



General Assembly

**Substitute Bill No. 5491**

February Session, 2006

\*            HB05491APP            042806            \*

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS  
COMMITTEE RELATING TO CONNECTICUT'S TAX SYSTEM.**

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

1       Section 1. Subsection (c) of section 2-79a of the general statutes is  
2       repealed and the following is substituted in lieu thereof (*Effective*  
3       *October 1, 2006*):

4       (c) (1) On or before the second Wednesday after the convening of  
5       the 1998 regular session of the General Assembly, and every four years  
6       thereafter, the commission shall submit to the General Assembly a  
7       report [which] that lists each existing state mandate, as defined in  
8       subsection (a) of section 2-32b, as amended, and [which (1)] that (A)  
9       categorizes each mandate as constitutional, statutory or executive, [(2)]  
10      (B) provides the date of original enactment or issuance along with a  
11      brief description of the history of the mandate, and [(3)] (C) analyzes  
12      the costs incurred by local governments in implementing the mandate.

13      (2) On or after the second Wednesday after the convening of the  
14      2007 regular session of the General Assembly, on or after the second  
15      Wednesday after the convening of the 2010 regular session of the  
16      General Assembly, and every four years thereafter, the commission  
17      shall submit to the General Assembly a report that (A) identifies and  
18      describes each unfunded or partially funded state mandate, as defined

19 in subsection (a) of section 2-32b, as amended, (B) quantifies the actual  
20 cost to local governments of such mandates, and (C) analyzes the effect  
21 of eliminating or reducing such mandates.

22 (3) In each report required by this subsection, the commission may  
23 also make recommendations on state mandates for consideration by  
24 the commission. [On and after October 1, 1996, the report] The reports  
25 shall be submitted to the joint standing committee of the General  
26 Assembly having cognizance of matters relating to appropriations and  
27 budgets of state agencies, to any other joint standing committee of the  
28 General Assembly having cognizance and, upon request, to any  
29 member of the General Assembly. A summary of the report shall be  
30 submitted to each member of the General Assembly if the summary is  
31 two pages or less and a notification of the report shall be submitted to  
32 each member if the summary is more than two pages. Submission shall  
33 be by mailing the report, summary or notification to the legislative  
34 address of each member of the committees or the General Assembly, as  
35 applicable. The provisions of this subsection shall not be construed to  
36 prevent the commission from making more frequent recommendations  
37 on state mandates.

38 Sec. 2. Subsection (a) of section 12-2 of the general statutes is  
39 repealed and the following is substituted in lieu thereof (*Effective*  
40 *October 1, 2006*):

41 (a) (1) The Governor shall, in the manner and for the term provided  
42 by sections 4-5 to 4-8, inclusive, appoint a Commissioner of Revenue  
43 Services and the Governor shall fill any vacancy occurring during such  
44 term as provided by said sections. The commissioner shall, before  
45 entering upon the duties of his office, take the oath by law provided  
46 for executive and judicial officers and, in the performance of his duties,  
47 he shall have power to administer oaths.

48 (2) The commissioner may prescribe regulations, to be adopted in  
49 accordance with chapter 54, and make rulings, not inconsistent with  
50 law, to carry into effect the provisions of this title, which regulations or

51 rulings, when reasonably designed to carry out the intents and  
52 purposes of this title, shall be prima facie evidence of its proper  
53 interpretation. Each regulation shall be assigned a section number  
54 corresponding to the section of the general statutes (A) pursuant to  
55 which such regulation is authorized or required, or (B) with respect to  
56 which such regulation pertains for purposes of implementation,  
57 procedural details or supplementary interpretation, provided  
58 whenever such section number corresponds to a section which does  
59 not include the authorization or requirement for such regulation, a  
60 reference to the section providing such authorization or requirement  
61 shall be included in the text of the regulation.

62 (3) The commissioner shall publish for distribution all regulations  
63 prescribed hereunder and such rulings as appear in the discretion of  
64 the commissioner to be of general interest.

65 (4) (A) On and after July 1, 2007, the commissioner shall periodically  
66 estimate the state tax gap, and shall develop an overall strategy to  
67 promote compliance and discourage tax avoidance. For purposes of  
68 this subdivision, "tax gap" means the difference between taxes owed  
69 under full compliance with all state tax laws, and state taxes  
70 voluntarily paid, where such difference may be due to failure to file  
71 taxes, underreporting of liability, or not paying all taxes owing.

72 (B) On and after July 1, 2007, the commissioner shall, annually  
73 conduct a cost benefit analysis of each major compliance initiative  
74 undertaken by the department, including amnesty programs.

