

# FISCAL YEAR 2012-2013 ANNUAL REPORT



## STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

**Dannel P. Malloy**  
Governor

**Kevin B. Sullivan**  
Commissioner



**A Message from the Commissioner:**

I am pleased to present our Fiscal Year 2013 Annual Report. This has been a year of real accomplishment as we work with Governor Malloy to restore fiscal stability and make state government leaner, smarter and more responsive.

At the Department of Revenue Services, we strive to find the right balance of tax collection and taxpayer services. Driven by cross-agency strategic projects and LEAN process improvement, we have delivered nearly \$500 million in savings and improved collection of existing taxes since the beginning of 2011. That includes Amnesty 2013 -- the most successful ever with \$157.6 million available to help restore the state's rainy day reserves. We also continue to turn the agency inside outside, reaching out to taxpayers with more accessible information, services and assistance.

Our annual report provides a general overview and includes summary statistical data for the taxes we administer. If you want more detailed information, please check out the agency's website at [www.ct.gov/drs](http://www.ct.gov/drs), contact our Research Unit at [drs.taxresearch@po.state.ct.us](mailto:drs.taxresearch@po.state.ct.us) or call (860) 297-5693.

We hope you find this report helpful and we welcome any comments or suggestions.

Sincerely,

*Kevin B. Sullivan*

Kevin B. Sullivan  
Commissioner of Revenue Services

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# DIRECTORY

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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 2013 GENERAL ASSEMBLY REGULAR SESSION

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## CIGARETTE TAX

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### **Public Act 13-150**

Prohibits the Commissioner of the Department of Revenue Services (DRS) from issuing or renewing a cigarette license to a person who owes taxes to the state. Effective July 1, 2013

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## CORPORATION BUSINESS TAX

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### **Public Act 13-232**

- Consolidates the Donation of Open Space Land for Educational Use and the Donation of Open Space Land Credits, effective July 1, 2013, and applicable to income years commencing on or after January 1, 2013;
- Amends the Film Infrastructure Credit to make the period in which an assignee may claim the credit consistent with the Film Production and Digital Animation Credits. Effective upon passage;
- Beginning January 1, 2014, DECD will give priority to applications for the Job Expansion Tax Credit under Conn. Gen. Stat. §12-217pp that pertain to veterans or qualifying employees; and

- Repeals outdated or ineffective tax credits: Research and Development Grants to Institutions of Higher Education Hiring Incentive; Displaced Workers Hired by Electric Suppliers, and Displaced Workers. Effective July 1, 2013.

### **Public Act 13-265**

Increases the Apprenticeship credit from \$4,800 to \$7,500. Effective July 1, 2015 and applicable to income years commencing on or after January 1, 2015.

### **Public Act 13-266**

Expands the availability of the Historic Homes Tax Credit's to be statewide instead of select statutorily-designated areas. The bill reduces the minimum amount of money required to be spent from \$25,000 to \$15,000. The bill also raises the maximum amount a nonprofit corporation can claim from \$30,000 to \$50,000. Effective July 1, 2015 for income years commencing on or after January 1, 2015.

### **Public Act 13-140**

Repeals the Hiring Incentive credit under Conn. Gen. Stat. §12-217y. Also provided for in Public Act 13-232. Effective upon passage (June 18, 2013).

### **Public Act 13-184**

Extends the corporation business tax surcharge until January 1, 2016 and establishes a two-year moratorium on film production tax credits for motion pictures for Fiscal Years 2013-14 & 2014-15. Effective July 1, 2013.

**Public Act 13-247**

Extends the sunset on the First Five Plus Program by two years until June 30, 2015; and

Modifies the Apprenticeship Training Program under Conn. Gen. Stat. §12-217g by requiring the Department of Labor to establish a grant program for business entities. Eligibility and grant amounts are the same as the tax credits under §12-217g. The program cannot exceed \$50,000. Effective July 1, 2013, for taxable years commencing on and after January 1, 2013.

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**INCOME TAX**


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**Public Act 13-184**

Reduces the state Earned Income Tax Credit (EITC) from 30% to 25% of the federal EITC for the 2013 tax year. The EITC is increased from 25% to 27.5% for the 2014 tax year and returns to 30% for 2015.

**Public Act 13-232**

Beginning on January 1, 2014, DECD will give priority to applications for the Job Expansion Tax Credit under Conn. Gen. Stat. §12-217pp that pertain to veterans or qualifying employees; and

Requires the DRS to perform a study and analysis of the personal income tax structure. The study is due to the General Assembly's Finance, Revenue, and Bonding Committee by January 15, 2014. Effective upon passage (June 25, 2013).

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**INSURANCE PREMIUMS TAX**


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**Public Act 13-232**

This bill makes several changes to the insurance premiums tax:

- Provides for an ordering of Insurance Premiums Tax Credits consistent with the rules established under the corporation tax. Applicable to calendar years commencing on or after January 1, 2013;
- Makes technical and conforming changes to the captive insurer statutes to bring them in line with the other insurance premium tax statutes. Effective July 1, 2013;
- Allows an insurance company that has filed a final return for a calendar year after making its first installment for the succeeding calendar year to claim an overpayment reported on the previous year's return as if it were paid or applied as of the due date of the first installment for the succeeding calendar year. Effective July 1, 2013 and applicable to estimated tax payments for calendar years commencing on or after January 1, 2014; and
- Allows insurance companies to transfer unused Electronic Data Processing, Historic Homes Rehabilitation, Housing Program Contribution, and Neighborhood Assistance Act tax credits to their affiliates. Effective July 1, 2015 and applicable to calendar years commencing on or after January 1, 2015.

**Public Act 13-184**

- Extends the tax credit cap limitation for insurance tax credits until January 1, 2014; and
- Establishes a two-year moratorium on film production tax credits for motion pictures for Fiscal Years 2013-14 & 2014-15. Effective July 1, 2013.

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**MISCELLANEOUS TAXES**

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**Public Act 13-112**

Increases the amount of legal fees or other compensation an attorney can receive before being subject to the occupational tax from \$450 to \$1,000. Effective October 1, 2013.

**Public Act 13-150**

Increases the threshold for review of penalty waivers by the DRS Commissioner from \$500 to \$1,000. This proposal will now allow the Commissioner to waive any penalty of \$1,000 or less without review by the Penalty Waiver Committee. Effective July 1, 2013.

The bill also authorizes the limited disclosure of return and return information in state personnel proceedings. Effective from passage (June 25, 2013).

**Public Act 13-184**

Establishes a Tax Amnesty program to run from September 16, 2013 to November 15, 2013.

Additionally, this bill extends the electric generators tax for one additional calendar quarter from July 1, 2013 through September 30, 2013.

**Public Act 13-232**

Changes the date from when interest on an overpayment accrues for the Public Service Companies, Estate, Petroleum Products Gross Earnings, and Gift Taxes to the 91<sup>st</sup> day following the date of the return or the amended return. Effective and applicable to refunds issued on or after July 1, 2013;

**Public Act 13-247**

Requires the DRS to conduct a tax incidence analysis for the personal income, sales, excise, corporation business, and property taxes. The Department must submit a report to the General Assembly's Finance, Revenue and Bonding Committee and make such report available on the Department's website by December 31, 2014, and biennially thereafter. Effective July 1, 2013.

This bill also makes technical and conforming changes to the Estate Tax. Effective from passage and applicable to estates of decedents dying on or after January 1, 2013

**Public Act 13-258**

This bill makes several changes to tax-related violations by classifying the violations as Class D felonies. Effective October 1, 2013.



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**PETROLEUM PRODUCTS GROSS  
EARNINGS TAX**

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**Public Act 13-232**

Creates a Petroleum Products Gross Earnings Tax exemption for cosmetic grade mineral oil, effective for the first sale on or after July 1, 2013; and

Amends the Petroleum Products Gross Earnings Tax to enable a company that either imports or purchases a petroleum product into the state and uses or incorporates the product into a product that falls under NAICS Industry Group 3255 to claim a credit when the company exports said product for sale or use outside of the state. Effective for calendar quarters commencing on or after July 1, 2015.

**Public Act 13-247**

Exempts propane gas used as a fuel for school buses from the Petroleum Product Gross Earnings Tax. Effective July 1, 2013.

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**SALES AND USE TAXES**

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**Public Act 13-150**

Prohibits the Commissioner of DRS from issuing or renewing a Sales and Use Tax seller's permit to a person who owes taxes to the state. Effective July 1, 2013.

Additionally, this bill establishes a civil penalty under the Sales and Use Taxes for operating a business without a seller's permit. The penalty is \$250 for the first day of operation without a

permit and \$100 for each subsequent day. Effective July 1, 2013.

**Public Act 13-151**

Expands the time for the sales tax exemption for winter storage of noncommercial vessels and the use tax exemption for winter storage, maintenance, and repair of vessels brought into CT exclusively for said purposes from November 1 until April 30 to October 1 until May 31. Effective upon passage (June 25, 2013).

**Public Act 13-184**

This bill makes several changes to the sales tax:

- Eliminates the 7% sales tax rate on vessels. All vessels are subject to the 6.35% rate, regardless of their selling price. Effective July 1, 2013 for sales occurring on or after said date;
- Exempts vessels from the tax provided the vessel is docked in this state for sixty days or less. Effective July 1, 2013;
- Establishes a pilot program that allows the DRS to require certain taxpayers who are delinquent on their sales and use taxes to electronically remit the taxes through a Department-approved processor by the end of the second business day after each applicable sale. Effective July 1, 2013 for taxable periods commencing on or after October 1, 2013 but prior to April 1, 2014;
- Eliminates the Municipal Revenue Sharing Account. Effective July 1, 2013;

- Reinstates the exemption for clothing and footwear costing less than \$50. Effective for sales occurring on or after June 1, 2015; and
- Requires the collection and remittance of the sales tax on cigarettes by the wholesaler or distributor. Effective for sales occurring on or after July 1, 2013.

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### TOBACCO PRODUCTS TAX

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#### **Public Act 13-150**

Prohibits the Commissioner of DRS from issuing or renewing a tobacco products license to a person who owes taxes to the state. Effective July 1, 2013.

