

# ANNUAL REPORT FISCAL YEAR 2019-2020



## STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

Mark D. Boughton

Governor Ned Lamont



## A MESSAGE FROM MARK D. BOUGHTON

January 2021

In December, I had the honor of being nominated by Governor Lamont to be Commissioner of the Connecticut Department of Revenue Services (DRS). It is my pleasure to present to you the DRS Annual Report, which offers a summary of Fiscal Year 2019-20 statistical data for taxes administered by the agency.

As the state's tax collector, DRS collects the funds that flow to communities through state-sponsored programs. This Annual Report illustrates the scope of important work performed here at DRS, and can serve as a valuable and informative resource on state tax administration.

In my first weeks, I have learned a great deal about DRS and the current state of operations. To protect health and safety, DRS has implemented an effective remote work structure, with no interruption to critical services. DRS also initiated programming to assist taxpayers impacted by the pandemic who are struggling to keep up with filing and paying their state taxes; this effort in support of our taxpayers continues. And despite changing work circumstances and uncertainty during the pandemic, DRS successfully launched the first phase of a multi-year modernization initiative that will improve how we administer taxes and transform how taxpayers interact with the agency. Phase two is set to launch this coming September.

The DRS remains focused on fair and equitable tax administration, and the delivery of world class customer service. Taxpayers can continue to count on the highest standards from the outstanding professionals here at DRS.

Mark D. Boughton

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*The mission of the Department of Revenue Services is to instill public confidence in the integrity and fairness of tax collection; achieve the highest level of voluntary taxpayer compliance; continuously improve agency performance; contribute to the fiscal and economic well being of the state; and provide a positive and professional workplace.*

**LEGISLATIVE SUMMARY**  
**2020 GENERAL ASSEMBLY REGULAR SESSION**  
**2020 GENERAL ASSEMBLY SEPTEMBER SPECIAL SESSION**

The 2020 Legislative Session was cancelled due to COVID-19. One tax-related bill was enacted during a special session in September.

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**MISCELLANEOUS**

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**Public Act 20-5, September Special Session**

This bill creates new nexus rules for out-of-state businesses subject to tax under Chapters 208, 211, 212, 212b or 228z, and employees, who travel into CT for disaster or emergency-related work on critical infrastructure during a period deemed to be a period of disaster response. Under this bill businesses and employees will not be required:

- To pay tax on income derived from disaster-related work during a disaster response period;
- To pay use tax on tangible personal property during this period on property that is temporarily in CT to assist their employees perform their work duties during the disaster period; and
- To submit any tax filings with the state.

Additionally, certain rules apply:

- Out-of-state businesses and employees performing work during a disaster response period will be subject to all other applicable state taxes and fees during this period;
- Tax nexus rules for out-of-state employees apply only to employees residing in states with similar rules or no personal income tax;
- Out-of-state businesses must disregard activities covered under the bill when filing returns for income or gross receipts taxes, including a combined unitary return; and
- Out-of-state businesses and employees who remain in the state after the disaster response period are subject to all laws that establish presence in the state.

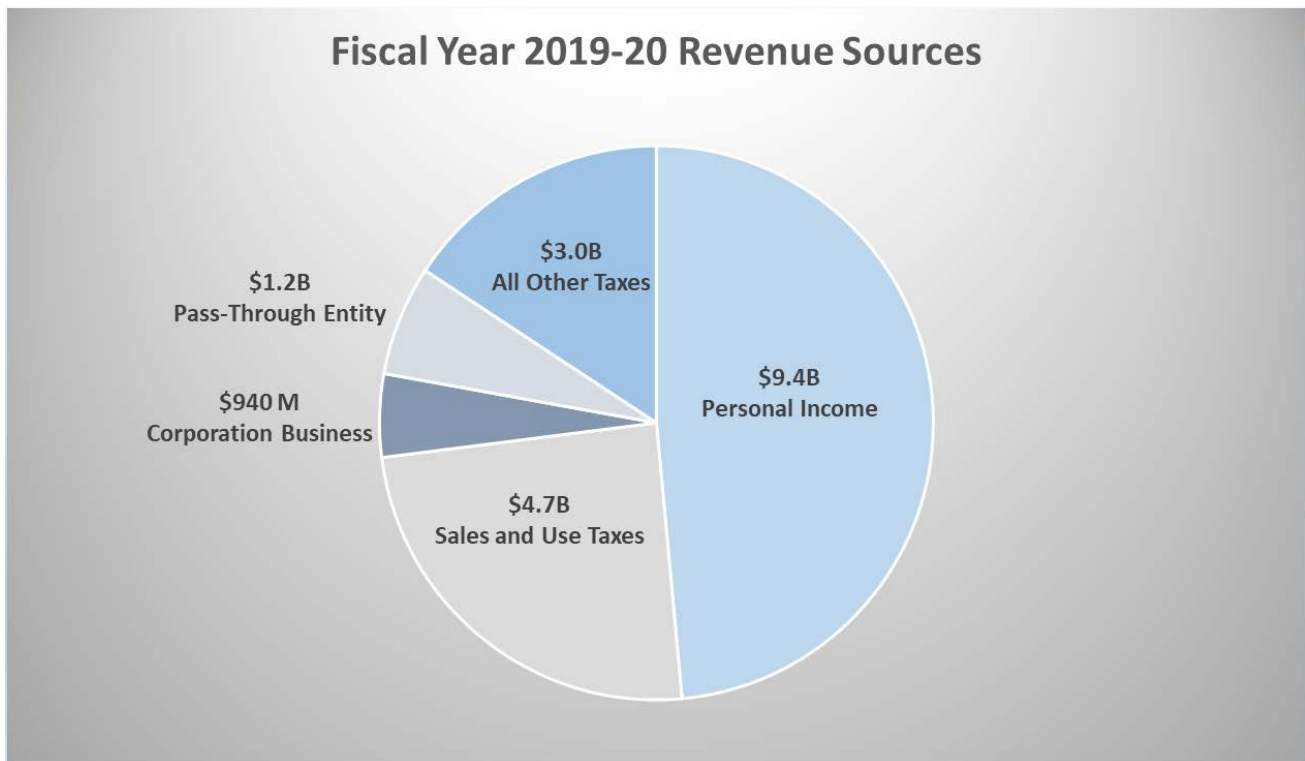
Effective upon passage (October 2, 2020).

# CONNECTICUT TAXES

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*The Department of Revenue Services collected \$19.4 billion in state taxes for fiscal year 2019-20.*

*The Personal Income, Pass-Through Entity, Sales and Use, and Corporation Business Taxes comprised 84% of all collections.*



## STATE REVENUE SOURCES

	FY 2017-2018	FY 2018-2019	FY 2019-2020
Admissions & Dues Tax <i>Ch. 225</i> and Transportation Network Company Fee <i>Ch. 244b</i>	\$40,351,508	\$46,690,427	\$44,228,033
Alcoholic Beverages Tax <i>Ch. 220</i>	63,211,086	64,145,818	73,082,328
Ambulatory Surgical Centers <i>Ch. 211a</i>	17,484,454	18,860,333	13,514,385
Attorney Occupational Tax <i>Ch. 876</i>	10,463,347	8,868,388	9,210,897
Beverage Container Deposits <i>Ch. 446d</i>	36,519,543	36,099,594	43,650,577
Business Entity Tax <i>Ch. 213a (repealed)</i>	14,475,479	67,873,462	(10,420,852)
Cable, Satellite & Video Companies Tax <i>Ch. 211</i>	60,668,588	46,295,532	49,819,514
Cigarette Tax <i>Ch. 214</i>	357,391,958	335,205,445	322,179,153
Connecticut Estate Tax <i>Ch. 217 (repealed)</i>	1,331	0	0
Controlled Substances Tax <i>Ch. 228d</i>	71,097	59,247	33,165
Controlling Interest Transfer Tax <i>Ch. 228b</i>	7,141,192	12,430,499	7,889,870
Corporation Business Tax <i>Ch. 208 &amp; 209</i>	899,728,100	987,363,605	940,812,555
Dry Cleaning Surcharge <i>Ch. 211b</i>	633,493	605,518	562,182
Electric Distribution Companies <i>Ch. 212</i>	131,957,173	156,749,530	146,646,424
Electronic Cigarette Products <i>Ch. 214b</i>	0	0	3,371,121
Estate and Gift Tax <i>Ch. 217 &amp; 228c</i>	223,787,857	225,312,679	159,542,430
Gas Companies <i>Ch. 212</i>	63,681,211	66,665,641	64,553,262
Gift Tax <i>Ch. 228c (repealed)</i>	337,347	120,843	8,732
Health Care Centers Tax <i>Ch. 207</i>	2,840,433	2,815,820	3,197,628
Hospitals Tax <i>Ch. 211c</i>	883,885,779	909,319,650	870,562,036
Income Tax <i>Ch. 229</i>	10,769,830,624	9,640,161,331	9,398,681,702
Insurance Premiums Tax, Domestic <i>Ch. 207</i>	46,373,210	23,836,161	36,535,895
Insurance Premiums Tax, Foreign <i>Ch. 207</i>	152,009,829	138,306,491	155,220,722
Insurance: Non-admitted/Unauthorized <i>Ch. 698d</i>	7,802,111	7,381,718	7,541,881
Intermediate Care Facility User Fee <i>Ch. 211c</i>	7,437,832	6,756,512	7,115,759
Motor Carrier Road Tax - <i>Ch. 222</i>	13,572,067	12,138,677	14,241,516
Motor Vehicle Fuels Tax - Gasoline <i>Ch. 221</i>	378,268,296	383,029,136	342,204,670
Motor Vehicle Fuels Tax - Special Fuel <i>Ch. 221</i>	109,058,789	114,831,017	122,021,291
Nursing Home User Fee <i>Ch. 211c</i>	132,179,528	146,848,506	114,012,296
Paid Preparer Fee <i>Ch. 229</i>	0	168,000	112,900
Pass-Through Entity <i>Ch. 228z</i>	0	1,172,054,054	1,241,963,309
Petroleum Products Gross Earnings Tax <i>Ch. 227</i>	320,890,549	318,518,185	235,922,566
Prepaid Wireless E-9-1-1 Fee <i>Ch. 518a</i>	2,375,445	2,364,502	2,429,088
Public, Educ. & Gov. Programming Tax <i>Ch. 289</i>	3,952,365	3,333,321	4,961,607



## STATE REVENUE SOURCES (cont.)

	FY 2017-2018	FY 2018-2019	FY 2019-2020
Railroad Companies Tax <i>Ch. 210</i>	924,455	32,396	655,104
Real Estate Conveyance Tax <i>Ch. 223</i>	195,376,456	200,792,382	168,686,812
Rental Surcharge <i>Ch. 228h</i>	269,319	213,605	373,961
Sales and Use Taxes <i>Ch. 219</i>	4,530,508,619	4,720,321,873	4,740,471,015
Solid Waste Tax <i>Ch. 446d</i>	3,013,079	2,709,403	2,968,891
Succession Tax <i>Ch. 216 (repealed)</i>	121,148	87,888	272,576
Tobacco Products Tax <i>Ch. 214a</i>	19,481,725	22,319,680	21,727,005
Tourism Surcharge <i>Ch. 228e</i>	5,310,837	5,370,895	4,870,452
Unrelated Business Income Tax <i>Ch. 208a</i>	6,423,832	5,697,312	4,082,151
<b>Total</b>	<b>\$19,519,811,091</b>	<b>\$19,912,755,076</b>	<b>\$19,369,516,659</b>

# ADMISSIONS AND DUES TAX

	<u>Revenue *</u>
FY 2019-20	\$44,228,033
2018-19	46,690,427
2017-18	40,351,508

## Exemptions:

### Admissions

- Under \$1
- Non-profit organizations
- Motion pictures for not more than \$5.00
- Live performances at non-profit theaters or playhouses, Gateway's Candlewood Playhouse, and Ocean Beach Park
- Daily charges for sporting or athletic activities in which patrons participate
- Carnival or amusement rides
- Cabarets
- Interscholastic athletic events held at Rentschler Field
- As of July 1, 2020, admission charges to Dunkin' Donuts Park.

### Dues:

- A club where the annual dues and any initiation fee of a fully privileged member are each \$100 or less;
- Lawn Bowling Clubs
- Locker Rental Fees
- Additional charges used to acquire open space land
- Charitable, religious, governmental or non-profit educational institution
- Society, order or association operating under the lodge system or local fraternal organizations among students of a college or university

## Number of Taxpayers / Filing Frequency

583 taxpayers / Monthly

Admissions 434 taxpayers  
Dues 252 taxpayers

Note: 103 taxpayers collect both taxes

\* Includes revenue from the Transportation Network Company Fee.

## ADMISSIONS AND DUES TAX (cont.)

### Basis and Rate

#### Admissions

5% of sales occurring on or after July 1, 2019, but prior to July 1, 2020, for any event at Dunkin Donuts Park [Exempt as of July 1, 2020.]

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6% of the admissions charge to motion picture shows.

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7.5% of the admission charges made on or after July 1, 2019, but prior to July 1, 2020, for the venues and events listed below:

- Any event at the XL Center in Hartford;
- Any event at Dillon Stadium in Hartford;
- Any athletic event presented by a member team of the Atlantic League of Professional Baseball at the New Britain Stadium;
- Any event at the Webster Bank Arena in Bridgeport;
- Any event at the Harbor Yard Amphitheater in Bridgeport;
- Any event at Dodd Stadium in Norwich;
- Any event at the Oakdale Theatre in Wallingford; and
- Any event other than an interscholastic athletic event at the stadium facility at Rentschler Field.

5% of the admission charges made on or after July 1, 2020, for the venues and events listed above.

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10% of the admission charge to any other place of amusement, entertainment, or recreation.

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#### Dues

10% of membership dues or initiation fees to any social, athletic or sporting club organization.

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## ALCOHOLIC BEVERAGES TAX

*A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.*

	<u>Revenue</u>
FY 2019-20	\$73,082,328
2018-19	64,145,818
2017-18	63,211,086

### Exemption

Effective January 1, 2020, the first 15 barrels of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit are exempt annually.

