, the return is due no later than the fifteenth day of the fourth month following the close of the taxable year.

## Estates and Gift Tax:

**Form CT-706/709**, *Connecticut Estate and Gift Tax Return*, must be filed on or before April 15 of the year following the year the gifts were made unless an extension for filing Form CT-706/709 is granted.

Estate tax – Resident and nonresident estates are liable for the Connecticut estate tax if the amount of their Connecticut taxable estate is more than \$12.92 million. Form CT-706/709 for Connecticut estate tax must be filed no later than six months after the decedent's date of death unless an extension of time to file is requested.

Gift tax – For a Connecticut resident, the taxable gifts include real property or tangible personal property located in Connecticut as well as intangible personal property wherever located; and for a nonresident of Connecticut, the taxable gifts include only real property or tangible personal property located in Connecticut.

## Withholding Tax:

- Wage Withholding - **Form CT-941**, *Connecticut Quarterly Reconciliation of Withholding*, must be filed on or before the last day of the month following the quarter. **Form CT-W3**, *Connecticut Annual Reconciliation of Withholding*, along with federal Forms W-2 must be submitted by January 31, following the close of the calendar year.
- Non-Wage Withholding - **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Non Payroll Amounts*, is due January 31, following the close the calendar year. **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Returns*, along with federal Forms 1099 must be submitted by January 31, following the close of the calendar year.

# EDUCATION & OUTREACH PUBLIC EVENTS

## 2025 Live Webinars & Events

### CT DRS Upcoming Webinars

Select each title to open its registration page.

Date	Time	Title
January 24	10 AM	<a href="#">Pass-Through / Composite Tax - Part 1</a>
January 29	10 AM	<a href="#">Connecticut Income Tax</a>
February 7	10 AM	<a href="#">Pass-Through / Composite Tax - Part 2</a>
February 21	10 AM	<a href="#">Pass-Through / Composite Tax - Part 3</a>
February 26	10 AM	<a href="#">Pensions and Annuities</a>
February 27	10 AM	<a href="#">Earned Income Tax Credit</a>
March 7	10 AM	<a href="#">Pass-Through / Composite Tax - Part 4</a>
March 20	10 AM	<a href="#">Connecticut Income Tax</a>



Last updated 1/17/2025

DRS is pleased to provide speakers on state tax issues to organizations located in Connecticut or outside Connecticut within a 120-mile radius of Hartford. If your agency or organization is sponsoring a meeting with an audience of at least 20 people who would like to know more about state taxes, reach out to DRS' Education and Outreach Unit at: [DRS.EducationandOutreach@ct.gov](mailto:DRS.EducationandOutreach@ct.gov)

Make sure to visit the [Education and Outreach Calendar](#) on DRS' website. It will have the most up-to-date information on webinars and events that you don't want to miss!

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Working in Partnership Together With You

This newsletter is intended to provide general information for taxpayers and tax practitioners. It is not intended to explain in depth current DRS policy or practice. The information contained in the newsletter is not intended to supersede, alter, or otherwise change provisions of the Connecticut General Statutes, regulations, DRS rulings, or tax guidance.