75 (C) As provided in subparagraph (D) of this subsection, the  
76 commissioner shall, annually, after consultation with the Secretary of  
77 the Office of Policy and Management, report information on total local  
78 property tax collections for the most current five-year period available.

79 (D) On and after December 31, 2008, the commissioner shall submit  
80 a report annually, in accordance with section 11-4a, to the joint  
81 standing committees of the General Assembly having cognizance of  
82 matters relating to appropriations and finance, revenue and bonding.

83 Such report shall include tax gap information, cost benefit analyses on  
84 major compliance initiatives, and information on local property tax  
85 collections.

86 (5) On or before July 1, 2007, and annually thereafter, the  
87 commissioner shall update and publish a strategic plan that shall  
88 include the department's mission, measurable goals that define how  
89 the mission is to be accomplished, specific strategies to achieve the  
90 goals and a timetable to measure progress toward achieving the goals.

91 ~~[(4)]~~ (6) The commissioner may require any person who is or  
92 appears to be affected by the provisions of any tax law of this state to  
93 furnish to the Department of Revenue Services the Social Security  
94 account number or numbers issued to such person by the Secretary of  
95 Health and Human Services, or the employer identification number or  
96 numbers issued to such person by the Secretary of the Treasury, or  
97 both numbers.

98 ~~[(5)]~~ (7) No interest, penalty or addition to tax shall be imposed on  
99 any tax or installment of estimated tax required to be paid to the  
100 Department of Revenue Services with respect to any tax or installment  
101 of estimated tax not paid when required to the extent that the  
102 Commissioner of Revenue Services determines that, by reason of  
103 casualty or disaster, the imposition of such interest, penalty or addition  
104 to tax would be against equity and good conscience. The provisions of  
105 this subdivision shall not be construed as authorizing suit against the  
106 state where the Commissioner of Revenue Services does not determine  
107 that the imposition of interest, penalty or addition to tax would be  
108 against equity and good conscience and shall not be construed as a  
109 waiver of sovereign immunity.

110 Sec. 3. (Effective July 1, 2006) The Commissioner of Revenue Services  
111 shall study the impact of amending the general statutes to require that  
112 any person or entity doing business with the state must be in  
113 compliance with all tax laws. The study shall (1) assess the methods  
114 available to the Department of Revenue Services to provide

115 verification of tax compliance to state agencies before an agency issues  
116 a contract or grant, (2) review legal issues that may arise, including  
117 those arising out of statutory definitions of compliance and  
118 confidentiality, (3) consider the possibility of delays in the awarding of  
119 contracts, and the impact of such delays, and (4) provide an estimate of  
120 the resources necessary for implementation of such requirement. The  
121 commissioner shall submit the study, in accordance with section 11-4a  
122 of the general statutes, on or before January 1, 2007, to the joint  
123 standing committees of the General Assembly having cognizance of  
124 matters relating to finance, revenue and bonding and government  
125 administration.

126 Sec. 4. Section 12-7 of the general statutes is repealed and the  
127 following is substituted in lieu thereof (*Effective October 1, 2006*):

128 The Secretary of the Office of Policy and Management shall, in  
129 addition to any other reports required by law to be made by [him] the  
130 secretary, annually collate and prepare, from the reports provided for  
131 in section 12-9 and such other information as [he] the secretary obtains,  
132 statistics concerning the assessment and collection of taxes during the  
133 preceding year; and [he] the secretary shall, annually, cause to be  
134 printed so much of the report herein provided for as will show (1) the  
135 methods and manner of the assessment and collection of taxes, [and]  
136 (2) the amount of such taxes levied and collected in the several towns,  
137 cities and boroughs, [ He] (3) information on trends in local property  
138 values and taxes, such as the average and median single-family  
139 residence tax bills and the per cent change in such amounts over time,  
140 (4) town-by-town information on the availability and use of local  
141 option property tax exemptions, and (5) measures that indicate the  
142 accuracy and uniformity of local revaluations, as performed according  
143 to the regulations adopted pursuant to section 12-62i. The secretary  
144 may also publish such other reports as will give information to the  
145 public regarding taxation.