### Number of Taxpayers/Filing Frequency

962 distributors/ Monthly

### Basis and Rate - Through September 30, 2019

Beer	\$7.20 per barrel (31 gallons)
Beer	24¢ per gallon
Still Wines	72¢ per gallon
Small Wineries	18¢ per gallon
Sparkling Wines	\$1.80 per gallon
Alcohol	\$5.40 per proof gallon
Distilled Liquor	\$5.40 per gallon
Liquor Coolers	\$2.46 per gallon

## ALCOHOLIC BEVERAGES TAX (cont.)

### Basis and Rate – Effective October 1, 2019

Beer	\$7.20 per barrel (31 gallons)
Beer	24¢ per gallon*
Cider	\$7.92 per barrel
Cider	\$26¢ per gallon
Still Wines	79¢ per gallon
Small Wineries	20¢ per gallon
Sparkling Wines	\$1.98 per gallon
Alcohol	\$5.94 per proof gallon
Distilled Liquor	\$5.94 per gallon
Liquor Coolers	\$2.71 per gallon

\*The tax rate for beer is reduced by 50% for beer sold for off-premises consumption on the premises of an entity covered by a manufacturer's permit.

### Comparison of Gallonage

TYPE	FY 2017-18 (gallons)	FY 2018-19 (gallons)	FY 2019-20 (gallons)
Beer - barrels	204,360	189,115	141,247
Beer - gallons	47,730,419	46,796,274	49,197,760
Still Wine	13,018,428	12,703,018	12,825,497
Small Wineries	314,501	315,834	316,265
Sparkling Wine	706,500	726,396	812,562
Distilled Liquor	7,215,014	7,460,026	7,769,965
Liquor Cooler	40,104	105,576	298,847
Alcohol	65,414	64,994	93,687
Cider - barrels*			2,122
Cider - gallons*			402,422

\* Prior to 10/1/2019 cider was included in beer

# AMBULATORY SURGICAL CENTERS TAX

*A tax is imposed on the gross receipts of each ambulatory surgical center for each calendar quarter. Gross receipts do not include net patient revenue of a hospital that is subject to the Hospitals Tax.*

<b>Revenue</b>	
FY 2019-20	\$13,514,385
FY 2018-19	18,860,333
FY 2017-18	17,484,454

## **Basis and Rate**

6%

## **Number of Taxpayers/Filing Frequency**

49/Quarterly

# ATTORNEY OCCUPATIONAL TAX

*An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.*

<b>Revenue</b>	
FY 2019-20	\$9,210,897
2018-19	8,868,388
2017-18	10,463,347

## **Exemptions**

- Employees of the State of Connecticut including judges and referees;
- Probate court employees;
- Any attorney employed by a political subdivision of Connecticut;
- Employees of the federal government;
- Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year;
- Attorneys who received less than \$1,000 in compensation during the calendar year;
- Those engaged in practice of law exclusively outside the state;
- Those removed from the roll of attorneys;
- Those who did not work or were not employed as an attorney; and
- Any attorney who has retired from the practice of law or died during the calendar year.

## **Basis and Rate**

\$565 per practicing attorney.

## **Number of Taxpayers/Filing Frequency**

11,706 Attorneys/ Annually

## BEVERAGE CONTAINER DEPOSITS

*Connecticut requires all deposit initiators, certain distributors or manufacturers who engage in the sale of beverages subject to the Connecticut bottle bill, to collect the five cent deposit per beverage container sold to any person within Connecticut. These deposit initiators must maintain a separate bank account in which to deposit the monies collected. The unclaimed amount is the amount left in the account after refunds paid to customers and bank fees have been deducted. Each deposit initiator files a quarterly report and remits the unclaimed deposits amount to the state.*

<b>Revenue</b>	
FY 2019-20	\$43,650,577
2018-19	36,099,594
2017-18	36,519,543

### **Exemption**

Any manufacturer which, on an annual basis, bottles and sells less than 250,000 noncarbonated beverage containers

### **Number of Taxpayers/Filing Frequency**

125 Entities/Quarterly



# CIGARETTE TAX

*An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat applied decals to each pack of cigarettes. The stamps are sold to licensed dealers and licensed distributors. Sales of cigarettes are also subject to the Sales and Use Tax.*

<b>Revenue</b>	
FY 2019-20	\$322,179,153
2018-19	335,205,445
2017-18	357,391,958

## Exemptions

- Cigarettes sold to any state institution other than a correctional institution.
- Cigarettes sold on armed services bases.

## Number of Taxpayers/ Filing Frequency

24 taxpayers/ Monthly

## Basis and Rate

<b>Effective Date</b>	<b>Rate</b>
12/1/17 and after	217.5 mills per cigarette or \$4.35 per pack of twenty.

**Note:** The tax is reduced by 50% for any product the Secretary of the United States Department of Health and Human Services determines to be a “modified risk tobacco product” pursuant to 21 U.S.C. §387k.

## CONTROLLED SUBSTANCES TAX

*A tax is levied on marijuana and controlled substances which creates an economic burden on drug dealers. Payment of the tax is indicated by the affixing of stamps to the marijuana or controlled substance. The tax is due and payable immediately upon acquisition or possession of the drug in Connecticut by a dealer.*

<b>Revenue</b>	
FY 2019-20	\$33,165
2018-19	59,247
2017-18	71,097

### **Basis and Rate**

\$3.50 per gram of marijuana;  
\$200 per gram of controlled substance; and  
\$2,000 per 50-dosage unit of controlled substance not sold by weight.

# CONTROLLING INTEREST TRANSFER TAX

*A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits or beneficial interest in that entity.*

<b>Revenue</b>	
FY 2019-20	\$ 7,889,870
2018-19	12,430,499
2017-18	7,141,192

## **Exemptions**

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Deeds releasing any property which is a security for a debt or other obligation;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

## **Filing Frequency / Number of Taxpayers**

The month following the month in which the transfer was made.  
54 transfers in FY 2019-20.

## **Basis and Rate**

1.11% on the sale or transfer of a controlling interest.

An additional tax which varies between 1% and 10% on the value of open space land, farmland, forestland, and maritime heritage land, depending on the holding period, may also be levied.

# CORPORATION BUSINESS TAX

*A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.*

*Corporations must calculate their tax under two alternate methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.*

<b>Revenue</b>	
FY 2019-20	\$940,812,555
2018-19	987,363,605
2017-18	899,728,100

## **Basis and Rate**

### **Net Income Base Method**

The method under which most Corporation Business Tax revenue is derived is the net income base. Corporations compute their Connecticut net income by starting with federal taxable income and then applying the adjustments allowed or required by Connecticut.

For Connecticut net income purposes, corporations must add back certain items deducted in arriving at federal taxable income, such as:

- Exempt interest income
- State and local income taxes
- Royalties or interest paid to a related member
- Bonus depreciation

Certain other deductions are then allowed, such as:

- Certain dividends
- Capital loss carryovers not deducted in computing federal gain
- Deferred cancellation of debt income.

Companies that conduct business in multiple states are allowed to apportion their net income based upon the percentage of their sales made in Connecticut. Market-based sourcing rules consider sales of services and most intangible property to be made where the customer is located. Special apportionment rules are provided for certain industries such as financial service companies and broadcasters.

## **CORPORATION BUSINESS TAX (cont.)**

Apportioned net operating losses incurred for income years beginning on or after January 1, 2000, may be carried forward for 20 successive income years. The net operating loss (NOL) deduction may not exceed 50% of the taxpayer's net income.

Connecticut net income is taxed at the rate of 7.5%.

### **Capital Base Method**

Corporations must also compute their tax under the capital base method. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mils (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base method, but are subject to the minimum tax.

Corporations are subject to tax on the greater of the net income base method or the capital base method calculations.

### **Minimum Tax**

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

### **Surtax**

For income years 2018 through 2020, corporations, other than those paying the minimum tax of \$250, pay a surtax in an amount equal to 10% of the tax due before credits are applied. Corporations whose gross income is less than \$100 million are exempt from the surtax unless they file as part of a combined unitary return.

The total amount of surtax reported on income year 2018 returns was \$76.7M.

## **CORPORATION BUSINESS TAX (cont.)**

### **Combined Unitary Reporting**

Commonly owned corporations that are engaged in a unitary business, where at least one corporation is subject to the Corporation Business Tax, are required to file their Corporation Business Tax returns on a combined unitary basis.

Under combined unitary filing, a combined group's tax liability, prior to surtax and credits, cannot exceed the amount calculated on a nexus combined basis by more than \$2,500,000. This is referred to as the aggregate maximum tax. If the aggregate maximum tax is less than the tax on the standard combined unitary basis, the group is subject to the aggregate maximum tax. Otherwise, the group is subject to tax on the standard combined unitary basis.

### **Exemptions**

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under §527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non-United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; and
- Subchapter S corporations.

### **Pass-Through Entity Tax Credit**

Members of a Pass-Through Entity (PE) are entitled to a credit based upon their respective shares of the PE's tax liability. For taxable years that began on or after January 1, 2018, but prior to January 1, 2019, the PE Tax Credit was 93.01% of the member's share of the PE Tax. For taxable years that begin on or after January 1, 2019, the PE Tax Credit is 87.5% of the member's share of the PE Tax.

A corporate member may claim the PE Tax Credit against the Corporation Business tax.

## CORPORATION BUSINESS TAX (cont.)

### Filing Frequency

Annually with four estimated installments.

### Number of Taxpayers

### 2018 Corporation Business Tax Returns

	Number of Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass- Through Entity Tax Credits	Tax Due After Tax Credits
<b>Single Filers</b>					
Net Income	7,917	\$111,852,137	\$16,903,910	\$5,489,715	\$89,458,513
Capital Base	3,262	20,889,120	4,928,126	312,168	15,648,826
Minimum Tax	15,271	3,815,357	1,978	35,861	3,777,518
Exempt	3,864	0	0	0	0
<b>Combined Unitary</b>					
Net Income	2,738	674,727,061	91,517,759	3,650,731	579,558,571
Minimum Base	2,905	63,655,410	16,980,665	1,018,267	45,656,478
Aggregate Max.	12	55,727,762	16,894,240	1,359,107	37,474,415
<b>Total</b>	<b>35,969</b>	<b>\$930,666,847</b>	<b>\$147,226,678</b>	<b>\$11,865,849</b>	<b>\$771,574,321</b>

## CORPORATION BUSINESS TAX (cont.)

### 2018 Corporation Business Tax Returns

	Number of Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass- Through Entity Tax Credits	Tax Due After Tax Credits
11 Agric. Forestry, Fishing & Hunting	125	\$1,152,103	\$67,634	\$0	\$1,084,468
21 Mining	33	96,169	24,527	0	71,641
22 Utilities	86	18,343,498	7,765,822	36,238	10,541,439
23 Construction	2,386	9,111,353	476,271	43,200	8,591,882
31-33 Manufacturing	3,150	140,373,802	35,526,268	1,263,395	103,584,139
42 Wholesale Trade	2,187	55,499,710	2,868,320	489,445	52,141,946
44-45 Retail Trade	2,657	74,156,233	10,604,183	334,136	63,217,914
48-49 Transporting and Warehousing	583	19,056,053	4,284,770	24,644	14,746,640
51 Information	1,002	56,504,443	14,940,144	162,856	41,401,443
52 Finance and Insurance	2,780	193,713,323	26,925,340	2,522,386	164,265,598
53 Real Estate and Rental & Leasing	3,373	14,351,936	257,681	291,033	13,803,221
54 Professional, Scientific and Tech	5,305	68,131,616	7,340,491	606,400	60,184,726
55 Management of Companies & Enterprises	1,129	140,475,780	26,512,465	2,247,534	111,715,782
56 Administrative & Support	1,055	37,401,344	1,815,056	69,551	35,516,737
61-62 Education, Health Care and Social Assistance	1,334	10,571,420	1,779,217	279,745	8,512,458
71 Arts, Entertain., and Recreation	383	1,426,619	468,633	51,307	906,679
72 Accom. & Food Services	895	8,015,774	126,158	92,322	7,797,293
81-92 Other Services	3,322	7,846,508	288,860	2,033	7,555,615
99 Not Yet Assigned	4,184	74,439,164	5,154,839	3,349,624	65,934,701
<b>Total</b>	<b>35,969</b>	<b>\$930,666,847</b>	<b>\$147,226,678</b>	<b>\$11,865,849</b>	<b>\$771,574,321</b>



## CORPORATION BUSINESS TAX (cont.)

### 2018 Corporation Business Tax Returns

Tax Due Before Credits	Number of Returns	Tax Due Before Tax Credits	Business Tax Credits	Pass-Through Entity Tax Credits	Tax Due After Tax Credits
Exempt	3,864	\$0	\$0	\$0	\$0
\$250 or less	16,259	4,054,595	0	37,073	4,017,522
\$251 to \$999	5,239	2,910,091	77,721	49,180	2,783,190
\$1000 to \$24,999	8,250	45,495,247	2,677,172	1,248,723	41,569,352
\$25,000 to \$49,999	789	28,248,411	2,437,532	515,368	25,295,511
\$50,000 to \$99,999	550	38,740,254	3,161,787	1,022,253	34,556,214
\$100,000 to \$249,999	463	73,514,083	6,832,741	1,699,938	64,981,404
\$250,000 to \$499,999	229	80,051,362	9,260,851	1,179,087	69,611,424
\$500,000 to \$999,999	157	108,518,871	12,062,790	1,992,224	94,463,857
\$1M to \$2 million	91	117,835,385	15,439,039	2,709,604	99,686,743
\$2M to \$5 million	53	166,288,069	31,452,834	1,359,148	133,476,087
\$5 million and over	25	265,010,479	63,824,211	53,250	201,133,018
<b>Total</b>	<b>35,969</b>	<b>\$930,666,847</b>	<b>\$147,226,678</b>	<b>\$11,865,849</b>	<b>\$771,574,321</b>

## CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state.

Generally, the amount of tax credits allowable cannot exceed 50.01% of the amount of tax due or reduce the amount of tax to less than \$250. However, for income year 2018, taxpayers were able to use Research and Development, Research and Experimental Expenditures, and Urban and Industrial Site Reinvestment tax credits that remain after the application of the 50.01% limitation, provided the total of all tax credits applied did not exceed 65%.