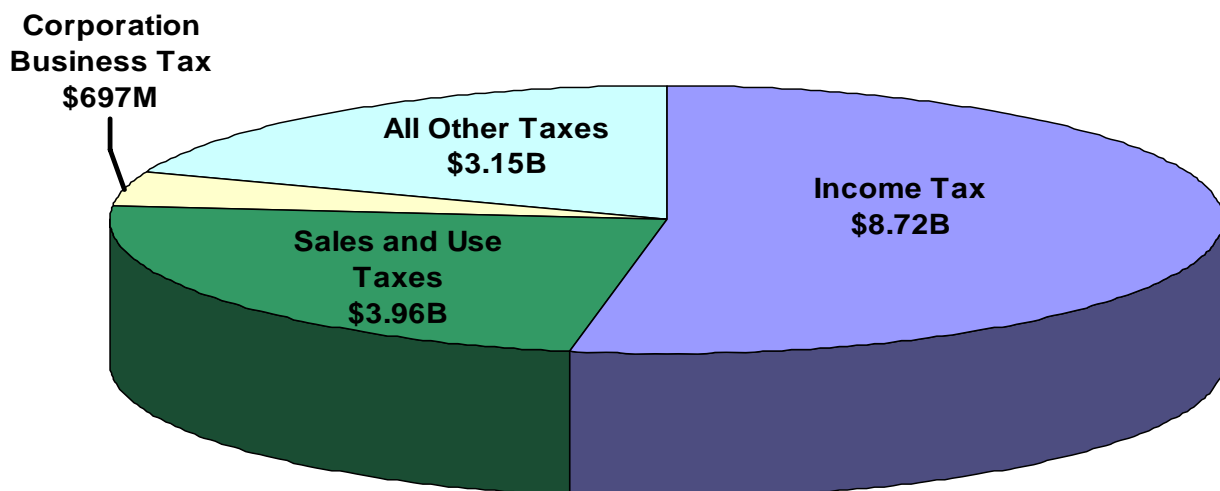
# CONNECTICUT TAXES

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*The Department collected \$16.5 billion in state taxes for fiscal year 2012-13.*

*The Personal Income, Sales and Use and Corporation Business Taxes comprised 81% of all collections.*

## ***Fiscal Year 2012-13 Revenue Sources***



## State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2011	June 30, 2012	June 30, 2013
Admissions & Dues Tax <i>Ch. 225</i>	\$33,702,049	\$34,361,334	\$36,578,471
Alcoholic Beverages Tax <i>Ch. 220</i>	48,922,769	60,595,455	60,405,646
Beverage Container Deposits <i>Ch. 446d</i>	31,458,682	27,134,224	27,528,488
Business Entity Tax <i>Ch. 213a</i>	39,972,174	42,162,256	44,634,817
Cable, Satellite & Video Companies Tax <i>Ch. 211</i>	58,236,814	52,656,640	56,439,345
Cigarette Tax <i>Ch. 214</i>	397,067,659	410,807,228	384,381,769
Connecticut Estate Tax <i>Ch. 217</i>	328,910	95,966	17,214
Controlled Substances Tax <i>Ch. 228d</i>	33,610	35,611	35,295
Controlling Interest Transfer Tax <i>Ch. 228b</i>	3,709,603	10,978,545	6,322,814
Corporation Business Tax <i>Ch. 208 &amp; 209</i>	752,261,374	671,117,864	697,050,288
Dry Cleaning Surcharge <i>Ch. 211b</i>	682,911	745,185	689,063
Electric and Power Companies <i>Ch. 212</i>	160,649,629	153,968,884	157,298,145
Electric Generators Tax <i>Ch. 212b</i>	0	69,532,719	66,823,140
Gas Companies <i>Ch. 212</i>	55,943,739	51,181,942	56,791,906
Gasoline Motor Vehicle Fuels Tax <i>Ch. 221</i>	371,170,832	364,272,914	359,279,779
Gift and Estate Tax <i>Ch. 217&amp; 228c</i>	237,573,241	191,699,581	439,518,640
Gift Tax <i>Ch. 228c</i>	758,267	584,098	2,057,611
Health Care Centers Tax <i>Ch. 207</i>	22,736,051	18,068,574	20,304,763
Hospital Net Patient Revenue Tax <i>Ch. 211a</i>	0	349,277,587	347,294,200
Income Tax <i>Ch. 229</i>	7,246,418,948	8,309,391,926	8,720,684,753
Insurance Premiums Tax, Domestic <i>Ch. 207</i>	40,905,240	49,596,515	51,780,056
Insurance Premiums Tax, Foreign <i>Ch. 207</i>	139,879,273	150,058,845	160,644,073
Insurance: Nonadmitted/Unauthorized <i>Ch. 698d</i>	5,666,578	6,682,827	9,718,951
Intermediate Care Facility User Fee <i>Ch. 319y</i>	0	15,966,764	4,075,202
Motor Carrier Road Tax <i>Ch. 222</i>	14,070,884	16,044,514	17,671,307
Nursing Home User Fee <i>Ch. 319x</i>	121,662,798	151,701,572	150,500,232
Occupational Tax <i>Ch. 876</i>	8,692,107	9,127,226	9,352,916
Petroleum Products Gross Earnings Tax <i>Ch. 227</i>	334,462,843	372,966,634	374,925,895
Prepaid Wireless E-9-1-1 Fee <i>Ch. 518b</i>	0	0	644,210
Public, Educational & Gov. Programming Tax <i>Ch. 289</i>	3,155,075	3,584,642	3,452,386
Railroad Companies Tax <i>Ch. 210</i>	51,775	89,114	115,320
Real Estate Conveyance Tax <i>Ch. 223</i>	91,112,443	121,762,920	147,184,519
Rental Surcharge <i>Ch. 228h</i>	151,287	230,315	259,791
Sales and Use Taxes <i>Ch. 219</i>	3,354,088,802	3,887,346,160	3,961,559,358
Solid Waste Tax <i>Ch. 446d</i>	3,323,663	3,470,186	3,417,632
Special Fuel Tax <i>Ch. 221</i>	98,553,113	112,725,493	124,601,098
Succession Tax <i>Ch. 216</i>	532,644	1,213,677	984,049
Tobacco Products Tax <i>Ch. 214a</i>	7,391,212	9,944,436	16,419,338
Tourism Surcharge <i>Ch. 228e</i>	4,793,788	4,914,319	4,976,715
Unrelated Business Income Tax <i>Ch. 208a</i>	1,905,559	1,957,467	2,106,930
<b>Total</b>	<b>\$13,692,026,346</b>	<b>\$15,738,052,159</b>	<b>\$16,528,526,125</b>

# ADMISSIONS AND DUES TAX

Revenue	
FY 2012-13	\$ 36,578,471
2011-12	34,361,334
2010-11	33,702,049

## Exemptions:

### Admissions

- under \$1
- Non-profit organization
- Motion pictures at not more than \$5.00
- Live performances at non-profit theaters or playhouses, Gateway's Candlewood Playhouse, and Ocean Beach Park
- Sporting or athletic activities in which patrons participate
- Carnival or amusement rides
- Cabarets
- Interscholastic athletic events held at Rentschler Field

## Dues:

- \$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

Admissions	360 taxpayers / Monthly
Dues	305 taxpayers / Monthly

## ADMISSIONS AND DUES TAX (cont.)

### Basis and Rate

<b>Admissions</b>	6% of the admissions charge to motion picture shows.
	10% of the admission charge to any other place of amusement, entertainment, or recreation.
<b>Dues</b>	10% of membership dues or initiation fees to any social, athletic or sporting club organization.

### Comparative Data

	Tax Due		
	FY 2010-11	FY 2011-12	FY 2012-13
Motion Picture Admissions	\$4,318,415	\$4,205,499	\$4,354,920
Other Admissions	5,625,480	7,013,641	8,793,227
Dues	23,758,154	23,142,194	23,430,324
<b>Total</b>	<b>\$33,702,049</b>	<b>\$34,361,334</b>	<b>\$ 36,578,471</b>

## 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 2012-13	\$60,405,645
2011-12	60,595,455
2010-11	48,922,769

### Exemption

Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit.

### Number of Taxpayers/Filing Frequency

525 distributors/ Monthly

### Basis and Rate

	Effective Until June 30, 2011	Effective July 1, 2011
Beer	\$6.00 per barrel (31 gallons)	\$7.20 per barrel (31 gallons)
Beer	20¢ per gallon	24¢ per gallon
Still Wines	60¢ per gallon	72¢ per gallon
Small Wineries	15¢ per gallon	18¢ per gallon
Sparkling Wines	\$1.50 per gallon	\$1.80 per gallon
Alcohol	\$4.50 per proof gallon	\$5.40 per proof gallon
Distilled Liquor	\$4.50 per gallon	\$5.40 per gallon
Liquor Coolers	\$2.05 per gallon	\$2.46 per gallon

### Comparison of Gallonage

TYPE	FY 2010-11 (gallons)	FY 2011-12 (gallons)	FY 2012-13 (gallons)
Beer - barrels	195,681	193,885	200,042
Beer - gallons	51,541,184	50,806,908	50,570,000
Still Wine	13,157,043	13,287,232	13,483,942
Small Wineries	440,358	371,388	305,414
Sparkling Wine	466,315	512,645	533,487
Distilled Liquor	6,293,535	6,406,575	6,593,034
Liquor Cooler	17,854	13,052	11,824
Alcohol	56,799	58,311	65,742

## 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 2012-13	\$27,528,488
2011-12	27,134,224
2010-11	31,458,682

### **Exemptions**

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

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

72 Entities/Quarterly



# BUSINESS ENTITY TAX

The following business entities are 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).

<b>Revenue</b>	
FY 2012-13	\$44,634,817
2011-12	42,162,256
2010-11	39,972,174

## Exemptions

- LLCs and SMLLCs that have elected to be taxed as a corporation for federal tax purposes; and
- Any domestic LP that is not formed under Chapter 610 of the Connecticut General Statutes.

## Number of Taxpayers/Filing Frequency

150,175 Entities/Biennially\*

\* Effective for taxable years commencing on or after January 1, 2013, this tax becomes payable every other year.

## Basis and Rate

\$250 per biennial period.

## 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 2012-13	\$384,381,769
2011-12	410,807,228
2010-11	397,067,659

### **Exemption**

Cigarettes sold to any state institution other than a correctional institution.

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

32 taxpayers/ Monthly

### **Basis and Rate**

The cigarette tax is 170 mills per cigarette or \$3.40 per pack of twenty. Prior to July 1, 2011, the cigarette tax rate was 150 mills per cigarette or \$3.00 per pack of twenty.

## 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 2012-13	\$35,295
2011-12	35,611
2010-11	33,610

### **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 2012-13	\$ 6,322,814
2011-12	10,978,545
2010-11	3,709,603

### 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.  
64 transfers in FY 2012-13

### Basis and Rate

1.11% on the sale or transfer of a controlling interest. Also, an additional tax not to exceed 10% on the value of open space land, farmland, forestland, and maritime heritage land depending on the holding period, may 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 2012-13	\$697,050,288
2011-12	671,117,864
2010-11	752,261,374

## **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 applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax, deductions taken for qualified domestic production activities under I.R.C. §199, and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

Connecticut uses an apportionment method to determine the portion of income taxable in the state. This method isolates what percentage of a corporation's economic activity takes place in Connecticut. Three factors: sales, payroll and property compare Connecticut to the nation to arrive at this percentage. The sales factor is double weighted.

Special single-factor apportionment rules are currently provided for financial service companies, manufacturers and broadcasters.

Connecticut Net Income is taxed at the rate of 7.5%.

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

### **Capital Base Method**

The second and alternate method corporations must compute their tax under is the Capital Base. 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.

### **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 beginning between 2009 and 2011, corporations, except those paying the minimum tax of \$250, paid the surtax in an amount equal to 10% of the tax due before credits are applied. The surtax amount increased to 20% for the 2012 through 2015 income years. Companies whose gross income is less than \$100 million are exempt from the surtax unless they file as part of a combined or unitary return.

The total amount of surtax reported on Income Year 2011 returns was \$38.6M.

### **Unitary Returns**

Unitary tax returns measure the entire net income of all of the corporations included in the unitary group as if they were one corporation. Corporations that are subject to the add back of interest expenses paid to related members may elect to calculate their tax on a unitary basis provided there are substantial inter-corporate business transactions among the included corporations. Taxpayers may otherwise petition DRS for approval. The combined entire net income of the unitary group is apportioned to Connecticut as if it was one corporation.

