



General Assembly

Substitute Bill No. 6965

January Session, 2005

* HB06965FIN 041305 *

AN ACT CONCERNING NEXUS FOR THE PURPOSES OF THE SALES TAX.

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

1 Section 1. (*Effective from passage*) (a) An out-of-state vendor has
2 substantial nexus with this state and is required to collect taxes
3 pursuant to chapter 219 of the general statutes if: (1) The out-of-state
4 vendor and an in-state business maintaining one or more locations
5 within this state are related parties, as provided in subsection (b) of
6 this section; and (2) the out-of-state vendor and the in-state business
7 use an identical or substantially similar name, tradename, trademark
8 or good will to develop, promote or maintain sales, or the in-state
9 business provides services to, or that inure to the benefit of, the out-of-
10 state business related to developing, promoting or maintaining the in-
11 state market.

12 (b) Two entities are related parties under this section if they meet
13 any one of the following tests:

14 (1) Both entities are component members of the same controlled
15 group of corporations under Section 1563 of the Internal Revenue
16 Code;

17 (2) One entity is a related taxpayer to the other entity under the
18 provisions of Section 267 of the Internal Revenue Code;

19 (3) One entity is a corporation and the other entity and any party,
20 for which Section 318 of the Internal Revenue Code requires an
21 attribution of ownership of stock from that party to the entity, own
22 directly, indirectly, beneficially or constructively at least fifty per cent
23 of the value of the outstanding stock of the corporation; or

24 (4) One or both entities is a limited liability company, partnership,
25 estate or trust, none of which is treated as a corporation for federal
26 income tax purposes, and such limited liability company, partnership,
27 estate or trust and its members, partners or beneficiaries own in the
28 aggregate directly, indirectly, beneficially or constructively at least fifty
29 per cent of the profits, capital, stock or value of the other entity or both
30 entities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

FIN *Joint Favorable Subst.*