### **Apprenticeship Training**

*Reference: Conn. Gen. Stat. §12-217g*

A corporation that hires apprentices in the manufacturing trades may apply for a credit of up to \$7,500 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$6 up to a maximum of either \$7,500 or 50% of the total wages paid during the first half of a two-year program or three-quarters of a four year program.

Pass-through entities may also earn this tax credit for apprenticeships in manufacturing. Their credits may be sold, assigned or transferred in whole or part no more than three times and may be used to offset the Corporation Business, Utilities Companies and Petroleum Products Gross Earnings taxes.

A corporation that hires apprentices in the plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$4. The credit may not exceed 50% of the actual wages paid or \$4,800, whichever is less.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$4,000 per apprenticeship completed. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$2. The credit may not exceed \$4,000 or 50% of the actual wages paid over the first four years of the apprenticeship, whichever is less.

## **CORPORATION BUSINESS TAX CREDITS (cont.)**

### **Digital Animation Production**

*Reference: Conn. Gen. Stat. §12-217ll*

A credit is available for digital animation production activity in the state. Any state-certified digital animation production company incurring production expenses or costs from \$100,000 up to \$500,000 will be eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million.

This tax credit is administered by the Department of Economic and Community Development (DECD). Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the costs were incurred.

### **Donation of Land**

*Reference: Conn. Gen. Stat. §§ 12-217dd and 12-217ff*

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space or for educational use. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price.

Unused credit for donations of land for educational use made prior to the 2013 income year may be carried forward for 15 succeeding income years. All other unused credits for donations of land may be carried forward for up to 25 years.

### **Electronic Data Processing Equipment**

*Reference: Conn. Gen. Stat. §12-217t*

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment.

Unused credits may be carried forward for five succeeding income years.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Film Production**

*Reference: Conn. Gen. Stat. §12-217jj*

Any eligible film production company incurring qualified production expenses or costs from \$100,000 up to \$500,000 is eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million. This tax credit is administered by the Department of Economic and Community Development (DECD).

Credit vouchers may be claimed in the year the costs were incurred or the five succeeding years after the year the costs were incurred. Tax credit vouchers issued before July 1, 2015 may be claimed in the year the expenses were incurred or in the next three income years. These may be sold, assigned or transferred in whole or part no more than three times.

### **Film Production Infrastructure**

*Reference: Conn. Gen. Stat. §12-217kk*

A tax credit is available to any taxpayer that invests in a capital project to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry in this state, provided that the project has been approved by DECD.

A 20% credit is allowed for costs \$3 million and over. Credits may be claimed in the year the costs were incurred or the next three succeeding income years. These may be sold, assigned or transferred in whole or part no more than three times.

### **Fixed Capital Investments**

*Reference: Conn. Gen. Stat. §12-217w*

This credit is based on 5% of the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. Unused credits may be carried forward for five succeeding income years.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Green Buildings**

*Reference: Conn. Gen. Stat. §12-217mm*

This tax credit had been available for eligible construction, renovation, or rehabilitation projects designed to meet the applicable requirements for LEED Green Building Rating System gold or platinum certification or another equivalent certification determined by DEEP.

Credit percentages ranged between 5% and 11% and depended on the location and certification level of the project. Credits may be assigned to another taxpayer or taxpayers. Unused credits may be carried forward for five succeeding income years.

The Green Buildings tax credit is sunset as of December 1, 2017.

### **Historic Homes Rehabilitation**

*Reference: Conn. Gen. Stat. §10-416*

The Department of Economic and Community Development (DECD) may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$15,000 in order to qualify.

After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. This maximum is increased to \$50,000 for owners that are nonprofit corporations.

Unused credits may be carried forward for four succeeding income years.

### **Historic Preservation**

*Reference: Conn. Gen. Stat. §10-416b*

This tax credit was available to owners rehabilitating certified historic buildings with mixed residential and nonresidential uses. After the rehabilitation work was performed and verified, a credit of 25% of the qualified rehabilitation expenditures was allowed. The credit increased to 30% of the qualified expenditures if the rehabilitated building contained affordable housing. Unused credits could be carried forward for five succeeding income years.

The Historic Rehabilitation tax credit effectively consolidates the provisions of the Historic Preservation and the Historic Structures Rehabilitation tax credits. DECD no longer reserves Historic Preservation tax credits.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Historic Rehabilitation**

*Reference: Conn. Gen. Stat. §10-416c*

This tax credit, which effectively consolidated the provisions of the Historic Preservation and the Historic Structures Rehabilitation tax credits, provides for a 25% credit for income years beginning on or after January 1, 2014. The credit is based on the qualified rehabilitation expenditures associated with the rehabilitation of a certified historic structure for either 1) residential use of five units or more, 2) mixed residential and nonresidential use or 3) nonresidential use consistent with the historic character of such property or the district in which such property is located.

The amount of the available credit increases to 30% of the qualified expenditures if at least 20% of the units are rental units and qualify as affordable housing or at least 10% of the units are individual homeownership units and qualify as affordable housing.

Unused credits may be carried forward for five succeeding income years or may be sold, assigned or transferred in whole or part no more than three times.

### **Historic Structures Rehabilitation**

*Reference: Conn. Gen. Stat. §10-416a*

This tax credit was available to owners rehabilitating certified historic structures for residential use. DECD could allocate up to \$15 million in vouchers for this credit during any fiscal year. After the rehabilitation work was performed and verified, a tax credit was allowed for 25% of the qualified rehabilitation expenditures not to exceed \$2.7 million. Unused credits could be carried forward for five succeeding income years.

The Historic Rehabilitation tax credit effectively consolidates the provisions of the Historic Preservation and the Historic Structures Rehabilitation tax credits. DECD no longer reserves Historic Structures Rehabilitation tax credits.

### **Housing Program Contribution**

*Reference: Conn. Gen. Stat. §8-395*

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

## **CORPORATION BUSINESS TAX CREDITS (cont.)**

### **Human Capital Investments**

*Reference: Conn. Gen. Stat. §12-217x*

The Human Capital Investments credit is based on 5% of the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, day care facility establishment costs and donations to institutions of higher education for improvements to technology. Unused credits may be carried forward for five succeeding income years.

### **Insurance Reinvestment Fund**

*Reference: Conn. Gen. Stat. §38a-88a*

A credit may be applied against the corporation business tax for investments made through a fund manager registered with the Commissioner of Economic and Community Development (DECD). These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

New eligibility certificates for insurance businesses which enable investors to claim a corporation tax credit cannot be issued on or after July 1, 2010. Any new eligibility certificates issued on or after July 1, 2010 now qualify investors for the Second Insurance Reinvestment Fund tax credit applicable against the insurance premiums tax (Chapter 207); health care centers tax (Chapter 207); and surplus lines brokers tax (Section 38a-743).

### **Machinery and Equipment**

*Reference: Conn. Gen. Stat. §12-217o*

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

## **CORPORATION BUSINESS TAX CREDITS (cont.)**

### **Manufacturing Facility in a Targeted Investment Community/Enterprise Zone**

*Reference: Conn. Gen. Stat. §12-217e*

A business may earn a credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located within a Targeted Investment Community, but not in an Enterprise Zone.

Certification was required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

This tax credit is being sunset. Only those companies that first claimed the credit on a return for an income year beginning before 2018, may continue to claim the credit.

### **Neighborhood Assistance Act Program**

*Reference: Chapter 228a of the Conn. Gen. Stat.*

The Connecticut Neighborhood Assistance Act (NAA) tax credit program is designed to provide funding for municipal and non-profit organizations. Businesses are granted a tax credit of 60% of the amount contributed to certain approved programs (or 100% in the case of energy conservation programs) conducted by municipal and non-profit organizations. Unused credits may be carried back to the two preceding income years.

The NAA program has several statutory limits. A business is limited to receiving \$150,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.



## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Research and Development Expenditures**

*Reference: Conn. Gen. Stat. §12-217n*

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut. The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year. Unused credits may be carried forward until fully taken.

### **Research and Experimental Expenditures**

*Reference: Conn. Gen. Stat. §12-217j*

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year.

### **Service Facility**

*Reference: Conn. Gen. Stat. §12-217e*

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development (DECD). The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

This tax credit is being sunset. Only those companies that first claimed the credit on a return for an income year beginning before 2018, may continue to claim the credit.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **Traffic Reduction Programs**

*Reference: Conn. Gen. Stat. §12-217s*

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. The credit cannot exceed \$250 per participating employee. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. Currently, no such area is designated in Connecticut.

### **Urban and Industrial Site Reinvestment**

*Reference: Conn. Gen. Stat. §32-9t*

This credit is available for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

## CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number and amount of corporation tax credits claimed by businesses. The figures represent credit claimed on 2018 returns and any credits carried forward from prior years and used in 2018.

### Tax Credits Claimed on 2018 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	15	\$143,127
Digital Animation	1	78,715
Donation of Land	3	4,734
Electronic Data Processing	910	12,782,451
Film Production	18	40,768,638
Fixed Capital Investments	1,462	42,051,136
Historic Preservation	1	242,246
Historic Structures Rehabilitation	1	1,900,312
Housing Program Contribution	4	6,666
Human Capital Investments	75	2,572,949
Machinery and Equipment	43	427,251
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	14	731,940
Neighborhood Assistance	51	2,066,384
Research & Development Expenditures	181	8,891,619
Research & Experimental Expenditures	266	32,037,797
Urban and Industrial Site Reinvestment	8	2,520,712
<b>Total</b>	<b>3,053</b>	<b>\$147,226,678</b>

## CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the unused credit amounts reported on 2018 corporation business tax returns as being carried forward to the 2019 income year.

### Credits Carried Forward to 2019 Income Year

<b>Type of Credit</b>	<b>Carryforward Amount</b>
Donation of Land	\$2,183,025
Electronic Data Processing	73,422,122
Fixed Capital Investments	352,662,819
Historic Homes	266
Historic Preservation	475
Historic Structures Rehabilitation	1,297,041
Housing Program Contribution	82,664
Human Capital Investments	6,629,412
Research & Development	1,706,404,775
Research & Experimental Expenditures	723,582,459
Urban and Industrial Site Reinvestment	5,614,378
<b>Total Carryforward Credits</b>	<b>\$2,871,879,436</b>

## DRY CLEANING ESTABLISHMENT SURCHARGE

*The Dry Cleaning Establishment Surcharge is used to provide grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. Revenue is deposited into the Dry Cleaning Remediation Account, which is used to provide these grants and fund other measures undertaken to prevent pollution.*

*Dry cleaning establishments are required to renew their registration with DRS each October 1<sup>st</sup>. Establishments that fail to register or renew their registration are subject to a penalty.*

<b>Revenue</b>	
FY 2019-20	\$562,182
2018-19	605,518
2017-18	633,493

### **Basis and Rate**

1% of gross receipts at retail.

### **Number of Taxpayers/Filing Frequency**

343 taxpayers/Quarterly

# ELECTRONIC CIGARETTE PRODUCTS TAX

*A tax is imposed on electronic cigarette liquid and electronic cigarette products. "Electronic cigarette liquid" is a liquid that, when used in an electronic nicotine delivery system or vapor product, produces a vapor that includes nicotine and is inhaled by the user of such electronic nicotine delivery system or vapor product. "Electronic cigarette products" are defined as electronic nicotine delivery systems, liquid nicotine containers, vapor products and electronic cigarette liquids. The tax went into effect October 1, 2019.*

Revenue	
FY 2019-20	\$3,371,121

**Exemptions:**

- A device used by a patient, as prescribed or directed by a licensed health care provider in any setting;
- Any biological product, as described in 42 USC 262, and 21 CFR 600.3 authorized for sale by the United States Food and Drug Administration;
- Any drug or device, as defined in the federal Food, Drug and Cosmetic Act, 21 USC 321;
- Any combination product, as described in in the federal Food, Drug and Cosmetic Act, 21 USC 353(g); or
- Any biological product, as described in 42 USC 262, and 21 CFR 600.3 authorized for sale by the United States Food and Drug Administration.

**Number of Taxpayers/Filing Frequency:**

105 distributors/ Monthly

**Basis and Rate:**

The tax is imposed on the first sale or use in Connecticut of any electronic cigarette product at a rate of either:

- \$0.40 per milliliter of the electronic cigarette liquid contained within an electronic cigarette product that is prefilled, sealed by the manufacturer and not intended to be refillable, or
- 10% of the wholesale sales price of any other electronic cigarette product.