## CORPORATION BUSINESS TAX (cont.)

### Combined Returns

If a corporation is permitted to file a federal consolidated return, it may file a combined return in Connecticut. Filing a combined return allows a group of corporations engaged in business in Connecticut to file jointly. Their combined Connecticut tax liability is determined after each corporation individually apportions its income to Connecticut.

### Preference Tax

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$500,000 of tax savings over what they would pay if they filed separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$500,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax.

The total tax due for income year 2011 combined filers had they filed separate single returns would have been \$676.5M. The preference tax due by these filers was \$34.8M. The total tax due before credits for combined filers was \$209.5M, including the \$34.8M in preference tax.

### 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.

## CORPORATION BUSINESS TAX (cont.)

### Filing Frequency

Annually with four estimated installments.

### Number of Taxpayers

### 2011 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
<b>Single Filers</b>			
Net Income	8,028	\$274,712,486	\$241,000,860
Capital Base	4,647	32,770,664	24,643,870
Minimum Tax	23,196	5,832,398	5,810,899
Exempt	3,812	0	0
<b>Combined Filers</b>			
Net Income	302	155,685,810	90,286,124
Capital Base	283	40,128,930	23,380,501
Minimum Tax	405	13,701,773	8,652,869
<b>Unitary Filers</b>			
Net Income	90	44,250,865	33,329,245
Capital Base	43	7,810,987	5,882,911
Minimum Tax	73	285,000	285,000
<b>Total</b>	<b>40,879</b>	<b>\$575,178,913</b>	<b>\$433,272,278</b>

## CORPORATION BUSINESS TAX (cont.)

### 2011 Corporation Business Tax Returns

Industry Sector	Number of Returns	Tax Due Before Credits	Tax Due After Credits
11 Agriculture, Forestry, Fishing and Hunting	145	687,199	509,817
21 Mining	48	1,265,422	1,238,156
22 Utilities	97	11,810,955	5,436,101
23 Construction	3,157	6,472,312	6,152,597
31-33 Manufacturing	3,894	137,175,849	89,028,727
42 Wholesale Trade	2,558	35,242,421	30,419,825
44-45 Retail Trade	3,471	55,238,166	43,325,309
48-49 Transporting and Warehousing	788	7,885,536	6,724,348
51 Information	898	60,417,448	29,060,015
52 Finance and Insurance	2,721	56,928,544	51,930,893
53 Real Estate and Rental and Leasing	3,796	13,802,816	13,338,711
54 Professional, Scientific and Tech Services	6,138	39,264,153	31,893,861
55 Management of Companies and Enterprises	869	50,838,670	39,975,568
56 Administrative and Support Services	1,319	9,987,822	8,143,555
61-62 Education, Health Care and Social Assistance	1,875	8,529,567	6,958,114
71 Arts, Entertainment, and Recreation	451	1,735,774	848,181
72 Accommodation and Food Services	971	3,360,094	3,183,207
81-92 Other Services	3,616	6,782,000	6,323,573
99 Not Yet Assigned	4,067	67,754,165	58,781,721
<b>Total</b>	<b>40,879</b>	<b>\$575,178,913</b>	<b>\$433,272,278</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. The amount of tax credits allowable generally cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250. An exception to the 70% limitation was allowed for income years beginning in 2011 and 2012 to those taxpayers with an average monthly net employment gain.

### **Apprenticeship Training**

*Reference: Conn. Gen. Stat. §12-217g as amended by 2013 Conn. Pub. Acts 184*

A corporation that hires apprentices in the manufacturing or 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.

Beginning in income year 2015, the calculation for manufacturing trades apprenticeships increases the credit to \$6 per hour 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.

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.

### **Computer Donation**

*Reference: Conn. Gen. Stat. §10-228b*

A corporation business tax credit is available for the donation of new or used computers to a local or regional board of education or a public or non-public school. The amount of the credit shall not exceed 50% of the fair market value at the time of donation.

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The credit is no longer available for income years beginning on or after January 1, 2014.

## **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 cost were incurred.

### **Displaced Workers**

*Reference: Conn. Gen. Stat. §12-217hh as amended by 2013 Conn. Pub. Acts 232*

A corporation business tax credit was available for employers that hired workers displaced because of a business restructuring in which at least ten employees were terminated. The available credit was \$1,500 for each displaced worker who completed twelve months of full-time employment and whose salary was at least 75% of their previous annual wages.

This tax credit was repealed effective July 1, 2013.

### **Displaced Workers Hired By Electric Suppliers**

*Reference: Conn. Gen. Stat. §12-217bb as amended by 2013 Conn. Pub. Acts 232*

Electric suppliers that hired workers displaced by the restructuring of the electric industry were able to claim a credit of \$1,500 for each displaced worker employed at least 6 months.

This tax credit was repealed effective July 1, 2013.

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

### **Donation of Land**

*Reference: Conn. Gen. Stat. §§ 12-217dd and 12-217ff as amended by 2013 Conn. Pub. Acts 232*

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.

### **Enterprise Zone Credit for Qualifying Corporations**

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

A credit is allowed to any qualifying corporation which hires at least 150 local employees qualifying under the Job Training Partnership Act to work within a designated Enterprise Zone. This credit is 100% of the corporation's tax liability for its first three years and 50% of its liability for the next seven.

### **Film Production**

*Reference: Conn. Gen. Stat. §12-217jj as amended by 2013 Conn. Pub. Acts 247*

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).

Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the costs were incurred. These may be sold, assigned or transferred in whole or part no more than 3 times.

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

### **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.

For income years beginning on or after January 1, 2010, 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 3 times.

### **Financial Institutions**

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

This credit is available to financial institutions that construct a new facility of at least 900,000 square feet and create a minimum of 1,200 new jobs. Each company must obtain an eligibility certificate from DECD and may claim this credit for up to fifteen years. Credit levels of 30%, 40% or 50% for years one through ten and 25% for years eleven through fifteen are based on the number of qualified employees.

This credit is repealed for income years beginning on or after January 1, 2014.

### **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*

For income years beginning on or after January 1, 2012 a credit is available for eligible construction, renovation, or rehabilitation projects that are designed to meet the applicable requirements for LEED Green Building Rating System gold or platinum certification or another equivalent certification determined by DEEP.

Credits percentages range between 5% and 11% and depend on the location and certification level of the project. Unused credits may be carried forward for five succeeding income years.

### **Hiring Incentive**

*Reference: Conn. Gen. Stat. §12-217y as amended by 2013 Conn. Pub. Acts 232*

This credit was available for companies that hired recipients of the Temporary Family Assistance (TFA) program. Employees must have been receiving TFA benefits for at least 9 months and worked at least 30 hours per week to qualify. A corporation may have claimed a credit of \$125 for each full month that the worker was employed. Unused credits were carried forward for five succeeding income years.

This tax credit was repealed effective July 1, 2013.

### **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 \$25,000 in order to qualify. Effective for income years that begin in 2015, the minimum amount of qualified rehabilitation expenditures is reduced to \$15,000.

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. Effective for income years that begin in 2015, this maximum is increased to \$50,000 for owners that are nonprofit corporations.

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

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

### **Historic Preservation**

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

This tax credit is available to owners rehabilitating certified historic buildings that will have mixed residential and nonresidential uses. After the rehabilitation work is performed and verified, a tax credit is allowed for 25% of the qualified rehabilitation expenditures. The amount of the available credit increases to 30% of the qualified expenditures if the rehabilitated building contains affordable housing. Unused credits may be carried forward for five succeeding income years.

### **Historic Structures Rehabilitation**

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

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

### **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.

### **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.

## CORPORATION BUSINESS TAX CREDITS (cont.)

### **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.

2010 legislation significantly changed this tax credit. New eligibility certificates for insurance businesses which enable investors to claim a corporation tax credit cannot be issued on or after July 1, 2010. Furthermore, an insurance business must have received investments of at least \$1 million by July 1, 2011.

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).

### **Job Expansion**

*Reference: Conn. Gen. Stat. §12-217pp as amended by 2013 Conn. Pub. Acts 123 and 232*

This tax credit program was established for taxpayers that hired new employees who reside in Connecticut to fill new jobs after January 1, 2012 and before January 1, 2014. The amount of the tax credit is \$500 per month for a new full-time employee and \$900 per month for an armed forces veteran or a qualifying employee. A qualifying employee is one who at the time of hiring is receiving unemployment compensation or has exhausted unemployment compensation benefits without an intervening job, is receiving employment services from the Department of Mental Health and Addiction Services, is receiving vocational rehabilitation services from the Department of Rehabilitation Services or is participating in employment opportunities and day services provided by the Department of Developmental Services.

A business must apply to DECD for this tax credit and cannot claim any other tax credit with respect to the same employees. A taxpayer can claim this tax credit in the income year the credit is earned and the next two income years.

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

### **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.

### **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 is 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.

### **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.)**

### **New Jobs Creation**

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

This tax credit is available to businesses that created at least 10 new jobs. To qualify, the taxpayer must have submitted an application with the Department of Economic and Community Development. The credit allowed is an amount up to 60% of the Connecticut income tax deducted and withheld from the wages of new employees. For each new employee, credits may be granted for five successive income years.

As of January 1, 2012, the Commissioner of Economic and Community Development may no longer issue eligibility certificates for this tax credit.

### **Qualified Small Business Job Creation**

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

An employer with less than 50 employees in Connecticut may earn a tax credit equal to \$200 per month for hiring a Connecticut resident after May 6, 2010. The new employee must be hired to fill a full time job during the income years beginning on or after January 1, 2010, and before January 1, 2013. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

### **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.

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

### **Research and Development Grants to Institutions of Higher Education**

*Reference: Conn. Gen. Stat. §12-217l as amended by 2013 Conn. Pub. Acts 232*

This credit was available for 25% of the incremental increase in amounts spent by a corporation for a qualifying grant or combination of grants to any institution of higher education in Connecticut for the purposes of research and development related to advancements in technology.

This tax credit was repealed effective July 1, 2013.

### **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.

### **Small Business Guaranty Fee**

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

Small businesses with less than \$5 million in gross receipts may claim this credit equal to the amount paid to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing during the income year. Unused credits may be carried forward for four succeeding income years. This credit is eliminated for income years beginning on or after January 1, 2014.

## **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.

### **Vocational Rehabilitation Job Creation**

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

An employer may earn a tax credit equal to \$200 per month for hiring a new employee who is receiving rehabilitation services from the Department of Social Services or from the Board of Education and Services for the Blind.

The new employee must be hired prior to January 1, 2012 to work at least 20 hours per week for 48 weeks of a calendar year. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

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

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2011 returns and any credits carried forward from prior years and used in 2011.

