



General Assembly

January Session, 2003

Raised Bill No. 1137

LCO No. 4330

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING SALES TAX BOND REQUIREMENTS FOR
NONRESIDENT CONTRACTORS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2003, and applicable to contracts*
2 *entered into on or after July 1, 2003*) (a) Any person doing business with a
3 nonresident contractor shall withhold payment in an amount of five
4 per cent of the contract price and remit such amount as a deposit to
5 the Commissioner of Revenue Services not later than thirty days after
6 the completion of the contract.

7 (b) The nonresident contractor shall request, in writing, that the
8 Commissioner of Revenue Services audit the records of such
9 contractor for the project for which a deposit was made under
10 subsection (a) of this section. The commissioner shall, after receipt of
11 such request, issue to the nonresident contractor a certificate of no
12 tax due or a certificate of tax due from the nonresident contractor.
13 Upon issuance of a certificate of no tax due, the commissioner
14 shall return such deposit to the nonresident contractor. Upon
15 issuance of a certificate of taxes due, the commissioner may pay to
16 the nonresident contractor out of the deposit the excess over the

17 amount of taxes set forth in the certificate together with the
18 interest and penalties then assessed.

19 (c) When a person doing business with the nonresident
20 contractor deposits with the Commissioner of Revenue Services
21 the amount set forth in subsection (a) of this section, the
22 commissioner shall issue such person a receipt for that amount.
23 Upon the issuance of such receipt, the person doing business with
24 the nonresident contractor shall not be liable for any claim of the
25 nonresident contractor for such amount or for any claim of the
26 commissioner for any taxes arising from the activities of the
27 nonresident contractor on the project for which the deposit was
28 made.

29 (d) As used in this section, "nonresident contractor" means a
30 contractor who does not maintain a regular place of business in
31 this state and "regular place of business" means any bona fide
32 office, factory, warehouse or other space in this state at which the
33 contractor is doing business in its own name in a regular and
34 systematic manner, and which place is continuously maintained,
35 occupied, and used by the contractor in carrying on its business
36 through its regular employees regularly in attendance, except that a
37 place of business for a statutory agent for service of process or a
38 temporary office at the site of construction shall not constitute a
39 regular place of business.

40 Sec. 2. (*Effective July 1, 2003*) Subdivision (7) of section 12-430 of the
41 general statutes is repealed.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003, and applicable to contracts entered into on or after July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>

Statement of Purpose:

To revise the requirements for the posting of a bond for the payment of taxes due on projects involving nonresident contractors.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]