**Fiscal Year 2019-2020\***

Tax collected at \$0.40 per milliliter of the electronic cigarette liquid	Tax collected at 10% of the wholesale sales price
\$ 2,798,128	\$ 557,800

*\*Tax effective October 1, 2019*

## ESTATE AND GIFT TAX

*Resident and nonresident estates of decedents dying during 2020 are liable for the Connecticut Estate Tax on the amount of the Connecticut taxable estate that exceeds \$5.1 million.*

*“Connecticut taxable estate” is defined as the sum of the total value of the decedent’s federal gross estate, less allowable deductions, plus the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005. A credit is granted for gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut estate tax.*

*For Connecticut taxable gifts, a donor must pay Connecticut gift tax if the aggregate amount of Connecticut taxable gifts made between January 1, 2005 and December 31, 2020, exceeds \$5.1 million. A credit is allowed against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut gift tax.*

*“Connecticut taxable gifts” are defined as taxable gifts as determined for federal gift tax purposes. These include:*

- Gifts of Connecticut real property;*
- Gifts of tangible personal property situated within Connecticut; or*
- Gifts of intangible personal property made by Connecticut residents.*

*Taxpayers are required to file a Connecticut Estate and Gift Tax return to report all Connecticut taxable gifts, even if no Connecticut gift tax is due.*

*The maximum amount of tax paid by the estates of decedents who die on or after January 1, 2019 is \$15 million. This payment cap also applies to the gift tax amount paid by donors who make taxable gifts on or after January 1, 2019. The payment cap is reduced by the amount of any gift taxes paid on taxable gifts made on or after January 1, 2016.*

<b>Revenue</b>	
FY 2019-20	\$159,542,430
2018-19	225,312,679
2017-18	223,787,857

## ESTATE AND GIFT TAX (cont.)

For gifts made, or the estates of decedents dying **on or after January 1, 2019** to **December 31, 2019** the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$3,600,000	None
Over \$3,600,000 but not over \$4,100,000	7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$39,000 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$123,000 plus 10.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$223,000 plus 10.4% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$327,000 plus 10.8% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$435,000 plus 11.2% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$547,000 plus 11.6% of the excess over \$9,100,000
Over \$10,100,000	\$663,000 plus 12% of the excess over \$10,100,000



## ESTATE AND GIFT TAX (cont.)

For gifts made, or the estates of decedents dying **on or after January 1, 2020** to **December 31, 2020** the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$5,100,000	None
Over \$5,100,000 but not over \$6,100,000	10.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$100,000 plus 10.4% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$204,000 plus 10.8% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$312,000 plus 11.2% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$424,000 plus 11.6% of the excess over \$9,100,000
Over \$10,100,000	\$540,000 plus 12% of the excess over \$10,100,000

For gifts made, or the estates of decedents dying **on or after January 1, 2021** to **December 31, 2021** the table below is used to compute the Estate and Gift tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$7,100,000	None
Over \$7,100,000 but not over \$8,100,000	10.8% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$108,000 plus 11.2% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$220,000 plus 11.6% of the excess over \$9,100,000
Over \$10,100,000	\$336,000 plus 12% of the excess over \$10,100,000

## ESTATE AND GIFT TAX (cont.)

### Detail of Revenue

For Fiscal Year 2019-20, total Estate and Gift Tax revenue collected was \$159,542,430. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during Fiscal Year 2019-20 follows.

### ESTATE AND GIFT TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2019-20

Amount of Taxable Estate		Number of Returns	Tax Due	Tax Due After Credits *
More Than	Not Over			
	\$3 Million	92	\$ 665,303	\$ 545,072
\$3 Million	\$4 Million	77	3,021,005	2,776,037
\$4 Million	\$5 Million	65	5,534,745	5,181,127
\$5 Million	\$6 Million	42	6,725,456	6,282,953
\$6 Million	\$7 Million	34	8,136,604	7,694,344
\$7 Million	\$8 Million	19	5,907,334	5,477,290
\$ 8 Million	\$10 Million	23	11,430,777	10,561,009
\$10 Million	\$15 Million	27	22,091,224	20,795,215
\$15 Million	\$25 Million	14	17,334,763	16,809,585
\$25 Million		20	75,565,987	66,229,317
<b>Total</b>		<b>413</b>	<b>\$156,413,197</b>	<b>\$142,351,950</b>

\* Reflects credits for real or tangible personal property located in other jurisdictions and prior gift tax payments.

## ESTATE AND GIFT TAX (cont.)

For Fiscal Year 2019-20, an additional amount of the estate and gift tax was attributable to gift tax returns filed by non-decedents. A breakdown of calendar year 2019 gift tax returns is shown below.

### ESTATE AND GIFT TAX RETURNS 2019 GIFT TAX ONLY

Amount of 2018 Taxable Gifts		Number of Returns	Tax Due
More Than	Not Over		
	\$2 Million	245	1,278,600
\$2 Million	\$3 Million	8	1,424,432
\$3 Million	\$4 Million	10	998,036
\$4 Million		7	10,479,760
<b>Total</b>		<b>270</b>	<b>\$14,180,827</b>

## INCOME TAX

*Connecticut imposes a tax on income earned by resident individuals, trusts, and estates. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.*

<b>Revenue</b>	
FY 2019-20	\$9,398,681,702
2018-19	9,640,161,331
2017-18	10,769,830,624

### Number of Taxpayers/Filing Frequency

1.94 million taxpayers/ Annually

Taxpayers who expect to owe more than \$1,000 in income tax, in addition to income tax withheld, are required to file four estimated tax payments.

### Basis and Rate

Connecticut's tax is levied upon Connecticut taxable income, as defined above.

#### Effective for taxable years commencing on or after January 1, 2015:

Filing Status	Rate and Basis
Single and Married Filing Separately	3% on the first \$10,000 of Connecticut Taxable Income
	5% on the excess over \$10,000, but not over \$50,000
	5.5% on the excess over \$50,000, but not over \$100,000
	6% on the excess over \$100,000, but not over \$200,000
	6.5% on the excess over \$200,000, but not over \$250,000
	6.9% on the excess over \$250,000, but not over \$500,000
	6.99% on the excess over \$500,000
Head of Household	3% on the first \$16,000 of Connecticut Taxable Income
	5% on the excess over \$16,000, but not over \$80,000
	5.5% on the excess over \$80,000, but not over \$160,000
	6% on the excess over \$160,000, but not over \$320,000
	6.5% on the excess over \$320,000, but not over \$400,000
	6.9% on the excess over \$400,000, but not over \$800,000
	6.99% on the excess over \$800,000
Joint Filers	3% on the first \$20,000 of Connecticut Taxable Income
	5% on the excess over \$20,000, but not over \$100,000
	5.5% on the excess over \$100,000, but not over \$200,000
	6% on the excess over \$200,000, but not over \$400,000
	6.5% on the excess over \$400,000, but not over \$500,000
	6.9% on the excess over \$500,000, but not over \$1,000,000
	6.99% on the excess over \$1,000,000

## INCOME TAX (cont.)

### Exemptions

- \$15,000 for single filers. For taxpayers with Connecticut AGI in excess of \$29,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$44,000;
- \$12,000 for married persons filing separately and filing separately for Connecticut only. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000;
- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000; and
- \$24,000 for married persons filing jointly, filing jointly for Connecticut only, or qualifying widow(er) with dependent child. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000.

### Benefit Recapture

For taxpayers whose annual Connecticut Adjusted Gross Income exceeds specified thresholds, a recapture provision is imposed to eliminate the benefits they receive from having a portion of their taxable income taxed at lower marginal rates.

The recapture provision starting point is:

- \$400,000 for taxpayers filing jointly;
- \$200,000 for taxpayers filing single and married filing separately; and
- \$320,000 for taxpayers filing as head of household.

The recapture amount is

- \$180 per \$10,000 of Connecticut adjusted gross income over the starting point for taxpayers filing jointly, with a maximum total recapture of \$6,300;
- \$90 per \$5,000 of Connecticut adjusted gross income over the starting point for taxpayers filing single or married filing separately with a maximum total recapture of \$3,150; and
- \$140 per \$8,000 of Connecticut adjusted gross income over the starting point for taxpayers filing as head of household, with a maximum total recapture of \$4,920.

## INCOME TAX (cont.)

### Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Cancellation of debt income;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

### Common Subtractions

- Interest on U.S. obligations;
- Dividends from certain mutual funds consisting of U.S. obligations;
- Social Security Benefit Adjustment;
- Refunds on state and local income taxes;
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities;
- Gain on sale of Connecticut bonds;
- For taxable years commencing on or after January 1, 2019, social security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$75,000. And social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$100,000. Prior to January 1, 2019, the subtraction threshold for social security benefits was \$50,000 for single filers and married individuals filing separately, and \$60,000 for married individuals filing jointly and head of household filers;
- Federally taxable military retirement pay received from the United States government for a retired member of the Armed Forces of the United States as defined in Section 101 of Title 10 of the U.S. Code or the National Guard, as defined in Section 101 of Title 10 of the U.S. Code;
- Connecticut Higher Education Trust (CHET) contributions of up to \$5,000 for each individual taxpayer whose filing status is single, head of household, married filing separately or up to \$10,000 for individuals whose filing status is married filing jointly, or qualifying widow(er) with dependent child;
- 25% of the pension payments received from the Connecticut teacher's retirement system, provided it was properly included in federal adjusted gross income for federal income tax purposes. For taxable years commencing on or after January 1, 2021, the subtraction modification increases to 50% of pension payments;
- Taxpayers are allowed a subtraction modification for the amount of lost wages, medical, travel, and housing expenses incurred in connection with the donation of an organ for transplantation on or after January 1, 2017. The amount is not to exceed \$10,000; and

## INCOME TAX (cont.)

- Effective for taxable years commencing on or after January 1, 2017, a subtraction modification is allowed for amounts received related to certain crumbling foundation relief.

### **Subtraction Modification for Certain Pensions and Annuities**

Effective for the taxable year commencing January 1, 2019, any pension or annuity income received, except for tier 1 railroad retirement benefits and Armed Forces or National Guard retirement pay, may be subtracted by the percentages below:

- 14% for taxable years commencing on or after January 1, 2019;
- 28% for taxable years commencing on or after January 1, 2020;
- 42% for taxable years commencing on or after January 1, 2021;
- 56% for taxable years commencing on or after January 1, 2022;
- 70% for taxable years commencing on or after January 1, 2023;
- 84% for taxable years commencing on or after January 1, 2024;
- 100% for taxable years commencing on or after January 1, 2025.

### **Withholding Requirement**

Connecticut requires anyone who maintains an office or transacts business in Connecticut, and who is considered an employer for federal income tax withholding purposes, to withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

### **Estimated Tax Payments**

Taxpayers must make estimated payments if their Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$1,000.

### **Connecticut Alternative Minimum Tax**

Taxpayers who are subject to, and required to pay, the federal alternative minimum tax are subject to the Connecticut Alternative Minimum Tax. The alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5½% of adjusted federal alternative minimum taxable income.

# INCOME TAX (cont.)

## Tax Credits

### Tax Credit for Property Taxes Paid to a Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. The maximum credit is \$200 per return. The credit cannot exceed the amount of qualifying property taxes paid or the income tax liability.

Effective for taxable years 2017 through 2020, the \$200 credit is allowed only to a Connecticut resident who has attained the age of 65 before the close of the applicable tax year, or who files a federal income tax return for the applicable year and validly claims one or more dependents.

### Credit for Income Taxes Paid to Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

### Connecticut Earned Income Tax Credit

A Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year. The EITC rate is 23% of the federal EIC. If the CT EITC exceeds the taxpayer's Connecticut income tax liability, the excess is considered an overpayment and will be refunded without interest.

Earned Income Tax Credit			
Year	Number of Credits	Amount of Credit	EITC Rate
2013	191,760	\$96,303,193	25%
2014	193,052	107,515,761	27.5%
2015	194,115	108,359,437	27.5%
2016	195,137	111,864,353	27.5%
2017	194,279	94,284,692	23%
2018	193,281	95,433,979	23%
2019	195,912	95,693,420	23%



## INCOME TAX (cont.)

### Angel Investor Tax Credit

Reference: Conn. Gen. Stat. §12-704d

An *angel investor* is an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business.

The angel investor must apply to Connecticut Innovations, Inc. (CII) to reserve a tax credit. The angel investor must choose from a list of Connecticut businesses that CII has determined qualified to receive the cash investment. Tax credits cannot be reserved for any investments made on or after July 1, 2024.

The angel investor credit provides for a tax credit for a cash investment of not less than \$25,000 in the qualified securities of a Connecticut business by an angel investor. Prior to taxable year 2019, the credit was 25% of such investor's cash investment not to exceed \$250,000 per investor, and was claimed in the taxable year in which the cash investment was made. Effective July 1, 2019, the total credits allowed to any one investor increases from \$250,000 to \$500,000.

The credits may be assigned, transferred, or sold.

### Credit for Prior Year Connecticut Minimum Tax for Individuals

Taxpayers may be able to claim a credit for an alternative minimum tax paid in a prior year.

### Credit for Pass-Through Entity Taxes Paid

For taxable year 2018, a member in a Pass-Through Entity (PE) was entitled to a credit equal to 93.01% of the member's direct and indirect share of the PE's tax liability. The PE Tax Credit can be used against the member's Corporation Business Tax liability or Income Tax liability.

The Pass-Through Entity Tax credit is reduced from 93.01% to 87.5% effective for taxable years beginning on or after January 1, 2019.

The credit claimed in taxable year 2019 was \$688,642,000. The credit claimed in taxable year 2018 equaled \$711,781,621.

## INCOME TAX (cont.)

*In addition to the above referenced credits, the following credit is no longer available, however, taxpayers who previously earned the credit may still be claiming it:*

### Insurance Reinvestment Fund

The insurance reinvestment fund credit is no longer available to individuals under the personal income tax. The new **Second Insurance Reinvestment Fund Tax Credit** replaces the original credit and is only available against insurance premiums taxes. Any credits previously earned under the old insurance reinvestment act are able to be used until they expire, not to exceed 10 years.

### Personal Income Tax Credits

2019 Personal Income Tax Credits		
Credit	Number of Credits Claimed	Amount of Credit
Angel Investor	216	\$2,671,490
Insurance Reinvestment Fund	27	30,829
Prior Year CT Minimum Tax	246	734,147
<b>Total</b>	<b>489</b>	<b>\$3,436,466</b>

2018 Personal Income Tax Credits		
Credit	Number of Credits Claimed	Amount of Credit
Angel Investor	237	\$2,304,499
Insurance Reinvestment Fund	21	33,386
Prior Year CT Minimum Tax	321	767,046
<b>Total</b>	<b>579</b>	<b>\$3,104,931</b>

# INSURANCE PREMIUMS TAX

*Insurance companies, domestic and foreign, are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. Total net direct subscriber charges received on any new or renewal contract or policy by a health care center are also taxed. The State also imposes a tax on premiums for unauthorized insurance. Specifically, insureds who procure nonadmitted insurance are required to remit tax on premiums paid to a nonadmitted insurer. Additionally, risk retention groups are required to pay tax on premiums collected on coverages within the State. Captive insurance companies are now allowed to operate within Connecticut. A captive insurance company is a company that is created and wholly owned by one or more non-insurance companies to insure the risks of its owners as a type of self-insurance.*

<b>Revenue</b>	
FY 2019-20	\$202,496,126
2018-19	172,340,190
2017-18	209,025,583

## Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, employees and retired members and their dependents, of a Connecticut municipality, nonprofit organizations or employees of community action agencies and their dependents, and small employer's employees and their dependents under a plan procured pursuant to Conn. Gen. Stat. §5-259(i), from net direct subscriber charges of health care centers.

