



**STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES**

450 Columbus Blvd Ste 1
Hartford CT 06103-1837

**TAXPAYER SERVICES
SPECIAL BULLETIN**

TSSB 2021-1

**Taxpayer Services Division
Update to Commissioner's Bulletin of March 4, 2021**

As set forth in the Commissioner's Bulletin, the Department of Revenue Services (DRS) will provide new information regarding H.B. No. 6516 as it becomes available. The following is a list of frequently asked questions that have been received by DRS since the issuance of the Commissioner's Bulletin.

1. Has Governor Lamont signed H.B. No. 6516?

Yes. Governor Lamont signed H.B. No. 6516 on March 4, 2021. As a result, H.B. No. 6516 is now law and has been designated as 2021 Conn. Pub. Acts 3.

2. Given certain language in 2021 Conn. Pub. Acts 3, how does a Connecticut resident determine whether he or she was working remotely "due" to COVID-19 during taxable year 2020?

The tax consequences for Connecticut residents who were assigned to an office or work location outside of Connecticut and who worked from home in Connecticut during taxable year 2020 are largely dependent upon specific facts and circumstances. As such, any Connecticut resident who claims a credit for taxes paid to another state under the authority of 2021 Conn. Pub. Acts 3 should be prepared to document his or her specific facts and circumstances. To this end, such Connecticut residents should compile relevant documentation, including copies of emails, memoranda, policies, or other guidance issued by their employers regarding the status of their out-of-state offices.

That said, DRS recognizes that there are likely many different reasons why a Connecticut resident worked remotely from home during taxable year 2020. In some instances, Connecticut residents were prohibited from physically reporting to their offices due to executive or other emergency orders. Other Connecticut residents may have had a medical issue or condition that prevented them from reporting to work. In many situations their employers simply encouraged them to work remotely from home if they could work from home to promote social distancing. Similarly, many Connecticut residents sought and obtained permission to work from home due to fears of illness, child care needs, etc. From DRS' perspective, all of the situations described above are "due" to COVID-19. Moreover, the situations described above are intended to be illustrative and not exhaustive.

3. Is a Connecticut resident who was hired (or re-hired) on or after March 11, 2020 by an employer located in a state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such state and who worked remotely from home in Connecticut during taxable year 2020 for said employer eligible for the relief afforded under 2021 Conn. Pub. Acts 3?

Yes. A Connecticut resident who was hired (or re-hired) on or after March 11, 2020 by an employer located in a state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such state and who worked remotely from home in Connecticut during taxable year 2020 for said employer is eligible for the relief afforded under 2021 Conn. Pub. Acts 3.

4. **Will a nonresident who was assigned to an office or work location in Connecticut and who worked remotely during taxable year 2020 in a state that employs a “convenience of the employer” rule be subject to Connecticut income tax on the income earned while he or she worked remotely?**

No. Connecticut will not impose its income tax on the income that a nonresident employee earned during taxable year 2020 while working remotely in a state that employs a “convenience of the employer” rule, regardless of whether said nonresident employee was working remotely out of convenience or necessity.

5. **Will a nonresident who was assigned to an office or work location in Connecticut and who worked remotely during taxable year 2020 in a state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such state be subject to Connecticut income tax on the income earned while he or she worked remotely?**

No. Connecticut does not impose its income tax on the income that a nonresident employee earns during taxable year 2020 while working remotely in a state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such state.

6. **Will a nonresident who was assigned to an office or work location in Connecticut and continued to physically work in Connecticut for a Connecticut employer during taxable year 2020 be subject to Connecticut income tax on the income earned while physically present in Connecticut during said taxable year?**

Yes. Connecticut imposes an income tax on nonresidents on their Connecticut taxable income derived from or connected with sources within this State. Compensation earned for personal services rendered as an employee in Connecticut is considered Connecticut source income. As such, the income a nonresident earned while physically working in Connecticut during taxable year 2020 is subject to Connecticut income tax.

7. **Will the presence of non-employees, such as partners or members in a pass-through entity, in Connecticut during taxable year 2020 create nexus with Connecticut for said entity for said taxable year?**

No. As the presence of employees in Connecticut during taxable year 2020 will not create nexus for an employer, the presence of non-employees, such as partners or members in a pass-through entity, in Connecticut during taxable year 2020 will similarly not create nexus with Connecticut for said entity for said taxable year.

8. **Are part-year residents¹ eligible for relief under the provisions of 2021 Conn. Pub. Acts 3?**

Yes. A taxpayer who was a Connecticut resident during part of taxable year 2020 and who worked remotely from Connecticut during his or her period of residency will be eligible to claim a credit for taxes paid to another state that imposed income tax on the income said taxpayer earned while working remotely in Connecticut. When claiming such a credit, taxpayers should follow the guidance set forth in **2020 Form CT-1040NR/PY, Connecticut Nonresident and Part-Year Resident Income Tax Return Instructions**, specifically the guidance pertaining to Line 11: Credit for Income Taxes Paid to Qualifying Jurisdictions (Part-Year Residents Only).

9. **I am an employer, and I have employees who are assigned to a work location in Connecticut, but worked from home in another state for much of 2020 due to the COVID-19 pandemic. I issued these employees Forms W-2 showing their wages as sourced entirely to Connecticut. Do I need to issue Forms W-2C, Corrected Wage and Tax Statements?**

No. DRS will not require Forms W-2C in this situation. Nonresident employees will need to determine the amount of their Connecticut sourced income based on the wages earned while physically working in Connecticut using the *Employee Apportionment Worksheet* in **Schedule CT-SI, Nonresident or Part-Year Resident Schedule of Income From Connecticut Sources**. For example, a nonresident employee who worked from a Connecticut location for 3 months during 2020, and remotely from another state for 9 months, will source 25% of their wages earned in 2020 to Connecticut. Employees should retain documentation detailing their work location(s) for 2020; however, such documentation should not be submitted with their return. See *Question 2* on Page 1, for examples of relevant documentation.

¹ A taxpayer will be considered a part-year resident for taxable year 2020 if he or she changed his or her permanent legal residence by moving into or out of Connecticut during the taxable year.

Effective Date: Upon issuance.

Statutory Authority: 2021 Conn. Pub. Acts 3.

Effect on Other Documents: None.

For Further Information: Call DRS Monday through Friday, 8:30 a.m. to 4:30 p.m. at:

- **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. Taxpayers may also call 711 for relay services. A taxpayer must tell the 711 operator the number he or she wishes to call. The relay operator will dial it and then communicate using a TTY with the taxpayer.

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

E-Services Update

DRS **myconneCT** will replace the **Taxpayer Service Center (TSC)** as part of a multi-year, multi-phase project. Each year, additional tax types will be transitioned out of the *TSC* and into **myconneCT**. Using **myconneCT**, taxpayers will be able to file taxes, make payments, view filing history, and communicate with the agency simply and more efficiently on virtually any mobile device, including laptops, tablets, and smartphones, 24 hours a day, 7 days a week. For updated information as to the progress of this project and the transition schedule for specific taxes, please visit the DRS website at portal.ct.gov/DRS-myconneCT.

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Income Tax
Teleworking Guidance
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