### **Tax Credits Claimed on 2011 Corporation Business Returns**

<b>Type of Credit</b>	<b>Number of Credits</b>	<b>Amount Claimed</b>
Apprenticeship Training	11	\$456,991
Digital Animation	3	3,602,804
Displaced Workers	1	3,000
Donation of Land	3	6,657
Electronic Data Processing	1,208	10,713,974
Film Production	19	18,561,449
Film Production Infrastructure	2	525,581
Financial Institutions	2	5
Fixed Capital	1,811	65,265,476
Hiring Incentive	1	3,414
Historic Homes Rehabilitation	3	16,430
Historic Structures Rehabilitation	1	1,642,507
Housing Program Contribution	5	1,826,822
Human Capital	116	5,394,819
Insurance Reinvestment	2	334,347
Machinery and Equipment	94	1,519,282
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	24	1,051,707
Neighborhood Assistance	66	2,098,982
New Jobs Creation	8	816,402
Qualified Small Business Job Creation	11	76,694
Research & Development	134	4,968,847

## CORPORATION BUSINESS TAX CREDITS (cont.)

### Tax Credits Claimed on 2011 Corporation Business Returns (cont.)

Type of Credit	Number of Credits	Amount Claimed
Research & Development Grants to Institutions of Higher Education	1	186
Research & Experimental Expenditures	164	14,805,642
Urban and Industrial Site Reinvestment	14	8,214,617
<b>Total</b>	<b>3,704</b>	<b>\$141,906,635</b>

The table below shows the unused credit amounts reported on 2011 corporation business tax returns as being carried forward to the 2012 income year.

### Credits Carried Forward to 2012 Income Year

Type of Credit	Carryforward Amount
Donation of Land	\$ 3,503,170
Electronic Data Processing	92,201,587
Fixed Capital	304,677,996
Historic Homes	4,216
Housing Program Contribution	435,486
Human Capital	10,484,312
Insurance Reinvestment	3,132
Research & Development	1,447,870,674
Research & Experimental Expenditures	539,669,123
SBA Guaranty Fee	174,243
Urban and Industrial Site Reinvestment	14,101,858
<b>Total Carryforward Credits</b>	<b>\$2,413,125,797</b>

## DRY CLEANING SURCHARGE

*The Dry Cleaning 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.*

<b>Revenue</b>	
FY 2012-13	\$689,063
2011-12	745,185
2010-11	682,911

### **Basis and Rate**

1% of gross receipts at retail.

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

460 taxpayers/Quarterly

## ELECTRIC GENERATORS TAX

*Effective for calendar quarters commencing on or after July 1, 2011 an electric generation tax was established and imposed on any entity that provides electric generation services and uploads electricity generated at a Connecticut facility to the regional bulk power grid.*

<b>Revenue</b>	
FY 2012-13	\$66,823,140
2011-12	69,532,719

### **Basis and Rate**

The rate is equal to \$0.0025 multiplied by the net kilowatt hours of electricity that is generated and uploaded.

### **Exemptions**

- Electricity generated at a facility through the use of alternative energy systems;
- Electricity generated at a facility through the exclusive use of fuel cells;
- Electricity generated at a resource recovery facility; and
- Electricity generated at customer-side distributed resources.

### **Sunset of Tax**

The tax was scheduled to sunset as of July 1, 2013, however, Public Act 13-184 extended the sunset of the tax one additional calendar quarter until October 1, 2013.

## GIFT AND ESTATE TAX

*Resident and nonresident estates of decedents dying on or after January 1, 2011 are liable for the Connecticut Estate Tax on the amount of their Connecticut taxable estate that exceeds \$2 million. For estates of decedents dying during 2010, this threshold was \$3.5 million.*

*For estates of decedents dying on or after January 1, 2005, but prior to January 1, 2010 the threshold was \$2 million. If the threshold for these estates, was exceeded, the tax was payable on the entire amount, including the first \$2 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 on or after January 1, 2005, exceeds \$2 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.*

*For Connecticut taxable gifts made during 2010, a donor paid Connecticut gift tax if the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005, exceeded \$3.5 million.*

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

	<b>Gift Tax Revenue*</b>	<b>Connecticut Estate Tax Revenue*</b>	<b>Gift and Estate Tax Revenue</b>
FY 2012-13	\$2,057,611	\$17,214	\$439,518,640
2011-12	584,098	95,966	191,699,581
2010-11	758,267	328,910	237,573,241

\* Revenues from late returns and audit activity for taxes in effect prior to 1/1/05.



## GIFT AND ESTATE TAX (cont.)

### Basis and Rate

For gifts made, or the estates of decedents dying **on or after January 1, 2011** the table below is used to compute the Gift and Estate tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$2,000,000	None
Over \$2,000,000 but not over \$3,600,000	7.2% of the excess over \$2,000,000
Over \$3,600,000 but not over \$4,100,000	\$115,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$154,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$238,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$328,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$424,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$526,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$634,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$748,200 plus 12% of the excess over \$10,100,000

### Detail of Revenue

For Fiscal Year 2012-13, total Gift and Estate Tax revenue collected was \$439,518,640. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during Fiscal Year 2012-13 follows.

## GIFT AND ESTATE TAX (cont.)

### GIFT AND ESTATE TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2012-13

Amount of Taxable Estate More Than	Not Over	# of Returns	Tax Due
\$2 Million	\$3 Million	216	\$6,938,057
\$3 Million	\$4 Million	92	8,150,790
\$4 Million	\$5 Million	60	9,062,373
\$5 Million	\$6 Million	39	8,596,613
\$6 Million	\$7 Million	12	3,725,501
\$7 Million	\$ 8 Million	15	5,923,440
\$ 8 Million	\$10 Million	15	7,736,705
\$ 10 Million	\$15 Million	22	16,330,259
\$15 Million	\$25 Million	9	8,054,534
\$25 Million		6	29,304,100
<b>Total</b>		<b>486</b>	<b>\$103,822,372</b>

For Fiscal Year 2012-13, an additional amount of the gift and estate tax was attributable to tax returns filed by non-decedents. A breakdown of calendar year 2012 returns is shown below.

### GIFT AND ESTATE TAX RETURNS 2012 GIFT TAX ONLY

Amount of 2012 Taxable Gifts More Than	Not Over	# of Returns	Tax Due
	\$2 Million	349	14,382,747
\$2 Million	\$3 Million	411	24,968,514
\$3 Million	\$4 Million	224	32,668,157
\$4 Million	\$5 Million	278	59,788,552
\$5 Million	\$6 Million	131	32,620,522
\$6 Million		7	53,984,451
<b>Total</b>		<b>1,400</b>	<b>\$218,412,943</b>

# HOSPITAL NET PATIENT REVENUE TAX

*A tax is imposed on each health care facility or institution, which is licensed as a short-term general hospital by the Department of Public Health.*

<b>Revenue</b>	
FY 2012-13	\$347,294,200
2011-12	349,277,587

## **Exemptions**

- 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).

## **Basis and Rate**

The Department of Social Services determines the amount of net patient revenue and net patient revenue tax for each hospital.

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

27 taxpayers/Quarterly

## 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.*

### Revenue

FY 2012-13	\$8,720,684,753
2011-12	8,309,391,926
2010-11	7,246,418,948

### Number of Taxpayers/Filing Frequency

1.8 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.

### For taxable years commencing on or after January 1, 2011:

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
	6.7% on the excess over \$250,000
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
	6.7% on the excess over \$400,000
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
	6.7% on the excess over \$500,000

## INCOME TAX (cont.)

For taxable years commencing on or after January 1, 2009, but prior to January 1, 2011:

Filing Status	Connecticut Taxable Income	Rate of Tax
Single and	Not over \$10,000	3%
Married Filing Separately	Over \$10,000 but not over \$500,000	\$300, plus 5% of the excess over \$10,000
	Over \$500,000	\$24,800, plus 6.5% of the excess over \$500,000
Head of Household	Not over \$16,000	3%
	Over \$16,000 but not over \$800,000	\$480, plus 5% of the excess over \$16,000
	Over \$800,000	\$39,680, plus 6.5% of the excess over \$800,000
Joint Filers	Not over \$20,000	3%
	Over \$20,000 but not over \$1,000,000	\$600, plus 5% of the excess over \$20,000
	Over \$1,000,000	\$49,600, plus 6.5% of the excess over \$1,000,000

Generally, one's filing status for Connecticut must be the same as his or her federal filing status. However, under Connecticut law taxpayers who are in a same sex marriage were allowed to file jointly for Connecticut only prior to January 1, 2013. Effective January 1, 2013, the U.S. Supreme Court decision in *U.S. v. Windsor* 12-307 (U.S. 6-26-2013) 133 S. Ct. 2675 resulted in taxpayers being allowed to claim the same filing status options on their federal return as they claim on their state return.

### Exemptions

- \$14,000 for taxable years commencing on or after January 1, 2013 but prior to January 1, 2014. For taxpayers with Connecticut AGI in excess of \$28,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$41,000;
- \$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;

## INCOME TAX (cont.)

- \$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;
- \$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;
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. 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 \$60,000; and
- Fifty percent of federally taxable military retirement pay is exempted through a subtraction from federally adjusted gross income for fifty percent of income received from the United States government as retirement pay 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.

### 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

- \$150 per \$10,000 of Connecticut adjusted gross income over the starting point for taxpayers filing jointly, with a maximum total recapture of \$4,500;
- \$75 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 \$2,250; and
- \$120 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 \$3,600.

## 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;
- 50% of military retirement pay;
- Gain on sale of Connecticut bonds; and
- 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 civil union filing separately or \$10,000 for individuals whose filing status is married filing jointly, civil union filing jointly or qualifying widow(er) with dependent child.

### 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.

## INCOME TAX (cont.)

### 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.

### 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. Effective for taxable years commencing on or after January 1, 2011, the maximum credit is reduced from \$500 to \$300 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability.

### Tax 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.

## Tax Credits:

### Connecticut Earned Income Tax Credit

For taxable years beginning on or after January 1, 2011, a Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year.

The amount of the CT EITC for 2011 and 2012 is 30% of the earned income credit claimed and allowed. For income years commencing on or after January 1, 2013 and prior to January 1, 2014 the EITC credit amount is reduced from 30% to 25% of the amount of federal EITC claimed. For income years commencing on or after January 1, 2014 and prior to January 1, 2015 the EITC rate is 27.5%.

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
2011	181,620	\$109,194,583
2012	187,043	\$112,153,814



## INCOME TAX (cont.)

### **Job Expansion Tax Credit:**

*Reference: Conn. Gen. Stat. §12-217pp as amended by 2013 Conn. Pub. Acts 123 and 232*

This tax credit program was established for taxpayers that hired new employees who reside in Connecticut to fill new jobs after January 1, 2012 and before January 1, 2014. The amount of the tax credit is \$500 per month for a new full-time employee and \$900 per month for an armed forces veteran or a qualifying employee. A qualifying employee is one who at the time of hiring is receiving unemployment compensation or has exhausted unemployment compensation benefits without an intervening job, is receiving employment services from the Department of Mental Health and Addiction Services, is receiving vocational rehabilitation services from the Department of Rehabilitation Services or is participating in employment opportunities and day services provided by the Department of Developmental Services.

A business must apply to DECD for this tax credit and cannot claim any other tax credit with respect to the same employees. A taxpayer can claim this tax credit in the income year the credit is earned and the next two income years.

**The Vocation Rehabilitation Job Creation and Qualified Small Business Job Creation Tax credits can only be claimed for the 2010 and 2011 income years. The JET credit replace these two credits for 2012 and 2013:**

- **Qualified Small Business Job Creation Tax Credit Program** was available to a qualified small business that hires a new employee. The amount of the credit is \$200 per month for each new employee hired; and
- **Vocational Rehabilitation Job Creation Tax Credit Program** was also administered by DECD. The credit is equal to \$200 per month for each new qualifying employee hired by an employer engaged in business in Connecticut.