## Number of Taxpayers/Filing Frequency

1,361 insurance companies/ Annually with four estimated payments:  
94 Domestic companies  
1,106 Foreign companies  
10 Health Care Centers  
139 Nonadmitted/Risk Retention Groups  
12 Captive Insurers

## Basis and Rate

- 1.5% of net direct premiums by domestic and foreign insurance companies. Prior to January 1, 2018, the rate was 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by nonadmitted and unauthorized insurers; and

## INSURANCE PREMIUMS TAX (cont.)

- 1.5% of net direct subscriber charges of health care centers. Prior to January 1, 2018, the rate was 1.75% of net direct subscriber charges of health care centers.

### Comparative Data

	FY 2017-18	FY 2018-19	FY 2019-20
Domestic	\$46,373,210	\$23,836,161	\$36,535,895
Foreign	152,009,829	138,306,491	155,220,722
Health Care Center	2,840,433	2,815,820	3,197,628
Nonadmitted/ Unauthorized/Captive	7,802,111	7,381,718	7,541,881
<b>Total</b>	<b>\$209,025,583</b>	<b>\$172,340,190</b>	<b>\$202,496,126</b>

### Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please turn to the Corporation Business Tax section of this report for additional information on tax credits.

#### Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. §12-202.

### Calendar Year 2018 Insurance Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	52	\$9,491,001
Insurance Department Assessment	4	350,635
Insurance Reinvestment	13	11,675,923
Second Insurance Reinvestment	29	17,973,542
Neighborhood Assistance	19	1,326,890
Urban & Industrial Site Reinvestment	11	4,179,916
Film Production	54	44,020,332
Film Production Infrastructure	5	1,263,600
Digital Animation	20	13,554,135
<b>Total Credits</b>	<b>207</b>	<b>\$103,835,974</b>

## INSURANCE PREMIUMS TAX (cont.)

### Calendar Year 2019 Insurance Tax Credits Preliminary

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	45	\$ 9,931,694
Insurance Department Assessment	4	348,759
Insurance Reinvestment	5	4,809,907
Second Insurance Reinvestment	33	17,312,394
Neighborhood Assistance	9	497,890
Urban & Industrial Site Reinvestment	10	4,571,904
Film Production	40	29,312,326
Film Production Infrastructure	1	3,319,146
Digital Animation	17	5,000,000
<b>Total Credits</b>	<b>164</b>	<b>\$75,104,020</b>

## MOTOR CARRIER ROAD TAX

*Connecticut has participated in the International Fuel Tax Agreement (IFTA) since 1996. IFTA is a cooperative agreement among most states and provinces of Canada that simplifies the collection and reporting of fuel use tax by interstate motor carriers. Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes and where operations are controlled and the vehicle is operated. For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight or registered gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds. Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.*

<b>Revenue</b>	
FY 2019-20	\$14,241,516
2018-19	12,138,677
2017-18*	13,572,067

\*Includes collections attributed to the Transportation Network Company Fee. Please see the Transportation Network Company section for a description of the fee.

### Exemption

- Any vehicle owned by the United States, the state, any political subdivision thereof, or any school bus.

### Number of Taxpayers/Filing Frequency

2,334 IFTA filers/Quarterly  
2,700 Intrastate Motor Carriers

### Basis and Rate

	<b>Rate per Gallon</b>
Gasoline	25¢
Gasohol	25¢
Diesel Fuel 7/1/18 through 6/30/19*	43.9¢
Diesel Fuel 7/1/19 through 6/30/20*	46.5¢
Diesel Fuel 7/1/20 through 6/30/21*	44.6¢
Natural Gas or Propane	26¢

\*Each fiscal year the Department is required to calculate the new diesel fuel rate using the average wholesale price per gallon of diesel fuel for the 12 month period ending on the preceding March 31<sup>st</sup>, as determined by statute.

## MOTOR VEHICLE FUELS TAX

*Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.*

<b>Revenue</b>	
FY 2019-20	\$464,225,961
2018-19	497,860,153
2017-18	487,327,084

### Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel sold to a municipality for use in a school bus;
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts;
- Fuel sold to a farmer who is the holder of a farmer's exemption permit;
- A company that uses or consumes motor fuels exclusively for hauling waste for the Connecticut Resource Recovery Authority, Mid-Connecticut Project;
- Fuels sold for use to any vessels displacing over 4,000 dead weight tons or fuel sold for use to any vessels primarily engaged in interstate commerce; and
- Dyed diesel sold to marine fuel docks for marine purposes. However, the fuel is now subject to sales tax at the rate of 2.99%.

### Number of Taxpayers/Filing Frequency

892 taxpayers/Monthly

### Basis and Rate

	<b>Rate per Gallon</b>
Gasoline	25¢
Gasohol	25¢
Diesel Fuel 7/1/18 through 6/30/19*	43.9¢
Diesel Fuel 7/1/19 through 6/30/20*	46.5¢
Diesel Fuel 7/1/20 through 6/30/21*	44.6¢
Natural Gas or Propane	26¢

Each fiscal year the Department is required to calculate the new diesel fuel rate using the average wholesale price per gallon of diesel fuel for the 12 month period ending on the preceding March 31<sup>st</sup>, as determined by statute.

## MOTOR VEHICLE FUELS TAX (cont.)

### Comparative Data

	Number of Gallons Sold		
	FY 2017-18	FY 2018-19	FY 2019-20
Special Fuel*	256,774,695	254,693,112	247,156,061
Gasohol	1,515,022,017	1,518,805,882	1,380,022,956
Alternative Fuels**	2,851,886	3,072,233	2,489,720
<b>Total Gallons</b>	<b>1,774,648,598</b>	<b>1,776,571,227</b>	<b>1,629,668,737</b>

\* Gallons reported under Special Fuel primarily contain diesel fuel, however, there are minimal amounts of Natural Gas and Propane reported under this category.

\*\* Alternative fuels consist of Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG), and Liquefied Petroleum Gas (Propane).



## PAID PREPARER FEE

*The Connecticut General Assembly enacted a comprehensive law which established professional practice standards for all tax preparers and facilitators. In addition, any person that prepares federal or state personal income tax returns for a fee or other consideration, and is not expressly exempt, must have a permit as of January 1, 2019. The permit must be renewed every two years.*

<b>Revenue</b>	
FY 2019-20	\$112,900
FY 2018-19	168,000

### Fee

Effective January 1, 2019, all tax preparers who are not exempt will be required to have a permit. The initial application fee is \$100. The permit expires after two years. The renewal fee is \$50.

### Exempt Preparers

- Attorneys;
- Certified Public Accountants;
- Enrolled agents;
- IRS qualified volunteer tax preparers participating in either a Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) program;
- Employee of an attorney preparing tax returns under the supervision of the attorney;
- Employee of a local, state or federal governmental agency preparing returns in the performance of official duties;
- Employee of, or assistant to, a tax preparer or person exempted from the permit requirements, in the performance of official duties for such tax preparer or exempt person; and
- Individuals employed, full-time or part-time, to act as a tax preparer solely for the business purposes of such individual's employer.

## PASS-THROUGH ENTITY

The Pass-Through Entity tax is imposed on the following entities that do business in Connecticut or have income derived from or connected with Connecticut sources:

- Partnerships, including limited liability companies that are treated as partnerships for federal income tax purposes, but excluding publicly-traded partnerships; and
- S corporations, including limited liability companies that are treated as S corporations for federal income tax purposes.

<b>Revenue</b>	
FY 2019-20	\$1,241,963,309
2018-19	1,172,054,054

### **Basis and Rate**

There are two methods that pass-through entities (PE) may use to calculate their tax. The tax rate of 6.99% is applied to the applicable base to determine the amount of tax due.

#### **Standard Base**

The Standard Base is equal to a PE's Connecticut source income from its own activities. The Standard Base does not include income from subsidiary PE's.

#### **Alternative Base**

The Alternative Base is equal to the portion of a PE's CT source income from its own activities that flows through to members who are chapter 229 taxpayers (income tax) plus the portion of the PE's income that flows through to members who are Connecticut residents and that is not sourced to any state.

### **Filing Frequency**

Annually with four estimated installments.

### **Number of Taxpayers**

120,478 taxpayers

## PASS-THROUGH ENTITY (cont.)

### Pass-Through Entity Tax Credit

Members of a PE are entitled to a credit based upon their respective shares of the PE's tax liability. For taxable years that began on or after January 1, 2018, but prior to January 1, 2019, the PE Tax Credit was 93.01% of the member's share of the PE Tax. For taxable years that begin on or after January 1, 2019, the PE Tax Credit is 87.5% of the member's share of the PE Tax.

A member may claim the PE Tax Credit against taxes imposed under chapter 208 (corporation business tax) or chapter 229 (income tax).

### Detail of Revenue

#### 2018 Pass-Through Entity Tax Returns

Tax Due	Number of Returns	Tax Due
Zero	61,939	\$0
\$1 to \$999	17,895	6,601,959
\$1000 to \$24,999	34,636	221,133,128
\$25,000 to \$49,999	2,998	104,869,212
\$50,000 to \$99,999	1,585	110,007,276
\$100,000 to \$249,999	903	137,573,952
\$250,000 to \$499,999	292	100,900,061
\$500,000 to \$999,999	132	90,476,159
\$1 million to \$2 million	52	71,173,285
\$2 million to \$5 million	31	91,891,346
\$5 million and over	15	173,372,555
<b>Total</b>	<b>120,478</b>	<b>\$1,107,998,933</b>

# PETROLEUM PRODUCTS GROSS EARNINGS TAX

*A tax is levied on the gross earnings from the first sale of companies distributing petroleum products in Connecticut. Petroleum products include but are not limited to gasoline, aviation fuel, kerosene, diesel fuel, number 2 heating oil, greases, lubricants, mineral oils, and motor oil.*

<b>Revenue</b>	
FY 2019-20	\$235,922,566
2018-19	318,518,185
2017-18	320,890,549

## **Exemptions**

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons, and used in vessels primarily engaged in interstate commerce;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas primarily used for heating purposes;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers;
- Commercial heating oil blend containing not less than 10% alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to biodiesel or low sulfur dyed diesel fuel and kerosene. Such blended products must be used for commercial heating;
- Diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity;
- Cosmetic grade mineral oil; and
- Propane used as a fuel for school buses.

## **Number of Taxpayers/Filing Frequency**

634 taxpayers/Quarterly

## **Basis and Rate**

8.1%

## **PETROLEUM PRODUCTS GROSS EARNINGS TAX (cont.)**

### **Cap on Petroleum Products Gross Earnings Tax**

The petroleum products gross earnings tax has a \$3.00 per gallon cap on which the tax is calculated for the first sale for gasoline and gasohol. Petroleum products distributors are required to calculate the tax at \$3.00 per gallon even if the price exceeds said amount and any consideration received by the distributor in excess of \$3.00 is exempt from tax.

### **Connecticut Airport and Aviation Account**

The Department of Revenue Services is required to deposit 75.3% of the petroleum products gross earnings tax received from aviation fuel sources into the Connecticut airport and aviation account. Just under \$3.9M was deposited into the account in FY 20.

## PREPAID WIRELESS E-9-1-1 FEE

*A Prepaid Wireless E 9-1-1 Fee is levied on each sale of prepaid wireless telecommunications service by a retailer. A prepaid wireless telecommunications service is a wireless telephone service that a consumer pays for in advance, and that is sold in predetermined units or dollars that decline with use. Prepaid wireless telecommunications includes prepaid wireless phone cards, recharge or refill authorization codes, and prepaid cell phones or other prepaid wireless devices preloaded with airtime minutes.*

*The fee is determined each June for the upcoming fiscal year by the Connecticut Public Utility Regulatory Authority (PURA). All monies collected are deposited in the Enhanced 9-1-1 Telecommunications Fund. Retailers may retain 1% of the Prepaid Wireless E 9-1-1 Fees they collect.*

<b>Revenue</b>	
FY 2019-20	\$2,429,088
2018-19	2,364,502
2017-18	2,375,445

### **Basis and Rate**

\$0.58 for sales made between July 1, 2019 and June 30, 2020, and  
\$0.68 for sales made on or after July 1, 2020.

### **Number of Taxpayers / Filing Frequency**

305 Retailers  
262 / Monthly  
43 / Quarterly

# PROVIDER TAXES

*There are three components to the provider taxes established under Chapter 211c of the Connecticut General Statutes. They include: hospital user fee, intermediate care facility and nursing home user fees. The previous fees for the Hospitals, Intermediate Care Facility User, and Nursing Home User were sunset as of June 30, 2017. Each of the three provider types are outlined below.*

## HOSPITALS

*A quarterly user fee is imposed on each hospital's net revenue for the provision of inpatient hospital services and for the provision of outpatient hospital services.*

Revenue	
FY 2019-20	\$870,562,036
2018-19	909,319,650
2017-18	883,885,779

## Exemptions

- Specialty hospitals;
- Hospitals which are licensed by the Department of Public Health as children's general hospitals;
- Short-term acute hospitals operated exclusively by the State of Connecticut (other than short-term acute hospitals operated by the state as a receiver); and
- Financial hardship (outpatient services).