146 Sec. 5. Section 12-9 of the general statutes is repealed and the

147 following is substituted in lieu thereof (*Effective July 1, 2006*):

148 The Secretary of the Office of Policy and Management shall  
149 annually cause to be prepared by the tax collector complete statements  
150 relating to the mill rate and tax levy during the preceding year, [such  
151 statements to] information on average and median single-family  
152 residence tax bills, information on the availability and use of local  
153 option property tax exemptions, and such information on local  
154 revaluations as the secretary may require for purposes of the report  
155 required pursuant to section 12-7, as amended by this act. Such  
156 statements shall be made upon printed blanks to be prepared and  
157 furnished by the secretary to all such [officers] collectors at least thirty  
158 days before the date prescribed by the secretary for the filing of such  
159 statements. Any person who neglects to file a true and correct report in  
160 the office of the secretary at the time and in the form required by [him]  
161 said secretary or which, in making and filing such report, includes  
162 therein any wilful misstatement, shall forfeit one hundred dollars to  
163 the state, provided the secretary may waive such forfeiture in  
164 accordance with procedures and standards adopted by regulation in  
165 accordance with chapter 54.

166 Sec. 6. Subsection (a) of section 12-35 of the general statutes is  
167 repealed and the following is substituted in lieu thereof (*Effective*  
168 *October 1, 2006, and applicable to taxes due on or after said date*):

169 (a) Wherever used in this chapter, unless otherwise provided, "state  
170 collection agency" includes the Treasurer, the Commissioner of  
171 Revenue Services and any other state official, board or commission  
172 authorized by law to collect taxes payable to the state and any duly  
173 appointed deputy of any such official, board or commission; "tax"  
174 includes not only the principal of any tax but also all interest, penalties,  
175 fees and other charges added thereto by law; and "serving officer"  
176 includes any state marshal, constable or employee of such state  
177 collection agency designated for such purpose by a state collection  
178 agency and any person so designated by the Labor Commissioner.  
179 Upon the failure of any person to pay any tax, except any tax under

180 chapter 216, due the state within thirty days from its due date, the state  
181 collection agency charged by law with its collection shall add thereto  
182 such penalty or interest or both as are prescribed by law, provided, if  
183 any statutory penalty is not specified, there may be added a penalty in  
184 the amount of ten per cent of the whole or such part of the principal of  
185 the tax as is unpaid or fifty dollars, whichever amount is greater, and  
186 provided, if any statutory interest is not specified, there shall be added  
187 interest at [the rate of one per cent of] a rate adjusted annually to be  
188 equal to the federal short-term rate as it is determined as of July first of  
189 each year under Section 6621(b) of the Internal Revenue Code of 1986,  
190 or any subsequent corresponding internal revenue code of the United  
191 States, as from time to time amended, plus three percentage points on  
192 the whole or such part of the principal of the tax as is unpaid [for each  
193 month or fraction thereof,] from the due date of such tax to the date of  
194 payment. Upon the failure of any person to pay any tax, except any tax  
195 under chapter 216, due within thirty days of its due date, the state  
196 collection agency charged by law with the collection of such tax may  
197 make out and sign a warrant directed to any serving officer for  
198 distraint upon any property of such person found within the state,  
199 whether real or personal. An itemized bill shall be attached thereto,  
200 certified by the state collection agency issuing such warrant as a true  
201 statement of the amount due from such person. Such warrant shall  
202 have the same force and effect as an execution issued pursuant to  
203 chapter 906. Such warrant may be levied on any real property or  
204 tangible or intangible personal property of such person, and sale made  
205 pursuant to such warrant in the same manner and with the same force  
206 and effect as a levy of sale pursuant to an execution. In addition  
207 thereto, if such warrant has been issued by the Commissioner of  
208 Revenue Services, his deputy, the Labor Commissioner, the executive  
209 director of the Employment Security Division or any person in the  
210 Employment Security Division in a position equivalent to or higher  
211 than the position presently held by a revenue examiner four, said  
212 serving officer shall be authorized to place a keeper in any place of  
213 business and it shall be such keeper's duty to secure the income of such  
214 business for the state and, when it is in the best interest of the state, to

215 force cessation of such business operation. In addition, the Attorney  
216 General may collect any such tax by civil action. Each serving officer so  
217 receiving a warrant shall make a return with respect to such warrant to  
218 the appropriate collection agency within a period of ten days following  
219 receipt of such warrant. Each serving officer shall collect from such  
220 person, in addition to the amount shown on such warrant, his fees and  
221 charges, which shall be twice those authorized by statute for serving  
222 officers, provided the minimum charge shall be five dollars and money  
223 collected pursuant to such warrant shall be first applied to the amount  
224 of any fees and charges of the serving officer. In the case of an  
225 employee of the state acting as a serving officer the fees and charges  
226 collected by such employee shall inure to the benefit of the state. For  
227 the purposes of this section, "keeper" means a person who has been  
228 given authority by an officer authorized to serve a tax warrant to act in  
229 the state's interest to secure the income of a business for the state and,  
230 when it is in the best interest of the state, to force the cessation of such  
231 business's operation, upon the failure of such business to pay taxes  
232 owed to the state.