### **Angel Investor Tax Credit**

Provides a credit for a cash investment of not less than \$25,000 in the qualified securities of a Connecticut business by an angel investor. The credit is equal to 25% of such investor's cash investment provided the total tax credits allowed to any one investor shall not exceed \$250,000 and shall be claimed in the taxable year in which the cash investment was made.

## INCOME TAX (cont.)

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. to reserve a tax credit. The angel investor must choose from a list of Connecticut businesses that Connecticut Innovations Inc. has determined are qualified to receive cash investments eligible for the angel investor tax credit. Tax credits cannot be reserved for any investments made on or after July 1, 2014.

### **Insurance Reinvestment Fund Tax Credit**

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 companies taxes. Effective July 1, 2010, no new eligibility certificates will be issued for the credit against the personal income tax.

However, the credits earned under the old insurance reinvestment act continue to be utilized until they expire.

### **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.

# INCOME TAX (cont.)

## Personal Income Tax Credits

<b>2011 Personal Income Tax Credits</b>		
<b>Credit</b>	<b>Number of Credits Claimed</b>	<b>Amount of Credit</b>
Angel Investor	67	\$1,293,567
Insurance Reinvestment Fund	10	1,630,004
Prior Year CT Minimum Tax	5,269	5,749,544
Qualified Small Business Job Creation	139	294,589

<b>2010 Personal Income Tax Credits</b>		
<b>Credit</b>	<b>Number of Credits Claimed</b>	<b>Amount of Credit</b>
Angel Investor	21	\$444,491
Insurance Reinvestment Fund	10	804,010
Prior Year CT Minimum Tax	1,981	2,456,987
Qualified Small Business Job Creation	65	77,908

# 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.*

<b>Revenue</b>	
FY 2012-13	\$242,447,843
2011-12	224,406,761
2010-11	209,187,141

## **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**

1,296 insurance companies/ Annually with four estimated payments:  
100 Domestic companies  
1,045 Foreign companies  
10 Health Care Centers  
141 Nonadmitted/Unauthorized Insurers

## **Basis and Rate**

- 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by nonadmitted/unauthorized insurers; and
- 1.75% of net direct subscriber charges of health care centers.

## INSURANCE PREMIUMS TAX (cont.)

### Comparative Data

	FY 2010-11	FY 2011-12	FY 2012-13
Domestic	\$40,905,240	\$49,596,515	\$51,780,056
Foreign	139,879,273	150,058,845	160,644,073
Health Care Center	22,736,051	18,068,574	20,304,763
Nonadmitted/ Unauthorized	5,666,578	6,682,827	9,718,951
<b>Total</b>	<b>\$209,187,142</b>	<b>\$224,406,761</b>	<b>\$242,447,843</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 2011 Insurance Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	35	\$8,441,730
Insurance Department Assessment	6	614,509
Insurance Reinvestment	7	1,192,414
Neighborhood Assistance	22	1,639,907
Urban & Industrial Site Reinvestment	14	4,773,192
Film Production	27	36,063,598
Film Production Infrastructure	5	1,520,077
Digital Animation	25	8,320,161
New Job Creation	1	25,815
Historic Homes	4	262,656
Historic Structures Rehabilitation	2	633,099
Historic Preservation	5	594,077
<b>Total Credits</b>	<b>153</b>	<b>\$64,081,235</b>

## INSURANCE PREMIUMS TAX (cont.)

### Calendar Year 2012 Insurance Tax Credits Preliminary

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	35	\$8,998,809
Insurance Department Assessment	4	472,673
Insurance Reinvestment	6	1,951,485
Neighborhood Assistance	16	1,262,698
Urban & Industrial Site Reinvestment	6	1,498,973
Film Production	22	7,560,649
Film Production Infrastructure	12	770,754
Digital Animation	47	12,848,610
New Job Creation	1	56,527
Historic Homes	3	323,316
Historic Structures Rehabilitation	7	2,391,420
Historic Preservation	5	481,162
<b>Total Credits</b>	<b>164</b>	<b>\$38,617,076</b>

## INTERMEDIATE CARE FACILITY USER FEE

*A fee is imposed on each residential facility for individuals with intellectual disabilities that meet certain federal requirements, and, in the case of any private facility, are licensed by the Department of Developmental Services.*

<b>Revenue</b>	
FY 2012-13	\$4,075,202
2011-12	15,966,764

### **Basis and Rate**

The intermediate care facility user fee payment for a calendar quarter is the product of an intermediate care facility's total resident days during the calendar quarter multiplied by \$27.76. The intermediate care facility user fee is determined by the Department of Social Services on or before July first, either annually or biennially.

A federal determination in 2013 found that higher rates for state-owned and operated intermediate care facilities exceeded those allowed by federal law. Required adjustments to the rate for state-owned and operated facilities resulted in a significant drop in revenue from the FY 2011-12 collections.

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

71 taxpayers/Quarterly

## 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.*

Revenue	
FY 2010-11	\$14,070,884
2011-12	16,044,514
2012-13	17,671,307

### Exemption

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

### Number of Taxpayers/Filing Frequency

2,454 IFTA filers/Quarterly  
3,155 Intrastate Motor Carrier filers

### Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/11 - 6/30/12*	46.2¢
Diesel Fuel - 7/1/12- 6/30/13*	51.2¢
Diesel Fuel - 7/1/13- 6/30/14*	54.9¢
Natural Gas or Propane	26¢

\*The Department is required to determine 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.*

Revenue	
FY 2012-13	\$483,880,877
2011-12	476,998,407
2010-11	469,723,945

### 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; and
- A company that uses or consumes motor fuels exclusively for hauling waste for the Connecticut Resource Recovery Authority, Mid-Connecticut Project.

### Number of Taxpayers/Filing Frequency

913 taxpayers/Monthly

### Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/11 - 6/30/12*	46.2¢
Diesel Fuel - 7/1/12- 6/30/13*	51.2¢
Diesel Fuel - 7/1/13- 6/30/14*	54.9¢
Natural Gas or Propane	26¢

\*The Department is required to determine 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 2010-11	FY 2011-12	FY 2012-13
Special Fuel*	244,253,773	239,845,475	240,089,155
Gasohol	1,490,129,818	1,461,380,892	1,446,424,660
<b>Total Gallons</b>	<b>1,734,383,591</b>	<b>1,701,226,367</b>	<b>1,686,513,815</b>

\* Gallons reported under Special Fuel contain a small amount of gallons reported for Natural Gas and Propane.

## NURSING HOME USER FEE

*A Nursing Home User Fee is imposed 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. The fee is remitted quarterly.*

<b>Revenue</b>	
FY 2012-13	\$150,500,232
2011-12	151,701,572
2010-11	121,662,798

### **Basis and Rate**

The nursing home user fee is determined by the Department of Social Services on or before July 1 annually or biennially. This amount is multiplied by the nursing home's total resident days during the calendar quarter.

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

225 taxpayers/Quarterly

# 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 2012-13	\$9,352,916
2011-12	9,127,226
2010-11	8,692,107

<b>Exemptions</b>	<b>Number of Exemption Claims</b>
Employees of the State of Connecticut including judges and referees;	1,553
Probate court employees	16
Any attorney employed by a political subdivision of Connecticut	93
Employees of the federal government	489
Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year	88
Attorneys who received less than \$450 in compensation during 2012	1,067
Those engaged in practice of law exclusively outside the state	5,987
Those removed from the roll of attorneys.	142
Those who did not work or were not employed as an attorney	4,634
Any attorney who has retired from the practice of law or died in 2012	216
<b>Total Number of Exempt Filers in 2012</b>	<b>14,094</b>

*Note: Some filers claimed more than one exemption.*

## Number of Taxpayers/Filing Frequency

14,395 Attorneys/ Annually

## Basis and Rate

\$565 per practicing attorney.

# 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 2012-13	\$374,925,895
2011-12	372,966,634
2010-11	334,462,843

## **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;
- 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 used exclusively for heating;
- 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; and
- Cosmetic grade mineral oil. Effective for the first sale on or after July 1, 2013.

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

676 taxpayers/Quarterly

## **Basis and Rate**

<b>Calendar quarters commencing:</b>	<b>Rate</b>
on or after July 1, 2007	7.0%
on or after July 1, 2013	8.1%

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

Effective April 3, 2012 the Petroleum Products Gross Earnings Tax is capped at \$3.00 per gallon on 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.

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

*Legislation passed in 2012 levies a Prepaid Wireless E 9-1-1 Fee 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 went into effect January 1, 2013 and 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 2012-13	\$644,210

### **Basis and Rate**

\$0.67 for sales occurring between January 1, 2013 and June 30, 2013.

\$0.70 for sales occurring on or after July 1, 2013.

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

510 Retailers

420 / Monthly

90 / Quarterly

# PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2012-13	\$274,097,101
2011-12	261,481,222
2010-11	278,037,032

## 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

76 taxpayers:

- 47 Public Utility Companies/Quarterly
- 15 Community Antenna TV Companies/Quarterly
- 7 Satellite TV Companies /Quarterly
- 7 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	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 will be used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account.

## PUBLIC SERVICE COMPANIES TAX (cont.)

### Residential Credit

Gas companies claimed \$6,354,970 in Fiscal Year 2012-13 under the one-percent credit attributable to the sale of gas and electric power for residential use.

### Manufacturing Companies Credit

\$8,686,960 was claimed in credit for Fiscal Year 2012-13 for gas sales used directly by a company engaged in a manufacturing production process.

### Comparative Data

	FY 2010-11	FY 2011-12	FY 2012-13
Cable, Satellite & Video Companies	\$58,236,814	\$52,656,640	\$56,439,345
Electric & Power Companies	160,649,629	153,968,884	157,298,145
Gas Companies	55,943,739	51,181,942	56,791,905
Public, Educational & Governmental Programming Tax*	3,155,075	3,584,642	3,452,386
Railroad Companies	51,775	89,114	115,320
<b>Total Tax</b>	<b>\$278,037,032</b>	<b>\$261,481,222</b>	<b>\$274,097,101</b>

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

### Municipal Electric Utilities

The gross earnings of municipal electric utilities in Connecticut are taxed in the same manner as the gross earnings of electric distribution companies. Municipal electric utilities are subject to gross earnings tax only on their gross earnings from providing electric transmission services and electric distribution services. The rate is 6.8% for transmitting and distributing power to residential customers and 8.5% on nonresidential services.



## 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 2012-13	\$147,184,519
2011-12	121,762,920
2010-11	91,112,443

### 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;
- All transfers between spouses;
- Any deeds of property located in an 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; and
- 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.

### Basis and Rate

<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%

The table on the following page will show the number of conveyances by price of property and the conveyance tax revenue generated for the same price increments.