## Basis and Rate

Effective July 1, 2017 through June 30, 2019, based upon a statutory formula, the effective user fee rate on inpatient hospital services is 6%, and the effective user fee rate on outpatient hospital services is 12.3325%. Effective July 1, 2019, based upon a statutory formula, the effective user fee rate on inpatient hospital services is 6%, and the effective user fee rate on outpatient hospital services is 12.0942%

## Number of Taxpayers/Filing Frequency

26 taxpayers/Quarterly

## PROVIDER TAXES (cont.)

### INTERMEDIATE CARE FACILITY USER FEE

*A new intermediate care user fee was established on each residential facility for individuals with intellectual disabilities that meet certain federal requirements, and, in the case of a private facility, is licensed by the Department of Developmental Services.*

<b>Revenue</b>	
FY 2019-20	\$7,115,759
2018-19	6,756,512
2017-18	7,437,832

#### **Basis and Rate**

The intermediate care facility user fee is \$27.76. The amount due from each facility is determined by multiplying the user fee by the facility's resident days for the calendar quarter.

#### **Number of Taxpayers/Filing Frequency**

66 taxpayers/Quarterly

### NURSING HOME USER FEE

*A new nursing home user fee was established on each chronic and convalescent nursing home or rest home with nursing supervision that is licensed as a nursing home by the Connecticut Department of Public Health.*

<b>Revenue</b>	
FY 2019-20	\$114,012,296
2018-19	146,848,506
2017-18	132,179,528

#### **Basis and Rate**

The user fee is \$16.13 for municipally-owned facilities and facilities with over 230 beds and \$21.02 for all other nursing homes. The amount due from each nursing home is determined by multiplying the appropriate user fee by the home's resident days for the calendar quarter.

#### **Number of Taxpayers / Filing Frequency**

204 taxpayers/Quarterly



# PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2019-20	\$266,635,911
2018-19	273,076,420
2017-18	261,183,792

## Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities;
- Gas and Electric sales to manufacturing in SIC codes 2000 through 3999 or NAICS code sectors 31-33;
- Natural Gas sold to out-of-state users or entities;
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel; and
- Retail sales of steam by utility companies.

## Number of Taxpayers/Filing Frequency

69 taxpayers:

- 54 Public Utility Companies/Quarterly
- 8 Community Antenna TV & Certified Competitive Video Provider Companies/Quarterly
- 3 Satellite TV Companies /Quarterly
- 4 Railroad Companies/Annually (July 1)

## Basis and Rate

Community Antenna TV*	5.25%
Certified Competitive Video Service Provider*	5.25%
Satellite TV*	5.25%
Railroad	2 - 3.5%
Gas Companies	5%
Gas sales to residential customers	4%
Electric Distribution Companies & Municipal Electric Utilities	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

\* Certified Competitive Video Service Providers, Community Antenna TV, and Satellite TV service providers are subject to an additional 0.25% tax for a total tax rate equal to 5.25%. The additional tax is used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account.

## PUBLIC SERVICE COMPANIES TAX (cont.)

### Residential Credit

Companies claimed \$6,689,326 in Fiscal Year 2019-20 under the one-percent credit attributable to the sale of gas and electric power for residential use.

### Manufacturing Companies Credit

\$6,825,111 was claimed in credit for Fiscal Year 2019-20 for gas sales used directly by a company engaged in a manufacturing production process.

### Comparative Data

	FY 2017-18	FY 2018-19	FY 2019-20
Cable, Satellite & Video	\$60,668,588	\$46,295,532	\$49,819,514
Electric & Power Companies	131,957,173	156,749,530	146,646,424
Gas Companies	63,681,211	66,665,641	64,553,262
Public, Educational & Governmental Programming Tax*	3,952,365	3,333,321	4,961,607
Railroad Companies	924,455	32,396	655,104
<b>Total Tax</b>	<b>\$261,183,792</b>	<b>\$273,076,420</b>	<b>\$266,635,911</b>

\* Additional tax on cable, satellite and video for deposit in the public, educational and governmental programming and education technology investment account.

### Fiscal Year 2019-20 Public Service Companies Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	7	\$10,027,204
Neighborhood Assistance	8	978,016
Historic Structures Rehabilitation	2	24,319,634
Historic Homes	1	10,590,236
Urban & Industrial Site Reinvestment	1	16,800,000
Housing Program Contribution	2	11,048,009
Film Production	1	9,118,603
<b>Total Credits</b>	<b>22</b>	<b>\$72,121,905</b>

# REAL ESTATE CONVEYANCE TAX

*Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.*

Revenue	
FY 2019-20	\$168,686,812
2018-19	200,792,382
2017-18	195,376,456

## Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court; as the result of:
  - A. An annulment, dissolved marriage, or legal separation; or
  - B. Partition of joint and common estates;
  - C. Foreclosure by sale;
- Certain exempt corporation transfers;
- Transfers between spouses;
- Instruments conveying property located in an enterprise zone or entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program;
- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership;
- Employee relocation company or employer re-sales within six months of conveyance from relocated employee;

## REAL ESTATE CONVEYANCE TAX (cont.)

### Exemptions (cont.)

- Deeds of sale in lieu of foreclosure that transfer the transferor's principal residence;
- Deeds pursuant to a judgment of foreclosure by market sale; and
- Conveyances made pursuant to a judgment of loss mitigation;
- 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.
- An instrument that conveys a transferor's principal residence with a deteriorated concrete foundation caused by pyrrhotite, as determined by a professional engineer. The exemption applies only to the first transfer after the engineer's written evaluation has been obtained by the transferor and is not available to any seller who received financial assistance from the Crumbling Foundations Assistance Fund.

### Basis and Rate

Conveyances made prior to July 1, 2020:

<b>Classification</b>	<b>Rate</b>
Unimproved Land	0.75%
Nonresidential property other than Unimproved Land	1.25%
Residential Dwelling:	
Portion \$800,000 or less	0.75%
Portion that exceeds \$800,000	1.25%
Residential Property other than Residential Dwelling	0.75%
Delinquent Mortgage	0.75%

## REAL ESTATE CONVEYANCE TAX (cont.)

### Basis and Rate (cont.)

Conveyances made on or after July 1, 2020:

<b>Classification</b>	<b>Rate</b>
Unimproved Land	0.75%
Nonresidential property other than Unimproved Land	1.25%
Residential Dwelling:	
Portion \$800,000 or less	0.75%
Portion between \$800,000 and \$2.5 million	1.25%
Portion that exceeds \$2.5 million	2.25%
Residential Property other than Residential Dwelling	0.75%
Delinquent Mortgage	0.75%

\*\*\*\*\*

Note: The conveyance tax data and corresponding municipal data for all taxable conveyances for the fiscal year is now included. The data reflects the activity in FY 2020, however, the tax collected is understated due to timing differences caused by the challenges of the COVID-19 pandemic.

\*\*\*\*\*

**REAL ESTATE CONVEYANCE TAX (cont.)**  
**Fiscal Year 2019-20 Conveyances**

Amount of Consideration	Number of Taxable Conveyances	Tax Due
Under \$2,000	0	\$ 0
\$ 2,000 to \$ 29,999	1,400	161,458
\$ 30,000 to \$ 39,999	516	134,146
\$ 40,000 to \$ 49,999	591	197,506
\$ 50,000 to \$ 59,999	765	312,992
\$ 60,000 to \$ 69,999	774	375,793
\$ 70,000 to \$ 79,999	829	469,623
\$ 80,000 to \$ 89,999	844	540,512
\$ 90,000 to \$ 99,999	875	627,381
\$100,000 to \$109,999	1,061	838,688
\$110,000 to \$119,999	1,069	928,594
\$120,000 to \$129,999	1,306	1,227,113
\$130,000 to \$139,999	1,375	1,394,853
\$140,000 to \$149,999	1,347	1,471,937
\$150,000 to \$159,999	1,708	1,987,646
\$160,000 to \$169,999	1,814	2,246,117
\$170,000 to \$179,999	1,766	2,322,459
\$180,000 to \$189,999	1,807	2,511,818
\$190,000 to \$199,999	1,626	2,386,370
\$200,000 to \$249,999	8,237	13,938,673
\$250,000 to \$299,999	6,646	13,686,109
\$300,000 to \$399,999	8,568	22,377,626
\$400,000 to \$499,999	4,319	14,546,605
\$500,000 to \$599,999	2,311	9,649,731

**REAL ESTATE CONVEYANCE TAX**  
**Fiscal Year 2019-20 Conveyances (cont.)**

Amount of Consideration	Number of Taxable Conveyances	Tax Due
\$600,000 to \$699,999	1,446	\$7,187,367
\$700,000 to \$799,999	857	4,967,629
\$800,000 to \$899,999	627	4,262,408
\$900,000 to \$999,999	431	3,513,668
\$1,000,000 to \$1,099,999	264	2,499,025
\$1,100,000 to \$1,199,999	304	3,208,049
\$1,200,000 to \$1,299,999	239	2,855,683
\$1,300,000 to \$1,399,999	194	2,537,658
\$1,400,000 to \$1,499,999	163	2,293,146
\$1,500,000 to \$1,999,999	536	9,443,518
\$2,000,000 to \$2,499,999	285	6,837,369
\$2,500,000 to \$2,999,999	172	5,169,222
\$3,000,000 to \$3,499,999	110	4,013,916
\$3,500,000 to \$3,999,999	71	2,921,844
\$4,000,000 to \$4,499,999	51	2,431,382
\$4,500,000 to \$4,999,999	33	1,829,451
\$5,000,000 and over	219	38,796,618
<b>Total</b>	<b>57,556</b>	<b>\$199,101,702</b>

## FY 2019-20 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
ANDOVER	67	\$15,488,497	\$120,414
ANSONIA	260	53,592,868	409,097
ASHFORD	83	15,856,876	118,927
AVON	444	196,480,210	1,700,949
BARKHAMSTED	69	16,776,135	127,546
BEACON FALLS	148	40,654,614	312,115
BERLIN	354	110,767,942	908,760
BETHANY	102	31,124,100	242,876
BETHEL	383	138,953,788	1,099,916
BETHLEHEM	53	16,713,050	130,598
BLOOMFIELD	338	94,630,317	832,210
BOLTON	82	20,486,967	153,852
BOZRAH	53	11,133,244	85,649
BRANFORD	562	195,741,865	1,671,739
BRIDGEPORT	1,659	362,941,946	2,872,680
BRIDGEWATER	25	11,044,330	85,820
BRISTOL	977	205,860,686	1,632,583
BROOKFIELD	336	138,741,525	1,151,542
BROOKLYN	178	43,987,284	355,596
BURLINGTON	208	63,785,208	479,409
CANAAN	26	6,608,250	49,687
CANTERBURY	103	22,042,893	177,987
CANTON	207	65,514,916	503,277
CHAPLIN	39	7,277,050	54,578
CHESHIRE	465	182,779,631	1,588,542
CHESTER	58	18,411,550	144,287
CLINTON	295	90,885,010	711,889
COLCHESTER	297	75,352,941	574,012
COLEBROOK	21	4,727,900	35,459
COLUMBIA	100	24,082,509	186,152
CORNWALL	52	20,054,935	165,187
COVENTRY	208	46,591,419	351,711
CROMWELL	254	66,698,005	528,827
DANBURY	1,184	531,154,745	4,305,322
DARIEN	389	595,179,832	5,921,470
DEEP RIVER	91	36,653,774	335,615
DERBY	178	37,722,761	295,906
DURHAM	129	35,076,419	263,073
EASTFORD	45	9,188,076	70,006
EAST GRANBY	107	27,967,726	223,983



## FY 2019-20 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
EAST HADDAM	233	57,464,497	433,548
EAST HAMPTON	250	62,907,133	485,528
EAST HARTFORD	716	143,540,954	1,216,384
EAST HAVEN	488	156,810,095	1,304,661
EAST LYME	426	150,587,117	1,248,771
EASTON	125	70,135,706	533,358
EAST WINDSOR	228	48,165,797	372,660
ELLINGTON	264	67,536,825	509,151
ENFIELD	734	148,357,740	1,166,007
ESSEX	183	69,514,817	585,260
FAIRFIELD	1,011	755,350,783	6,669,031
FARMINGTON	471	202,602,729	1,625,872
FRANKLIN	54	10,771,862	92,313
GLASTONBURY	642	238,017,318	1,841,745
GOSHEN	96	35,310,198	284,331
GRANBY	217	98,090,082	747,439
GREENWICH	952	1,998,947,662	21,474,101
GRISWOLD	217	40,409,918	315,336
GROTON	567	187,176,949	1,548,966
GUILFORD	429	179,400,292	1,430,377
HADDAM	138	39,043,586	298,102
HAMDEN	881	255,839,757	2,312,367
HAMPTON	43	7,784,150	59,691
HARTFORD	801	243,262,775	2,161,822
HARTLAND	28	6,804,081	56,231
HARWINTON	122	31,907,882	248,379
HEBRON	170	44,106,693	332,350
KENT	74	31,308,151	269,162
KILLINGLY	403	100,656,265	879,147
KILLINGWORTH	125	37,944,430	288,583
LEBANON	148	31,382,930	237,822
LEDYARD	317	78,009,404	622,434
LISBON	72	18,952,979	149,047
LITCHFIELD	190	72,512,883	616,622
LYME	48	31,418,844	280,431
MADISON	346	172,577,021	1,376,057
MANCHESTER	864	371,147,111	3,833,541
MANSFIELD	212	44,498,469	355,962
MARLBOROUGH	125	35,170,583	266,306
MERIDEN	883	174,256,427	1,487,165

