



General Assembly

January Session, 2005

Raised Bill No. 1321

LCO No. 4494

04494_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING THE INCOME TAX.

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

1 Section 1. Subdivision (6) of subsection (a) of section 12-700 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage and applicable to taxable years commencing*
4 *on or after January 1, 2005*):

5 (6) For taxable years commencing on or after January 1, [2003] 2005,
6 in accordance with the following schedule:

7 (A) For any person who files a return under the federal income tax
8 for such taxable year as an unmarried individual or [as a married
9 individual filing separately] for trusts or estates:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%
T3	Over \$10,000 <u>but not</u>	\$300.00, plus 5.0% of the
T4	<u>over \$133,800</u>	excess over \$10,000
T5	<u>Over \$133,800 but not</u>	<u>\$6,490.00, plus 5.5% of the</u>
T6	<u>over \$267,500</u>	<u>excess over \$133,800</u>

T7	<u>Over \$267,500 but not</u>	<u>\$13,843.50, plus 5.75% of the</u>
T8	<u>over \$531,500</u>	<u>excess over \$267,500</u>
T9	<u>Over \$531,500 but not</u>	<u>\$29,023.50, plus 6.0% of the</u>
T10	<u>over \$1,070,200</u>	<u>excess over \$531,500</u>
T11	<u>Over \$1,070,200</u>	<u>\$61,345.50, plus 6.25% of the</u>
T12		<u>excess over \$1,070,200</u>

10 (B) For any person who files a return under the federal income tax
 11 for such taxable year as a head of household, as defined in Section 2(b)
 12 of the Internal Revenue Code:

T13	Connecticut Taxable Income	Rate of Tax
T14	Not over \$16,000	3.0%
T15	Over \$16,000 <u>but not</u>	\$480.00, plus 5.0% of the
T16	<u>over \$198,000</u>	excess over \$16,000
T17	<u>Over \$198,000 but not</u>	<u>\$9,580, plus 5.5% of the</u>
T18	<u>over \$396,000</u>	<u>excess over \$198,000</u>
T19	<u>Over \$396,000 but not</u>	<u>\$20,470, plus 5.75% of the</u>
T20	<u>over \$792,000</u>	<u>excess over \$396,000</u>
T21	<u>Over \$297,000 but not</u>	<u>\$43,240, plus 6.0% of the</u>
T22	<u>over \$1,584,000</u>	<u>excess over \$792,000</u>
T23	<u>Over \$1,584</u>	<u>\$90,760, plus 6.25% of the</u>
T24		<u>excess over \$1,584,000</u>

13 (C) For any husband and wife who file a return under the federal
 14 income tax for such taxable year as married individuals filing jointly or
 15 any person who files a return under the federal income tax for such
 16 taxable year as a surviving spouse, as defined in Section 2(a) of the
 17 Internal Revenue Code:

T25	Connecticut Taxable Income	Rate of Tax
T26	Not over \$20,000	3.0%
T27	Over \$20,000 <u>but not</u>	\$600.00, plus 5.0% of the
T28	<u>over \$250,000</u>	excess over \$20,000

T29	<u>Over \$250,000 but not</u>	<u>\$12,100, plus 5.5% of the</u>
T30	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T31	<u>Over \$500,000 but not</u>	<u>\$28,850, plus 5.75% of the</u>
T32	<u>over \$1,000,000</u>	<u>excess over \$500,000</u>
T33	<u>Over \$1,000,000 but not</u>	<u>\$54,600, plus 6.0% of the</u>
T34	<u>over \$2,000,000</u>	<u>excess over \$1,000,000</u>
T35	<u>Over \$2,000,000</u>	<u>\$114,600, plus 6.25% of the</u>
T36		<u>excess over \$2,000,000</u>

18 (D) [For trusts or estates, the rate of tax shall be 5.0% of the
 19 Connecticut taxable income.] For any person who files a return under
 20 the federal income tax for such taxable year as a married individual
 21 filing separately:

T37	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T38	<u>Not over \$10,000</u>	<u>3.0%</u>
T39	<u>Over \$10,000 but not</u>	<u>\$300.00, plus 5.0% of the</u>
T40	<u>over \$125,000</u>	<u>excess over \$10,000</u>
T41	<u>Over \$125,000 but not</u>	<u>\$6,050, plus 5.5% of the</u>
T42	<u>over \$250,000</u>	<u>excess over \$125,000</u>
T43	<u>Over \$250,000 but not</u>	<u>\$12,925, plus 5.75% of the</u>
T44	<u>over \$500,000</u>	<u>excess over \$250,000</u>
T45	<u>Over \$500,000 but not</u>	<u>\$27,300, plus 6.0% of the</u>
T46	<u>over \$1,000,000</u>	<u>excess over \$500,000</u>
T47	<u>Over \$1,000,000</u>	<u>\$57,300, plus 6.25% of the</u>
T48		<u>excess over \$1,000,000</u>

22 Sec. 2. (*Effective from passage*) The Commissioner of Revenue Services
 23 shall adjust the withholding tables issued for purposes of
 24 administering the personal income tax imposed under chapter 229 of
 25 the general statutes to take account of any changes in such tax made by
 26 this act and, on or before June 1, 2005, shall issue new withholding
 27 tables applicable to taxable years commencing on or after January 1,
 28 2005, provided the tables applicable to the period from March 1, 2005,

29 to June 30, 2005, shall provide for the collection of a tax computed in
 30 such manner as to result, so far as practicable, in withholding from the
 31 employee's wages during such period an amount substantially
 32 equivalent to the tax reasonably estimated to be due from the
 33 employee under said chapter 229 with respect to the amount of such
 34 wages during a six-month period and further provided the tables
 35 applicable to any period after June 30, 2005, shall be prepared as
 36 provided in section 12-705 of the general statutes.

37 Sec. 3. (NEW) (*Effective from passage*) Notwithstanding the provisions
 38 of section 12-722 of the general statutes, any taxpayer required to make
 39 an estimated payment in June, 2005, for the tax due under chapter 229
 40 of the general statutes shall make such payment in an amount which is
 41 adjusted for any change in the rate applicable to the current taxable
 42 year, as provided in section 12-700 of the general statutes, as amended
 43 by this act.

44 Sec. 4. (*Effective from passage*) Notwithstanding the provisions of
 45 section 12-722 of the general statutes, the Commissioner of Revenue
 46 Services may forgive any imposition of interest or penalties on an
 47 underpayment of any estimated tax, provided such underpayment is
 48 due to the changes in tax rates made by this act. Such forgiveness of
 49 interest or penalties shall not exempt any taxpayer from full payment
 50 of all taxes due for the taxable year commencing on or after January 1,
 51 2005.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-700(a)(6)
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section

Statement of Purpose:

To reformat the income tax by adding incremental steps in all brackets.

[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.]