# REAL ESTATE CONVEYANCE TAX (cont.)

## Fiscal Year 2012-13 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances *	Number of Exempt Conveyances	Tax Remitted
Under \$2,000	0	25,555	9,744	\$ 0
\$ 2,000 to \$ 29,999.99	1,464	0	19	177,089
\$ 30,000 to \$ 39,999.99	566	0	7	147,762
\$ 40,000 to \$ 49,999.99	658	0	11	221,963
\$ 50,000 to \$ 59,999.99	740	0	11	300,663
\$ 60,000 to \$ 69,999.99	798	0	9	390,092
\$ 70,000 to \$ 79,999.99	753	0	12	426,487
\$ 80,000 to \$ 89,999.99	775	0	19	496,745
\$ 90,000 to \$ 99,999.99	754	0	20	536,367
\$100,000 to \$109,999.99	870	0	16	690,271
\$110,000 to \$119,999.99	941	0	18	815,918
\$120,000 to \$129,999.99	1,161	0	26	1,095,944
\$130,000 to \$139,999.99	1,089	0	24	1,108,907
\$140,000 to \$149,999.99	1,131	0	22	1,226,533
\$150,000 to \$159,999.99	1,273	0	23	1,483,776
\$160,000 to \$169,999.99	1,210	0	20	1,508,098
\$170,000 to \$179,999.99	1,259	0	20	1,661,224
\$180,000 to \$189,999.99	1,173	0	18	1,628,664
\$190,000 to \$199,999.99	994	0	14	1,458,420
\$200,000 to \$249,999.99	4,676	0	60	7,918,172
\$250,000 to \$299,999.99	3,639	0	44	7,512,413
\$300,000 to \$399,999.99	4,964	0	42	13,049,168
\$400,000 to \$499,999.99	2,689	0	28	9,123,475
\$500,000 to \$599,999.99	1,581	0	14	6,632,245
\$600,000 to \$699,999.99	1,032	0	9	5,139,088
\$700,000 to \$799,999.99	747	0	5	4,377,937
\$800,000 and over	3,240	0	34	69,572,659
<b>Total</b>	<b>40,177</b>	<b>25,555</b>	<b>10,289</b>	<b>\$138,700,078</b>

\* Non-taxable equals no consideration or consideration of less than \$2,000

## RENTAL SURCHARGE

*The Rental Surcharge is imposed on the rental of each private passenger motor vehicle or rental truck in Connecticut by a rental company for a period of less than 31 days. Rental companies must pay over the portion of the surcharge collected during the calendar year that exceeds the amount paid in personal property tax and the amount paid in titling and registration fees.*

*A rental truck is defined as either a vehicle rented without a driver that has a gross vehicle weight rating of 26,000 pounds or less and is used in the transportation of personal property but not for business purposes, or a trailer that has a gross vehicle weight rating of not more than 6,000 pounds.*

*The surcharge also includes a 1.5% surcharge on machinery rented within Connecticut for a period of less than 31 days. The term of a machinery rental begins on the date a piece of machinery is rented to a lessee and terminates on the date the piece of machinery is returned to the rental company. Machinery means heavy equipment intended for outside use that may be used for construction, mining, or forestry. It is rented without an operator and is propelled by its own internal engine or internal power source.*

Revenue	
FY 2012-13	\$ 259,791
2011-12	230,315
2010-11	151,287

### Exemptions

- Motor vehicles delivered to a lessee outside Connecticut;
- Rentals by an agency of United States Government;
- Rentals of 31 days or more; and
- Rentals of motor vehicles by a person that is not a rental company.

### Number of Taxpayers / Filing Frequency

173 taxpayers / Annually

### Basis and Rate

3% of the total rental charges on passenger motor vehicles or trucks.

1.5% of the total rental charges on heavy machinery.

### Comparative Data

Gross collections of the surcharge by rental companies during 2012 amounted to \$6,793,854. Rental companies retained the difference between gross collections and the amount remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

## REPEALED TAXES

### 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 survivor. Due to legislative changes enacted during the 2005 Legislative Session, the Connecticut Succession Tax has been repealed and does not apply to estates of decedents dying on or after January 1, 2005.*

*Revenue collected for Fiscal Year 2012-13:      \$ 984,049*

## 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 business services.*

<b>Revenue</b>	
FY 2012-13	\$ 3,961,559,358
2011-12	3,887,346,160
2010-11	\$ 3,354,088,802

### Basis and Rate

6.35% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain business services (general rate);

- 
- 7%
- Most motor vehicles with a sales price of more than \$50,000;
  - Vessels with a sales price of more than \$100,000.
- \* Effective July 1, 2013 sales of all vessels are taxable at the general rate of 6.35%.
- Items of jewelry, whether real or imitation, with a sales price of more than \$5,000; and;
  - Articles of clothing or footwear or a handbag, luggage, umbrella, wallet or watch, with a price of more than \$1,000.

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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;

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1% on computer and data processing services;

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9.35% for the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less;

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15.0% on 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 2012-13.

### FY 2012-13 SALES TAX EXEMPTIONS

*(In Millions)*

Deductible Item	6.35% Tax Rate	7.0% Tax Rate	Total Deductions *	Revenue Forgone*
Sale for Resale - Goods	\$89,104.8	\$2,150.1	\$92,180.9	\$5,864.2
Sale for Resale - Leases and Rentals	2,348.7	331.7	2,681.8	172.4
Sale for Resale - Labor and Services	2,080.4	0.0	2,099.4	133.2
Magazines by Subscription and All Newspapers	213.0	0.0	224.3	14.2
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	92.3	0.0	92.3	5.9
Food Products for Human Consumption	6,197.8	0.0	6,281.8	398.6
Fuel for Motor Vehicles	8,955.6	0.0	9,003.0	571.5
Electricity/Gas/Heating Fuel (residential)	3,464.4	0.0	3,473.2	220.5
Electricity (\$150 monthly per business)	50.4	0.0	50.4	3.2
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	649.8	0.0	649.8	41.3
Aviation Fuel	125.2	0.0	143.0	9.0
Sales of Tangible Personal Property to Farmers	89.5	0.0	89.8	5.7
Machinery/Materials/Tools/Fuel - Mfg. Product	1,922.7	0.0	1,951.3	123.8

**FY 2012-13 SALES TAX EXEMPTIONS (cont.)**  
(In Millions)

Deductible Item	6.35% Tax Rate	7.0% Tax Rate	Total Deductions *	Revenue Forgone *
Machinery/Materials/ Equip. - Printing	77.8	0.0	86.8	5.5
Machinery/Materials/ Tools/Fuel - Comm. Fishing	31.9	2.3	34.5	2.2
Out-of-State - Sale of Goods	49,044.7	4,020.2	54,542.1	3,484.4
Out-of-State - Leases/Rentals	462.0	86.3	549.6	35.5
Out-of-State - Labor and Services	10,419.7	0.0	10,490.0	665.9
Sales of Motor Vehicles, Vessels to Nonresidents	519.6	151.4	672.8	43.7
Prescription Medicines	4,921.4	0.0	4,926.2	312.8
Charitable/Religious - Sale of Goods	1,386.3	10.9	1,397.9	88.8
Charitable/Religious - Leases and Rentals	56.0	6.9	63.1	4.0
Charitable/Religious - Labor and Services	1,577.0	0.0	1,588.5	100.8
Government - Sale of Goods	7,650.9	46.5	7,710.9	489.9
Government- Leases and Rentals	220.3	0.8	221.1	14.0
Government- Labor and Services	4,383.0	0.0	4,389.8	278.7
Pollution Abatement	26.1	0.0	26.4	1.7
Non-Taxable Labor and Services	14,810.8	0.0	15,054.1	955.1
Business Services/Parent Owned Subs.	374.9	0.0	377.7	24.0
Trade-ins of Like-Kind Personal Property	851.3	120.6	971.9	62.5
Taxed Goods returned within 90 days	165.6	0.4	166.1	10.5



**FY 2012-13 SALES TAX EXEMPTIONS (cont.)**  
(In Millions)

Deductible Item	6.35% Tax Rate	7.0% Tax Rate	Total Deductions *	Revenue Forgone *
Oxygen, Plasma, Prostheses, etc.	217.9	0.0	221.1	14.0
Printed Material for Future Delivery Out-of-State	3.7	0.0	3.7	0.2
Funeral Expenses up to \$2,500	92.2	0.0	97.7	6.2
Repair or Replacement Parts/Repair Services to Aircraft	287.9	0.0	293.5	18.6
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the Full and 3% Rates)	25.3	0.0	25.3	1.6
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	13.7	0.0	14.0	0.9
Sales of Repair and Maintenance Service to Vessels	58.4	0.0	58.8	3.7
Computer and Data Processing Services (Difference between the Full and 1% Rates)	2,177.9	0.0	2,178.8	138.4
Renovation Services to Residential Property	381.2	0.0	398.9	25.3
Sales to Direct Payment Permit Holders	492.3	3.2	501.5	31.8
Sales of College Textbooks	31.2	0.0	31.2	2.0
Sales Tax Holidays	84.7	0.0	84.7	5.4
Weatherization Products	102.9	0.0	103.1	6.5

## FY 2012-13 SALES TAX EXEMPTIONS (cont.)

*(In Millions)*

Deductible Item	6.35% Tax Rate	7.0% Tax Rate	Total Deductions *	Revenue Forgone *
Motor Vehicles Sold to Armed Forces (Difference between the Full and 4.5% Rates)	7.7	0.0	7.8	0.5
Other Adjustments - Sales of Goods	8,993.4	0.0	9,007.0	571.9
Other Adjustments - Leases and Rentals	361.4	78.3	442.3	28.6
Other Adjustments - Labor and Services	1,023.9	4.1	1,042.4	66.2
<b>TOTAL</b>	<b>\$226,629.2</b>	<b>\$7,013.7</b>	<b>\$236,702.8</b>	<b>\$15,065.5</b>

\* Includes some deductions reported under the 6.0% tax rate that represent cash basis transactions made on or before June 30, 2011, but reported on FY 2012-13 returns. Deductions for the 9.35% tax rate are excluded.

### Number of Taxpayers/Filing Frequency

151,495 Sales and Use Taxpayers  
     37,940 / Monthly  
     44,820 / Quarterly  
     68,735 / Annually

2,520 Business Use Taxpayers

640 Room Occupancy Taxpayers  
     545/ Monthly  
     95/ Quarterly

### Comparative Data

Table I 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.

## SALES AND USE TAXES (cont.)

**Table I:**

### Gross Receipts Reported on Sales Tax Returns Periods Ending in Fiscal Year 2012-13 (In Millions)

Gross Receipts Attributable to:	6.35% Tax Rate	7.0% Tax Rate
Sales of Tangible Personal Property	234,554.1	7,428.4
Leasing/Rental of Tangible Personal Property	3,128.1	231.9
Rendering of Services	42,118.7	0.0

Table II 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 II:**

### Taxable Receipts Periods Ending in Fiscal Year 2012-13 (In Millions)

Taxable Receipts Attributable to:	Tax Rate	Taxable Receipts
Room Occupancy	15%	\$693.1
Rental or Leasing of Motor Vehicles for 30 days or Less	9.35%	245.3

**Table III:**

### Purchases Subject to Business Use Tax Periods Ending in Fiscal Year 2012-13 (In Millions)

	6.35% Tax Rate	7.0% Tax Rate
Purchases of Tangible Personal Property	\$3,134.6	\$4.2
Leasing/Rental of Tangible Personal Property	25.9	0.7
Purchases of Services	741.1	0.0

## SALES AND USE TAXES (cont.)

Table IV below, provides a summary of retail sales of goods for the state of Connecticut over the past three fiscal years. These sales are provided for the Retail Trade subsectors within the North American Industry Classification System (NAICS). Approximately half of all the sales and use tax revenue is generated by the retail trade sector.