## FY 2019-20 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
MIDDLEBURY	170	59,950,712	456,190
MIDDLEFIELD	78	20,410,441	154,324
MIDDLETOWN	650	153,307,309	1,275,415
MILFORD	921	447,515,757	3,783,466
MONROE	344	123,480,734	947,331
MONTVILLE	344	78,001,435	647,867
MORRIS	48	15,559,812	120,056
NAUGATUCK	538	105,227,902	830,193
NEW BRITAIN	881	157,916,117	1,228,066
NEW CANAAN	345	455,515,065	4,469,710
NEW FAIRFIELD	266	103,245,280	812,968
NEW HARTFORD	125	31,493,802	239,483
NEW HAVEN	997	344,128,048	2,987,347
NEWINGTON	503	136,830,928	1,188,120
NEW LONDON	335	58,475,589	464,613
NEW MILFORD	548	165,269,171	1,351,518
NEWTOWN	517	222,455,598	1,840,316
NORFOLK	42	11,974,597	98,231
NORTH BRANFORD	199	54,100,351	423,548
NORTH CANAAN	60	13,111,128	116,548
NORTH HAVEN	388	233,820,249	2,382,239
NORTH STONINGTON	97	28,344,339	219,688
NORWALK	1,236	824,196,785	7,144,409
NORWICH	681	147,876,328	1,208,420
OLD LYME	236	90,303,437	705,042
OLD SAYBROOK	276	122,694,263	1,015,839
ORANGE	214	178,352,002	1,651,069
OXFORD	241	86,996,827	695,769
PLAINFIELD	295	57,172,589	458,958
PLAINVILLE	311	89,799,219	765,989
PLYMOUTH	230	40,310,500	309,499
POMFRET	94	22,358,166	167,686
PORTLAND	183	45,341,703	358,523
PRESTON	93	17,255,150	129,414
PROSPECT	177	63,469,611	552,531
PUTNAM	201	42,885,926	364,429
REDDING	150	74,493,272	580,744
RIDGEFIELD	440	315,425,744	2,761,771
ROCKY HILL	308	92,595,417	799,809
ROXBURY	63	47,977,856	424,574

## FY 2019-20 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
SALEM	74	16,068,744	133,656
SALISBURY	96	63,051,514	565,449
SCOTLAND	33	7,233,500	54,251
SEYMOUR	271	67,334,649	533,846
SHARON	83	41,749,429	360,799
SHELTON	706	327,694,743	2,634,330
SHERMAN	84	44,774,076	384,521
SIMSBURY	496	199,464,317	1,723,145
SOMERS	166	50,091,842	403,564
SOUTHBURY	504	124,187,007	953,595
SOUTHINGTON	785	214,654,303	1,637,223
SOUTH WINDSOR	547	198,388,747	1,724,689
SPRAGUE	56	9,275,005	69,563
STAFFORD	259	36,737,764	286,191
STAMFORD	1,605	1,090,879,635	8,996,563
STERLING	96	17,216,171	129,121
STONINGTON	418	149,877,257	1,207,235
STRATFORD	1,018	290,761,764	2,318,640
SUFFIELD	298	100,634,022	853,910
THOMASTON	127	25,229,692	193,113
THOMPSON	173	34,602,470	265,844
TOLLAND	261	74,912,046	598,737
TORRINGTON	640	115,075,349	1,011,622
TRUMBULL	521	238,344,767	1,977,161
UNION	18	3,269,200	24,519
VERNON	429	152,965,725	1,509,872
VOLUNTOWN	57	13,039,136	99,044
WALLINGFORD	670	198,030,868	1,693,822
WARREN	24	14,349,280	127,170
WASHINGTON	103	81,704,880	749,113
WATERBURY	1,522	502,202,902	5,247,227
WATERFORD	414	118,996,434	989,203
WATERTOWN	377	95,567,816	777,985
WESTBROOK	211	63,507,909	496,555
WEST HARTFORD	1,131	413,905,980	3,327,469
WEST HAVEN	752	172,313,487	1,387,156
WESTON	209	161,061,253	1,364,646
WESTPORT	506	676,796,330	6,701,209
WETHERSFIELD	483	135,454,328	1,127,012
WILLINGTON	92	22,367,685	178,467

## FY 2019-20 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Due
WILTON	291	203,465,224	1,677,837
WINCHESTER	219	42,240,152	338,183
WINDHAM	276	45,536,277	379,932
WINDSOR	449	164,665,743	1,576,057
WINDSOR LOCKS	229	58,607,344	526,070
WOLCOTT	245	55,984,170	424,806
WOODBIDGE	138	71,258,456	602,286
WOODBURY	214	67,909,673	545,067
WOODSTOCK	218	52,947,261	419,329
TOWN UNKNOWN	215	77,835,536	667,882
<b>TOTAL</b>	<b>57,556</b>	<b>\$22,822,275,707</b>	<b>\$199,101,702</b>

## RENTAL SURCHARGE

*The Rental Surcharge is imposed on the rental of machinery by a rental company. The surcharge is imposed on machinery rented for a period of less than 365 days, or under an open-ended contract for an undefined period.*

<b>Revenue</b>	
FY 2019-20	\$ 373,961
2018-19	213,605
2017-18	269,319

### **Exemptions**

- Rentals by an agency of United States Government; and
- Rentals by a person that is not a rental company.

### **Number of Taxpayers / Filing Frequency**

35 taxpayers / Annually

### **Basis and Rate**

2.75% of the total rental charges on machinery.

### **Comparative Data**

Gross collections of the surcharge by rental companies during 2019 amounted to \$2,207,698. Rental companies retained the difference between gross collections and the amounts remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

## REPEALED TAXES

### BUSINESS ENTITY TAX

*The following business entities were subject to a Business Entity Tax if they were formed under Connecticut law or are foreign entities that are transacting business in Connecticut and required to register with or obtain a certificate of authority from the Connecticut Secretary of the State:*

- *S corporations (Qualified subchapter S subsidiaries (QSSS) are not liable);*
- *Limited liability companies (LLCs or SMLLCs) that are, for federal income tax purposes, either:*
  - *Treated as a partnership, if it has two or more members; or*
  - *Disregarded as an entity separate from its owner, if it has a single member;*
- *Limited liability partnerships (LLPs); and*
- *Limited partnerships (LPs).*

*Public Act 19-117, signed by Gov. Lamont on June 26, 2019, sunset the Connecticut Business Entity Tax with the 2017 and 2018 biennial period.*

*Revenue collected for Fiscal Year 2019-20:      \$ (10,420,852)\**

*\* Negative revenue amount reflects adjustments made during Fiscal Year 2019-20 against prior year deposits.*

### GIFT TAX

*The Connecticut Gift Tax applied to Connecticut taxable gifts made prior to January 1, 2005, that had been taxable for federal purposes. The Gift Tax was replaced by the Estate and Gift Tax for taxable gifts made on or after January 1, 2005.*

*Revenue collected for Fiscal Year 2019-20:      \$ 8,732*

### SUCCESSION TAX

*The Succession Tax was levied on the transfer of property after death, with rates that varied depending on the size of the estate and the relationship of the decedent to the beneficiary. The Connecticut Succession Tax does not apply to estates of decedents dying on or after January 1, 2005.*

*Revenue collected for Fiscal Year 2019-20:      \$ 272,576*

## SALES AND USE TAXES

*Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain services.*

<b>Revenue</b>	
FY 2019-20	\$ 4,740,471,015
2018-19	4,720,321,873
2017-18	4,530,508,619

### **Basis and Rate**

6.35%	on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain services (general rate);
<hr/>	
7.35%	As of October 1, 2019, meals and certain drinks are subject to an additional 1% rate of tax for a total effective tax rate of 7.35%.
<hr/>	
7.75%	This tax rate applies to: <ul style="list-style-type: none"> <li>• Most motor vehicles with a sales price of more than \$50,000;</li> <li>• Items of jewelry with a sales price of more than \$5,000; and;</li> <li>• Articles of clothing or footwear or a handbag, luggage, umbrella, wallet or watch, with a price of more than \$1,000.</li> </ul>
<hr/>	
1.0%	on computer and data processing services;
<hr/>	
2.99%	for sales and purchases of vessels, motors for vessels, and trailers used for transporting a vessel;
<hr/>	
4.5%	on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;
<hr/>	
9.35%	for the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less;
<hr/>	
11.0%	for occupancy in bed and breakfast establishments;
<hr/>	
15.0%	for the rental of rooms in a hotel or lodging house

## SALES AND USE TAXES (cont.)

### Exemptions

Conn. Gen. Stat. §12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services. The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2019-20.

### FY 2019-20 SALES TAX EXEMPTIONS (In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sale for Resale – Goods	\$88,613.6	\$5,630.4
Sale for Resale – Leases and Rentals	2,234.0	149.3
Sale for Resale – Labor and Services	2,865.0	181.9
Magazines by Subscription and All Newspapers	123.6	7.8
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	151.6	9.6
Food Products for Human Consumption	8,050.3	513.2
Fuel for Motor Vehicles	5,973.8	379.3
Electricity/Gas/Heating Fuel (residential)	2,493.2	158.3
Electricity (\$150 monthly per business)	58.3	3.7
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	765.3	48.6
Aviation Fuel	174.6	11.1
Sales of Tangible Personal Property to Farmers	123.7	7.9
Machinery/Materials/ Tools/Fuel – Mfg. Product	1,867.0	118.6
Machinery/Materials/ Equip. – Printing	32.3	2.1
Machinery/Materials/ Tools/Fuel – Comm. Fishing	3.5	0.2



## SALES AND USE TAXES (cont.)

### FY 2019-20 SALES TAX EXEMPTIONS (cont.)

*(In Millions)*

Deductible Item	Total Deductions	Revenue Forgone
Out-of-State – Sale of Goods	32,653.1	2,074.6
Out-of-State - Leases/Rentals	483.5	31.3
Out-of-State – Labor and Services	12,595.0	799.8
Sales of Motor Vehicles, Vessels to Nonresidents	1,086.5	72.7
Prescription Medicines	6,627.9	420.9
Nonprescription Drugs and Medicines	96.9	6.2
Charitable/Religious – Sale of Goods	1,314.3	83.7
Charitable/Religious – Leases and Rentals	60.5	3.8
Charitable/Religious – Labor and Services	852.4	54.1
Government – Sale of Goods	10,733.6	682.0
Government– Leases and Rentals	71.0	4.5
Government– Labor and Services	6,755.0	428.9
Pollution Abatement	18.0	1.1
Non-Taxable Labor and Services	19,074.6	1,211.2
Business Services/Parent Owned Subs.	981.7	62.3
Trade-ins of Like-Kind Personal Property	278.1	19.9
Taxed Goods returned within 90 days	703.2	44.7
Oxygen, Plasma, Prostheses, etc.	238.7	15.2
Funeral Expenses up to \$2,500	93.8	6.0
Repair or Replacement Parts/Repair Services to Aircraft	816.1	51.8
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the Full and 3% Rates)	13.4	0.8

## SALES AND USE TAXES (cont.)

### FY 2019-20 SALES TAX EXEMPTIONS (cont.) (In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	19.8	1.3
Sales of Repair and Maintenance Service to Vessels	81.5	5.2
Computer and Data Processing Services (Difference between the Full and 1% Rates)	5,128.3	325.6
Renovation Services to Residential Property	665.5	42.3
Sales to Direct Payment Permit Holders	924.7	58.7
Sales of College Textbooks	12.1	0.8
Sales Tax Holidays	37.0	2.3
Motor Vehicles Sold to Armed Forces (Difference between the Full and 4.5% Rates)	2.9	0.2
Purchases of Cigarettes Taxed by a Distributor	602.1	38.2
Sales of Vessels and Motors or Trailers for Vessels (Difference between the Full and 2.99% Rates)	356.7	22.6
Other Adjustments - Sales of Goods	11,522.4	732.1
Other Adjustments - Leases and Rentals	321.5	21.1
Other Adjustments - Labor and Services	2,070.9	131.2
<b>TOTAL</b>	<b>\$230,859.9</b>	<b>\$14,682.2</b>

## SALES AND USE TAXES (cont.)

### Number of Taxpayers / Filing Frequency

148,296	Sales and Use Taxpayers
66,146	/ Monthly
45,963	/ Quarterly
36,187	/ Annual
1,531	Business Use Taxpayers
767	Room Occupancy Taxpayers
720	/ Monthly
47	/ Quarterly

### Comparative Data

Table I provides a summary of collection amounts attributed to each component of the Sales and Use taxes. Revenue from required license payments are included in both Sales and Use and Room Occupancy collections.

**TABLE I:**

**Sales and Use Tax Collections - Fiscal Years 2018 - 2020**

	FY 2017-18	FY 2018-19	FY 2019-20
Sales and Use	\$4,331,587,576	\$4,533,847,903	\$4,574,026,998
Business Use	56,522,460	47,701,982	46,894,989
Individual Use	12,697,224	7,484,811	19,623,208
Room Occupancy	129,701,359	131,287,177	99,916,820
<b>Total Tax</b>	<b>\$4,530,508,619</b>	<b>\$4,720,321,873</b>	<b>\$4,740,471,015</b>

## SALES AND USE TAXES (cont.)

Table II provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

**Table II:**

### Gross Receipts Reported on Sales Tax Returns Periods Ending in Fiscal Year 2019-20 *(In Millions)*

Tax Rate	Purchases of Tangible Personal Property	Leasing/Rental of Tangible Personal Property	Purchases of Services
6.35% - General Rate	\$230,946.1	\$3,730.4	\$53,525.3
7.35% - Meals and Beverages	5,049.8	0	0
7.75% - Luxury Goods	1,832.6	374.9	0
9.35% - Motor Vehicle Rental	0	219.3	0

Table III provides a summary of taxable receipts reported under the sales and use taxes attributable to room occupancy and the rental or leasing of passenger motor vehicles for a period of 30 consecutive calendar days or less.

**Table III:**

### Taxable Receipts Periods Ending in Fiscal Year 2019-20 *(In Millions)*

Taxable Receipts Attributable to:	Tax Rate	Taxable Receipts
Room Occupancy in Hotel or Lodging House	15%	\$661.4
Room Occupancy in Bed and Breakfast Establishments	11%	3.2
Rental or Leasing of Motor Vehicles for 30 days or Less	9.35%	214.8

## SALES AND USE TAXES (cont.)

Table IV provides a summary of taxable purchases subject to business use taxes.

**Table IV:**

### Purchases Subject to Business Use Tax Periods Ending in Fiscal Year 2019-20 *(In Millions)*

Tax Rate	Purchases of Tangible Personal Property	Leasing/Rental of Tangible Personal Property	Purchases of Services
6.35% - General Rate	\$4,307.6	\$30.7	\$1,145.5
7.35% - Meals and Beverages	\$9.1	0	0
7.75% - Luxury Goods	\$2.4	0.1	0
9.35% - Motor Vehicle Rental	0	0.3	0

Table V provides a summary of the fees collected for the Single-Use Plastic Bag Fee through sales and use tax returns. Effective August 1, 2019, retailers making sales in Connecticut of tangible personal property to the public are required to collect a \$0.10 fee per single-use plastic checkout bag. The fee is effective through June 30, 2021, after which date, single-use plastic checkout bags are scheduled to be banned.

Pursuant to Executive Order No. 7N and 7NN issued by Governor Lamont, the Plastic Bag Fee was suspended from March 26, 2020, through June 30, 2020.

**Table V:**

### Single-Use Plastic Bag Fees Periods Ending in Fiscal Year 2019-20 *(In Millions)*

	Number of Plastic Bags	Single-Use Plastic Bag Fees
Single-Use Plastic Bag Fee	44.3	\$4.43

## SALES AND USE TAXES (cont.)

Table VI below, provides a summary of retail sales of goods for the state of Connecticut over the past three fiscal years. These sales include those goods which are exempt from the sales and use tax.

Data is provided for the Retail Trade subsectors within the North American Industry Classification System (NAICS). Approximately 45% of all the sales and use tax revenue is generated by the retail trade sector.

**TABLE VI: Retail Sales Volume - Fiscal Years 2018 - 2020**  
(In Millions)

	FY 2017-18	FY 2018-19	FY 2019-20
Motor Vehicle and Parts Dealers (NAICS 441)	\$10,140.8	\$11,435.0	\$11,068.4
Furniture and Home Furnishings Stores (NAICS 442)	2,003.9	2,043.1	1,902.1
Electronics and Appliance Stores (NAICS 443)	1,633.7	1,629.9	1,744.0
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	3,187.3	3,331.4	3,488.3
Food and Beverage Stores (NAICS 445)	10,588.4	10,873.3	11,663.8
Health and Personal Care Stores (NAICS 446)	4,291.3	4,124.3	4,346.7
Gasoline Stations (NAICS 447)	3,729.1	3,792.5	3,261.4
Clothing and Clothing Accessories Stores (NAICS 448)	3,084.0	3,083.5	2,723.8
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,047.9	936.4	856.9
General Merchandise Stores (NAICS 452)	5,523.3	5,465.0	5,625.1
Miscellaneous Store Retailers (NAICS 453)	6,989.2	7,916.6	8,025.6
Non-store Retailers (NAICS 454)	4,641.6	5,451.4	7,568.9
<b>TOTAL RETAIL TRADE (NAICS 44-45)</b>	<b>\$56,860.5</b>	<b>\$60,082.4</b>	<b>\$62,274.9</b>

Table VII on the following page provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for Fiscal Year 2019-20. The revenues are from regular payments and represent 96% of the total sales and use taxes collected in FY 2019-20.

## SALES AND USE TAXES (cont.)

**TABLE VII: Sales & Use Tax - From Periods Ending in Fiscal Year 2019-20**  
(In Millions)

	Tax Due at 6.35%	Tax Due at 7.35%	Tax Due at 7.75%	Total Tax Due (Includes 9.35% Rate and Plastic Bag Fees)
22 Utilities	\$128.6	\$0.0	\$0.0	\$128.6
23 Construction	167.6	0.6	0.0	168.2
31-33 Manufacturing	229.0	6.2	0.3	235.5
42 Wholesale Trade	237.4	0.7	0.3	238.5
441 Motor Vehicle and Parts Dealers	397.3	0.1	44.2	\$442.0
442 Furniture and Home Furnishings	99.4	0.0	0.0	99.5
443 Electronics and Appliance Stores	83.8	0.0	0.0	83.9
444 Building Material & Garden Equipment	196.0	0.0	0.0	196.0
445 Food and Beverage Stores	200.3	30.8	0.0	231.8
446 Health and Personal Care Stores	39.4	0.9	0.0	40.5
447 Gasoline Stations	25.0	3.2	0.6	28.9
448 Clothing and Clothing Accessories Stores	154.4	0.4	9.2	164.2
451 Sporting Goods, Hobby, Book Stores	43.8	0.2	0.0	44.0
452 General Merchandise Stores	224.5	0.6	0.3	227.6
453 Miscellaneous Store Retailers	216.7	4.1	4.5	225.7
454 Non-store Retailers	307.2	1.3	0.4	309.0
44-45 Retail Sector Subtotal	1,987.9	41.6	59.1	2,093.0
51 Information	272.4	7.1	0.7	280.2
52 Finance and Insurance	67.6	0.0	0.3	68.0
53 Real Estate and Rental and Leasing	123.7	0.5	13.6	155.3
54 Professional, Scientific and Technical Services	204.9	0.7	0.1	205.8
56 Administrative and Support	200.0	1.1	0.0	201.1
71 Arts, Entertainment & Recreation	28.4	5.0	0.1	33.5
72 Accommodation and Food Services	135.8	261.0	0.2	397.2
81 Other Services (except Public Admin)	173.4	1.8	1.0	176.2
All Other Businesses	147.6	5.1	3.8	158.7
<b>TOTAL SALES &amp; USE TAX</b>	<b>\$4,104.2</b>	<b>\$331.4</b>	<b>\$79.5</b>	<b>\$4,539.7</b>

# SOLID WASTE ASSESSMENT

*The Solid Waste Assessment is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.*

<b>Revenue</b>	
FY 2019-20	\$2,968,891
2018-19	2,709,403
2017-18	3,013,079

## **Number of Taxpayers / Filing Frequency**

5 taxpayers / Quarterly

## **Basis and Rate**

\$1.50 per ton of solid waste processed.



# TOBACCO PRODUCTS TAX

*An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.*

Revenue	
FY 2019-20	\$21,727,005
2018-19	22,319,680
2017-18	19,481,725

## Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

## Number of Taxpayers/Filing Frequency

328 distributors/Monthly

## Basis and Rate

Tobacco products are taxed at 50% of the wholesale sales price, except for cigars and snuff.

Cigars are taxed at 50% of the wholesale sales price, not to exceed 50¢ per cigar.

Snuff tobacco products are taxed at \$3.00 per ounce. Prior to December 1, 2017, snuff tobacco products were taxed at a rate of \$1.00 per ounce.

**Note:** The tax on tobacco products is reduced by 50% for any product the Secretary of the United States Department of Health and Human Services determines to be a “modified risk tobacco product” pursuant to 21 U.S.C. §387k.

Type	FY 2017-18	FY 2018-19	FY 2019-20
Other Tobacco Products*	\$8,127,952	\$8,539,063	\$8,461,423
Snuff Tobacco Products	10,134,250	12,101,112	11,996,673
Cigars in excess of \$1.00 per cigar	1,111,337	1,158,720	1,152,520

\* Other Tobacco Products consists of all taxable tobacco products other than snuff and cigars in excess of \$1.00 per cigar.

# TOURISM SURCHARGE

*A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the General Fund.*

<b>Revenue</b>	
FY 2019-20	\$4,870,452
2018-19	5,370,895
2017-18	5,310,837

## **Exemption**

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

## **Number of Taxpayers / Filing Frequency**

21 taxpayers / Monthly  
55 taxpayers / Quarterly

## **Basis and Rate**

\$1.00 per day or portion of a day, for the rental or lease of a passenger motor vehicle delivered to a lessee in Connecticut (regardless of where the vehicle is subsequently used) for a term of 30 consecutive calendar days or less.

## TRANSPORTATION NETWORK COMPANY FEE

*Each transportation network company pays a fee on each prearranged ride that originates in this state. The fee is paid over to the Department of Revenue Services and the revenue is reported with the Admissions and Dues taxes. For fiscal year 2018, the revenue was reported with the Motor Carrier Road Tax collections.*

### **Number of Taxpayers/Filing Frequency**

5 /Quarterly

### **Basis and Rate**

30¢ on each prearranged ride that originates in this state.

## UNRELATED BUSINESS INCOME TAX

*The Unrelated Business Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax.*

<b>Revenue</b>	
FY 2019-20	\$ 4,082,151
2018-19	5,697,312
2017-18	6,423,832

### **Number of Taxpayers / Filing Frequency**

493 organizations / Annually

### **Basis and Rate**

7.5% of the unrelated business income of the organization. A surtax of 10% applies to organizations whose gross income is \$100 million or more for income years 2018 through 2020.

No minimum tax is required.

### **Credits**

For the 2018 income year, 35 taxpayers claimed \$26,971 in electronic data processing equipment property tax credits.

## PENALTY AND INTEREST RECEIPTS

*Failure to pay taxes or file tax returns in a timely manner generally results in a penalty to the taxpayer of \$50 or 10% of the tax due, whichever is greater. If the taxpayer is subject to a penalty for late payment, the late filing penalty is not applicable.*

*The penalty for the late payment of Sales and Use taxes is 15% of the amount due, or \$50, whichever is greater. The penalty for failure to pay the use tax with the Connecticut income tax return is 10%, reduced from 15%, to parallel the rate for the income tax.*

*Interest is also charged on any amount of tax due that is not paid on or before the due date or on the underpayment of estimated tax requirements. Interest is charged on a monthly basis at a rate of 1% per month from the due date.*

*Generally, tax payments satisfy penalty first, then interest, then tax, in that order. There was a period starting July 1, 2018, that applied partial payments first to penalties, then to tax and lastly to interest on such tax. This ordering remained in effect until 2019 legislation was passed reverting back to the pre-July 2018 application of payments. For periods ending on or after December 31, 2019, payments will again satisfy penalty first, then interest, then tax.*

### Penalty and Interest Revenue By Tax Source

Tax Type		FY 2017-18	FY 2018-19	FY 2019-20
Corporation Business Tax	Penalty	\$3,054,874	\$2,635,494	\$2,572,677
	Interest	22,394,444	14,184,087	11,718,261
Income Tax and Pass-Through Entity Tax	Penalty	29,550,680	30,998,784	23,131,504
	Interest	71,897,567	55,454,492	48,746,393
Sales & Use Taxes	Penalty	15,630,783	18,711,861	18,496,122
	Interest	33,445,511	26,337,665	21,857,867
All Other Taxes	Penalty	5,093,318	6,446,668	6,465,325
	Interest	7,967,057	7,991,873	5,015,440
<b>Total</b>	<b>Penalty</b>	<b>\$53,329,655</b>	<b>\$58,792,807</b>	<b>\$50,665,627</b>
	<b>Interest</b>	<b>\$135,704,579</b>	<b>\$103,968,117</b>	<b>\$87,337,962</b>

## TAX REFUNDS

The Department of Revenue Services issues refunds to taxpayers when an overpayment of tax liability has been made. The refund is charged to the fund to which such tax, penalty or interest was previously credited. Due to statutory allowances, refunds for Motor Fuel Taxes are allowed in certain cases involving fuel sold to a Connecticut motorbus company or company engaged in livery service.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to Connecticut, the Internal Revenue Service or another reciprocating state may be withheld to offset the outstanding debt. There were 38,685 external offsets totaling \$17,673,327 in Fiscal Year 2019-20, compared to 55,017 external offsets that totaled \$23,299,093 in Fiscal Year 2018-19.

<b>AMOUNT OF TAXES REFUNDED</b>			
	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Admissions & Dues Tax	\$104,576	\$100,397	\$100,137
Alcoholic Beverages	21,521	286,693	69,755
Ambulatory Surgical Center	0	1,872	8,014
Beverage Container Deposits	-13,968	45,622	162,914
Business Entity Tax	1,067,941	785,620	388,233
Business Use Tax	5,399,359	6,589,907	3,227,385
Cable, Satellite & Video Companies Tax	714,144	9,214,946	151,961
Cigarette Tax	437,584	365,908	500,536
Controlling Interest Transfer Tax	1,252,677	1,280,289	821,428
Corporation Business	142,395,150	160,515,152	103,249,089
Corporation R&D Credit Buyback	5,664,350	5,370,344	9,081,125
Dry Cleaning Establishment Surcharge	1,126	9,493	15,775
Electric & Power Companies	320,418	141,731	101,467
Electronic Cigarette Products	0	0	6,156
Estate & Gift Tax	35,608,089	15,603,596	12,891,881
Gas Companies	101,856	15,745	5,783
Gasoline Motor Vehicle Fuels Tax	5,947,297	7,632,479	4,266,589
Gift Tax (Repealed)	9,307	34,823	4,703
Health Care Centers Tax	642,095	0	24,666
Hospitals Tax	155,268	2,425,948	715,540
Income Tax	1,036,572,691	1,182,932,242	1,210,432,320
Insurance Premiums Tax, Domestic	1,919,912	9,954,260	3,030,078
Insurance Premiums Tax, Foreign	8,940,180	8,775,329	9,206,836
Insurance, Non-admitted/Unauthorized	169,360	8,871	51,424
Intermediate Care Facility	28	2,200	30,953
Motor Carrier Road Tax	1,019,228	937,064	1,140,681
Nursing Home User Fee	129,033	283,045	320,654
Occupational Tax	333,469	338,464	287,835
Pass-Through Entity	0	15,339,924	78,627,638
PEG Account	41,652	167,081	5,524
Petroleum Products Gross Earnings Tax	2,948,094	23,544,615	24,946,385

## TAX REFUNDS (cont.)

<b>AMOUNT OF TAXES REFUNDED (cont.)</b>			
	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Real Estate Conveyance Tax	779,120	825,031	728,203
Room Occupancy Tax	164,325	206,900	66,055
Sales & Use Taxes	23,065,921	37,106,316	53,882,943
Solid Waste Tax	0	44,445	40,573
Special Fuel Tax	135,254	34,546	44,061
Tobacco Products Tax	62,389	77,577	54,939
Unrelated Business Income Tax	560,323	484,260	1,456,014
Withholding	8,808,644	11,445,670	10,793,643
Miscellaneous	51,275	13,440	4,991
<b>Total</b>	<b>\$1,285,529,688</b>	<b>\$1,502,941,845</b>	<b>\$1,530,944,888</b>

**FY 2019-20 ANNUAL REPORT  
STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES**

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