**TABLE IV: Retail Sales Volume - Fiscal Years 2011 - 2013**  
(In Millions)

	FY 2010-11	FY 2011-12	FY 2012-13
Motor Vehicle and Parts Dealers (NAICS 441)	\$7,610.1	\$7,995.9	\$8,392.7
Furniture and Home Furnishings Stores (NAICS 442)	1,221.4	1,181.9	1,204.5
Electronics and Appliance Stores (NAICS 443)	1,581.9	1,747.8	1,619.7
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	2,844.8	3,022.7	3,027.5
Food and Beverage Stores (NAICS 445)	10,221.8	10,798.6	11,101.7
Health and Personal Care Stores (NAICS 446)	5,066.1	4,667.1	4,413.1
Gasoline Stations (NAICS 447)	3,426.2	3,787.5	3,789.5
Clothing and Clothing Accessories Stores (NAICS 448)	2,739.1	2,826.7	2,920.4
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,013.1	978.8	1,070.9
General Merchandise Stores (NAICS 452)	5,274.6	5,376.6	5,439.3
Miscellaneous Store Retailers (NAICS 453)	4,757.1	5,016.5	5,163.2
Non-store Retailers (NAICS 454)	3,677.3	5,809.1	5,212.6
<b>TOTAL RETAIL TRADE (NAICS 44-45)</b>	<b>\$49,433.7</b>	<b>\$53,209.1</b>	<b>\$53,355.1</b>

Table V 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 2012-13. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2012-13.

## SALES AND USE TAXES (cont.)

**TABLE V: Sales & Use Tax - From Regular Payments**  
**Periods Ending in Fiscal Year 2012-13**  
*(In Millions)*

	NAICS Code	Tax Due at 6.35%	Tax Due at 7.0%	Total Tax Due (Including 6% and 9.35% tax rates)
<i>Motor Vehicle and Parts Dealers</i>	441	\$358.4	\$23.1	\$381.8
<i>Furniture and Home Furnishings</i>	442	62.1	0.1	62.1
<i>Electronics and Appliance Stores</i>	443	67.1	0.1	67.2
<i>Building Material and Garden Equipment</i>	444	165.3	0.0	165.3
<i>Food and Beverage Stores</i>	445	214.3	0.2	214.5
<i>Health and Personal Care Stores</i>	446	67.5	0.1	67.6
<i>Gasoline Stations</i>	447	41.1	0.7	41.8
<i>Clothing and Clothing Accessories Stores</i>	448	159.8	10.5	170.3
<i>Sporting Goods, Hobby, Book Stores</i>	451	55.8	0.0	55.8
<i>General Merchandise Stores</i>	452	247.6	0.2	247.8
<i>Miscellaneous Store Retailers</i>	453	192.5	3.1	195.6
<i>Non-store Retailers</i>	454	73.2	0.1	73.4
<b>Retail Sector Subtotal</b>	<b>44-45</b>	<b>\$1,704.7</b>	<b>\$38.1</b>	<b>\$1,743.2</b>
<b>Utilities</b>	<b>22</b>	<b>109.9</b>	<b>0.0</b>	<b>110.0</b>
<b>Construction</b>	<b>23</b>	<b>130.1</b>	<b>0.2</b>	<b>130.4</b>
<b>Manufacturing</b>	<b>31-33</b>	<b>181.4</b>	<b>0.3</b>	<b>181.7</b>
<b>Wholesale Trade</b>	<b>42</b>	<b>169.3</b>	<b>0.4</b>	<b>169.8</b>
<b>Information</b>	<b>51</b>	<b>303.5</b>	<b>0.3</b>	<b>303.9</b>
<b>Professional, Scientific and Technical Services</b>	<b>54</b>	<b>159.7</b>	<b>0.3</b>	<b>160.0</b>
<b>Administrative and Support</b>	<b>56</b>	<b>167.8</b>	<b>0.1</b>	<b>167.9</b>
<b>Arts, Entertainment &amp; Recreation</b>	<b>71</b>	<b>31.1</b>	<b>0.1</b>	<b>31.2</b>
<b>Accommodation and Food Services</b>	<b>72</b>	<b>319.3</b>	<b>0.2</b>	<b>319.5</b>
<b>Other Services (except Public Admin)</b>	<b>81</b>	<b>155.9</b>	<b>1.6</b>	<b>157.6</b>
<b>All Other Businesses</b>		<b>219.4</b>	<b>7.0</b>	<b>245.0</b>
<b>TOTAL SALES &amp; USE TAX REVENUE</b>		<b>\$3,652.2</b>	<b>\$48.5</b>	<b>\$3,720.2</b>

# SOLID WASTE TAX

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

<b>Revenue</b>	
FY 2012-13	\$3,417,632
2011-12	3,470,186
2010-11	3,323,663

**Number of Taxpayers / Filing Frequency**

7 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.*

<b>Revenue</b>	
FY 2012-13	\$16,419,338
2011-12	9,944,436
2010-11	7,391,212

## **Exemptions**

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

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

222 distributors/Monthly

## **Basis and Rate**

Tobacco products are taxed at 50% of the wholesale sales price. In the case of cigars, the tax is 50% of the wholesale sales price, not to exceed 50¢ per cigar. Prior June 30, 2011, the rate was to 27.5% of the wholesale sales price.

Snuff tobacco products are taxed at a rate of \$1.00 per ounce. Prior to July 1, 2011 snuff tobacco products were taxed at a rate of 40¢ per ounce.

# 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 2012-13	\$4,976,715
2011-12	4,914,319
2010-11	4,793,788

## **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  
78 taxpayers / Quarterly

## **Basis and Rate**

\$1.00 per rental/leasing day or portion thereof, of passenger motor vehicles.



## UNRELATED BUSINESS TAXABLE INCOME TAX

*The Unrelated Business Taxable 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. For most taxpayers, the due date is either April 15 or May 15, depending on the entity. Foreign trusts however, generally have a due date of June 15.*

<b>Revenue</b>	
FY 2012-13	\$ 2,106,930
2011-12	1,957,467
2010-11	1,905,559

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

281 organizations / Annually

### **Basis and Rate**

7.5% of the unrelated business income of the organization. A surtax of 20% applies to organizations whose gross income is \$100 million or more for the 2012 through 2015 income years. No minimum tax is required.

### **Credits**

For the 2011 income year, 29 taxpayers claimed \$13,313 in Electronic Data Processing Property Tax Credits.

## FY 2012-13 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
ANDOVER	25	41	\$ 8,304,471	\$ 62,284
ANSONIA	170	143	25,930,280	209,785
ASHFORD	44	43	8,845,199	69,139
AVON	241	388	203,772,097	1,659,996
BARKHAMSTED	38	37	8,913,570	66,852
BEACON FALLS	70	77	13,181,671	101,988
BERLIN	240	258	73,987,956	630,001
BETHANY	63	58	17,018,153	131,029
BETHEL	217	221	72,699,534	569,459
BETHLEHEM	56	31	7,913,105	62,798
BLOOMFIELD	199	250	59,145,008	475,023
BOLTON	69	58	13,328,558	101,714
BOZRAH	31	26	4,487,785	36,158
BRANFORD	367	396	117,841,049	988,189
BRIDGEPORT	1,049	964	150,089,808	1,215,876
BRIDGEWATER	32	30	12,591,500	97,306
BRISTOL	695	638	107,807,235	833,654
BROOKFIELD	173	237	84,643,674	656,843
BROOKLYN	73	115	21,973,447	166,891
BURLINGTON	85	125	41,294,834	322,511
CANAAN	17	18	5,632,800	42,246
CANTERBURY	69	47	8,092,963	61,097
CANTON	117	168	51,932,157	406,043
CHAPLIN	20	15	2,069,100	15,518
CHESHIRE	278	354	151,947,135	1,366,842
CHESTER	47	51	16,215,869	123,044
CLINTON	153	202	66,727,634	565,857
COLCHESTER	136	206	45,557,109	358,997
COLEBROOK	24	21	3,866,565	29,199
COLUMBIA	63	66	16,582,064	125,179
CORNWALL	38	30	12,021,912	97,689
COVENTRY	143	154	32,667,423	259,306
CROMWELL	173	231	56,473,310	437,503
DANBURY	665	742	211,397,806	1,742,788
DARIEN	178	377	615,046,938	6,359,082
DEEP RIVER	52	54	15,140,979	128,096
DERBY	108	103	16,301,388	125,310
DURHAM	70	84	24,293,725	190,166
EASTFORD	15	12	1,442,100	11,091
EAST GRANBY	67	70	17,716,763	136,626
EAST HADDAM	147	146	33,570,244	257,727
EAST HAMPTON	187	179	35,946,955	277,040
EAST HARTFORD	25	41	68,471,842	592,329

## FY 2012-13 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
EAST HAVEN	528	435	\$ 49,648,707	\$ 393,875
EAST LYME	273	289	82,302,409	647,021
EASTON	241	288	52,869,348	415,679
EAST WINDSOR	90	91	31,225,637	246,217
ELLINGTON	104	160	55,727,694	428,338
ENFIELD	166	214	86,472,758	692,142
ESSEX	452	469	47,139,515	406,315
FAIRFIELD	84	102	539,587,619	4,550,938
FARMINGTON	599	869	162,890,796	1,346,067
FRANKLIN	381	448	5,852,620	46,245
GLASTONBURY	32	28	216,044,447	1,698,376
GOSHEN	336	523	18,418,210	143,987
GRANBY	63	63	44,438,835	333,691
GREENWICH	125	162	1,843,772,317	19,506,361
GRISWOLD	758	1,016	16,918,801	142,886
GROTON	173	106	104,059,699	859,773
GUILFORD	335	392	137,195,037	1,118,953
HADDAM	267	335	23,863,335	183,150
HAMDEN	92	91	174,088,287	1,597,259
HAMPTON	558	605	3,596,300	26,972
HARTFORD	38	17	155,974,037	1,407,736
HARTLAND	602	594	5,486,000	41,695
HARWINTON	21	25	16,531,452	131,936
HEBRON	72	66	35,528,248	270,651
KENT	94	132	22,907,850	204,255
KILLINGLY	63	58	38,920,675	331,000
KILLINGWORTH	245	236	28,158,337	214,513
LEBANON	80	99	17,965,365	134,740
LEDYARD	97	94	44,381,212	364,964
LISBON	186	200	6,161,450	46,991
LITCHFIELD	57	42	37,335,480	305,082
LYME	140	107	23,984,500	200,759
MADISON	46	52	153,058,090	1,296,907
MANCHESTER	270	271	126,298,070	1,055,024
MANSFIELD	479	553	48,721,787	461,888
MARLBOROUGH	143	168	20,582,541	159,869
MERIDEN	59	75	87,563,311	720,854
MIDDLEBURY	540	552	36,641,295	291,590
MIDDLEFIELD	122	95	9,706,730	74,500
MIDDLETOWN	46	46	148,004,808	1,248,552
MILFORD	418	482	282,809,209	2,262,032
MONROE	477	694	81,933,582	640,055
MONTVILLE	172	233	35,547,157	283,221

## FY 2012-13 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
MORRIS	37	37	\$ 8,546,800	\$ 64,214
NAUGATUCK	302	266	41,261,292	333,112
NEW BRITAIN	616	554	78,463,071	616,478
NEW CANAAN	252	426	604,814,521	5,966,782
NEW FAIRFIELD	148	157	52,154,940	408,835
NEW HARTFORD	95	89	25,356,676	197,175
NEW HAVEN	940	779	262,254,930	2,221,984
NEWINGTON	328	370	94,116,183	839,122
NEW LONDON	217	193	25,487,250	201,458
NEW MILFORD	351	340	99,294,610	835,510
NEWTOWN	244	314	125,117,706	977,123
NORFOLK	28	15	3,764,840	28,236
NORTH BRANFORD	113	152	38,748,952	308,742
NORTH CANAAN	40	47	7,480,415	64,753
NORTH HAVEN	245	300	109,732,463	926,024
NORTH STONINGTON	61	58	10,603,400	81,756
NORWALK	682	963	496,669,946	4,301,775
NORWICH	408	337	52,149,982	464,390
OLD LYME	154	165	57,766,253	466,726
OLD SAYBROOK	170	194	80,397,453	672,781
ORANGE	147	156	59,115,088	469,833
OXFORD	101	151	48,091,848	371,889
PLAINFIELD	230	168	22,257,848	172,846
PLAINVILLE	219	190	42,056,501	354,504
PLYMOUTH	178	133	21,807,767	169,396
POMFRET	68	47	10,596,274	79,472
PORTLAND	99	129	31,627,297	249,619
PRESTON	81	65	12,950,160	101,126
PROSPECT	86	111	26,959,980	208,122
PUTNAM	139	90	13,118,779	99,891
REDDING	86	111	72,674,936	639,773
RIDGEFIELD	291	391	257,428,907	2,156,790
ROCKY HILL	174	239	160,929,155	1,730,284
ROXBURY	56	46	39,042,799	351,329
SALEM	63	80	17,018,836	127,641
SALISBURY	92	79	39,191,961	337,590
SCOTLAND	21	15	2,604,750	19,536
SEYMOUR	176	176	38,667,584	291,657
SHARON	76	49	20,013,510	168,081
SHELTON	379	470	145,754,394	1,104,617
SHERMAN	73	69	26,463,850	216,766
SIMSBURY	229	343	110,212,187	872,501
SOMERS	102	112	31,729,245	239,529

## FY 2012-13 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
SOUTHBURY	237	396	\$ 87,378,507	\$ 681,408
SOUTHINGTON	475	572	149,801,587	1,156,451
SOUTH WINDSOR	249	353	130,941,304	1,204,635
SPRAGUE	29	19	2,489,530	18,671
STAFFORD	173	164	21,297,791	168,038
STAMFORD	973	1,367	749,812,013	6,216,281
STERLING	53	44	7,994,737	61,440
STONINGTON	296	324	115,980,755	954,938
STRATFORD	479	598	127,752,445	1,011,133
SUFFIELD	92	180	63,993,585	499,452
THOMASTON	89	80	14,289,325	108,245
THOMPSON	125	105	15,636,844	119,951
TOLLAND	129	173	43,159,872	324,337
TORRINGTON	445	387	50,814,380	415,468
TRUMBULL	269	429	163,278,022	1,301,845
UNION	16	8	2,245,300	17,210
VERNON	237	322	55,001,785	425,225
VOLUNTOWN	61	18	3,718,500	27,889
WALLINGFORD	422	472	120,627,291	977,734
WARREN	38	17	7,423,200	56,174
WASHINGTON	110	88	61,273,038	573,439
WATERBURY	1,136	902	135,885,899	1,269,474
WATERFORD	216	271	94,312,782	908,533
WATERTOWN	272	251	51,404,978	408,207
WESTBROOK	217	190	37,921,448	299,712
WEST HARTFORD	575	918	429,955,089	3,946,057
WEST HAVEN	493	417	84,215,014	716,020
WESTON	101	165	132,752,299	1,133,494
WESTPORT	365	547	792,191,662	8,028,281
WETHERSFIELD	282	342	84,767,186	678,841
WILLINGTON	42	60	19,352,462	148,127
WILTON	141	283	242,632,024	2,149,395
WINCHESTER	122	99	17,272,751	135,568
WINDHAM	214	165	17,677,392	139,580
WINDSOR	284	297	117,468,936	1,169,169
WINDSOR LOCKS	166	152	33,082,856	296,126
WOLCOTT	176	133	28,387,279	223,753
WOODBIDGE	103	109	43,231,884	327,969
WOODBURY	136	121	36,065,652	284,070
WOODSTOCK	118	124	25,539,402	198,148
TOWN UNKNOWN	1	94	34,636,480	310,495
<b>TOTAL</b>	<b>35,772</b>	<b>40,177</b>	<b>\$15,701,355,899</b>	<b>\$138,700,078</b>

## 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.*

*Penalties for late electronic funds transfer (EFT) payments are:*

- 2% of the tax due for EFT payments not more than 5 days late;*
- 5% for EFT payments more than 5 days but not more than 15 days late; and*
- 10% for EFT payments more than 15 days late.*

*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 returns 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.*

### Penalty and Interest Revenue By Tax Source

Tax Type		FY 2010-11	FY 2011-12	FY 2012-13
Corporation Business Tax	Penalty	\$ 3,035,865	\$ 3,343,423	\$2,573,637
	Interest	26,274,538	30,202,299	32,003,377
Income Tax	Penalty	14,683,236	18,234,937	12,510,547
	Interest	34,224,723	52,174,410	37,997,013
Sales & Use	Penalty	13,363,184	14,585,942	8,672,539
	Interest	23,524,294	29,732,450	27,946,552
All Other Taxes	Penalty	5,178,720	4,081,914	5,154,740
	Interest	9,274,858	7,587,771	6,253,646
Total	Penalty	36,261,004	40,246,216	28,911,463
	Interest	93,298,414	119,696,930	104,200,587

## 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 45,679 external offsets in Fiscal Year 2012-13, totaling \$16,012,640, as opposed to the 45,221 external offsets in Fiscal Year 2011-12, which totaled \$19,000,352.

<b>AMOUNT OF TAXES REFUNDED</b>			
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Admissions & Dues Tax	\$56,203	\$25,548	\$28,760
Alcoholic Beverages Tax	1,360	5,307	74,947
Beverage Container Deposits	137	117,381	124,137
Business Entity Tax	1,875,177	781,721	803,582
Business Use Tax	2,866,676	432,709	2,296,579
Cable, Satellite & Video Companies Tax	0	10,149,265	236,112
Cigarette Tax	396,368	2,143,257	491,545
Controlling Interest Transfer Tax	309,699	936,266	739,353
Corporation Business	110,562,608	85,322,616	170,093,937
Corporation R&D Credit Buyback	8,598,487	3,562,557	4,086,259
Electric & Power Companies	218,326	86,258	295,442
Gas Companies	45,552	40,013	477,430
Gasoline Motor Vehicle Fuels Tax	5,390,202	4,238,212	4,112,124
Gift & Estate Tax	10,100,853	17,145,556	18,453,591
Gift Tax	98,278	11,894	18,575
Health Care Centers Tax	7,807,900	3,048,793	10,494,471
Hospital Net Patient Revenue Tax	0	0	69,455
Income Tax	777,173,081	938,202,610	908,735,444
Insurance Premiums Tax, Domestic	1,194,745	1,410,015	2,277,360
Insurance Premiums Tax, Foreign	11,951,316	17,389,158	7,664,326
Insurance; Nonadmitted/Unauthorized	73,140	20,701	15,069
Motor Carrier Road Tax	1,014,547	1,333,189	1,822,596
Nursing Home User Fee	494,116	202,392	321,402
Occupational tax	76,538	107,513	124,799
Petroleum Products Gross Earnings Tax	4,570,977	4,704,476	4,310,500
Real Estate Conveyance Tax	1,153,748	1,792,408	1,144,737
Room Occupancy Tax	115,892	423,063	56,679
Sales & Use Taxes	21,134,130	20,320,131	15,179,199
Special Fuel Tax	362,617	1,434,694	159,895
Succession Tax	3,577	9,346	293,956
Tobacco Products Tax	3,153,315	20,440	56,077
Unrelated Business Income Tax	286,620	249,590	175,913
Miscellaneous	274,532	91,926	11,514
<b>Total</b>	<b>\$971,360,717</b>	<b>\$1,115,759,005</b>	<b>\$1,155,245,765</b>

## NATIONWIDE COMPARISON OF TAX RATES

(Effective as of 1/1/13)

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	GASOLINE TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER PACK)
Alabama	6.5	4.0	18.0	42.5
Alaska	1.0 - 9.4	None	8.0	200.0
Arizona	6.968	6.6	19.0	200.0
Arkansas	1.0 - 6.5	6.0	21.8	115.0
California	8.84	7.5	43.0	87.0
Colorado	4.63	2.9	22.0	84.0
<b>Connecticut</b>	<b>7.5</b>	<b>6.35</b>	<b>25.0</b>	<b>340.0</b>
Delaware	8.7	None	23.0	160.0
Florida	5.5	6.0	16.9	133.9
Georgia	6.0	4.0	19.5	37.0
Hawaii	4.4 - 6.4	4.0	17.0	320.0
Idaho	7.4	6.0	26.0	57.0
Illinois	9.5	6.25	20.1	198.0
Indiana	8.0	7.0	18.0	198.0
Iowa	6.0 - 12.0	6.0	22.0	136.0
Kansas	4.0	6.3	25.03	79.0
Kentucky	4.0 - 6.0	6.0	29.9	60.0
Louisiana	4.0 - 8.0	4.0	20.125	36.0
Maine	3.5 - 8.93	5.0	30.0	200.0
Maryland	8.25	6.0	23.5	200.0
Massachusetts	8.0	6.25	21.0	251.0
Michigan	6.0	6.0	19.0	200.0
Minnesota	9.8	6.875	28.6	123.0
Mississippi	3.0 - 5.0	7.0	18.4	68.0
Missouri	6.25	4.225	17.3	17.0
Montana	6.75	None	27.0	170.0
Nebraska	5.58 - 7.81	5.5	25.5	64.0
Nevada	None	6.85	23.805	80.0
New Hampshire	8.5	None	19.625	168.0
New Jersey	9.0	7.0	14.5	270.0
New Mexico	4.8 - 7.6	5.125	18.875	166.0
New York	7.1	4.0	26.6	435.0
North Carolina	6.9	4.75	37.75	45.0
North Dakota	1.68 - 5.15	5.0	23.0	44.0
Ohio	N/A	5.5	28.0	125.0
Oklahoma	6.0	4.5	17.0	103.0
Oregon	6.6 - 7.6	None	30.0	118.0
Pennsylvania	9.99	6.0	31.2	160.0
Rhode Island	9.0	7.0	33.0	350.0
South Carolina	5.0	6.0	16.75	57.0
South Dakota	None	4.0	24.0	153.0
Tennessee	6.5	7.0	21.4	62.0
Texas	N/A	6.25	20.0	141.0
Utah	5.0	4.7	24.5	170.0
Vermont	6.0 - 8.5	6.0	26.68	262.0
Virginia	6.0	4.0	17.5	30.0
Washington	None	6.5	37.5	302.5
West Virginia	7.0	6.0	34.7	55.0
Wisconsin	7.9	5.0	32.9	252.0
Wyoming	None	4.0	14.0	60.0



**DEPARTMENT OF REVENUE SERVICES  
FY 2012-13 ANNUAL REPORT**

**PREPARED BY: TAX RESEARCH UNIT**

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