233 Sec. 7. Section 12-235 of the general statutes is repealed and the  
234 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
235 *applicable to taxes due and payable on or after said date*):

236 To any taxes which are assessed under section 12-233, as amended,  
237 there shall be added interest [at the rate of one per cent per month or  
238 fraction thereof] at a rate adjusted annually to be equal to the federal  
239 short-term rate as it is determined as of July first of each year under  
240 Section 6621(b) of the Internal Revenue Code, plus three percentage  
241 points from the date when the original tax became due and payable.  
242 The amount of any tax, penalty or interest due and unpaid under the  
243 provisions of this part may be collected under the provisions of section  
244 12-35, as amended by this act. The warrant therein provided for shall  
245 be signed by the commissioner or his authorized agent. The amount of  
246 any such tax, penalty and interest shall be a lien, from the last day of  
247 the income year until discharged by payment, against all real estate of  
248 the company within the state, and a certificate of such lien signed by

249 the commissioner may be filed for record in the office of the clerk of  
250 any town in which such real estate is situated, provided no such lien  
251 shall be effective as against any bona fide purchaser or qualified  
252 encumbrancer of any interest in any such property. When any tax with  
253 respect to which a lien has been recorded under the provisions of this  
254 section has been satisfied, the commissioner, upon request of any  
255 interested party, shall issue a certificate discharging such lien, which  
256 certificate shall be recorded in the same office in which the lien was  
257 recorded. Any action for the foreclosure of such lien shall be brought  
258 by the Attorney General in the name of the state in the superior court  
259 for the judicial district in which the property subject to such lien is  
260 situated, or, if such property is located in two or more judicial districts,  
261 in the superior court for any one such judicial district, and the court  
262 may limit the time for redemption or order the sale of such property or  
263 pass such other or further decree as it judges equitable.

264 Sec. 8. Subsection (b) of section 12-415 of the general statutes is  
265 repealed and the following is substituted in lieu thereof (*Effective*  
266 *October 1, 2006, and applicable to taxes due and payable on or after said*  
267 *date*):

268 (b) The amount of the assessment, exclusive of penalties, shall bear  
269 interest at [the rate of one per cent per month or fraction thereof] a rate  
270 adjusted annually to be equal to the federal short-term rate as it is  
271 determined as of July first of each year under Section 6621(b) of the  
272 Internal Revenue Code of 1986, or any subsequent corresponding  
273 internal revenue code of the United States, as from time to time  
274 amended, plus three percentage points. The interest shall be computed  
275 from the last day of the month succeeding the period for which the  
276 amount or any portion thereof should have been returned until the  
277 date of payment.

278 Sec. 9. Subsection (a) of section 12-728 of the 2006 supplement to the  
279 general statutes is repealed and the following is substituted in lieu  
280 thereof (*Effective October 1, 2006, and applicable to taxes due and payable on*  
281 *or after said date*):

282 (a) (1) After a final return pursuant to the provisions of this chapter  
283 is filed, the commissioner shall cause the same to be examined and  
284 may make such further audit or investigation or reaudit as the  
285 commissioner deems necessary, and if the commissioner determines  
286 that there is a deficiency with respect to the payment of any tax due  
287 under this chapter, the commissioner shall assess or reassess the  
288 additional taxes, penalties and interest due to this state, give notice of  
289 such assessment or reassessment to the taxpayer and make demand  
290 upon the taxpayer for payment. Not later than sixty days after the  
291 mailing of such notice, the taxpayer shall pay to the commissioner, in  
292 cash or by check, draft or money order drawn to the order of the  
293 commissioner, the amount of the deficiency. Such amount shall bear  
294 interest at [the rate of one per cent per month or fraction thereof] a rate  
295 adjusted annually to be equal to the federal short-term rate as it is  
296 determined as of July first of each year under Section 6621(b) of the  
297 Internal Revenue Code, plus three percentage points from the date  
298 when the original tax became due and payable.

299 (2) When it appears that any part of the deficiency for which a  
300 deficiency assessment is made is due to negligence or intentional  
301 disregard of the provisions of this chapter or regulations adopted  
302 thereunder, there shall be imposed a penalty equal to ten per cent of  
303 the amount of such deficiency assessment. When it appears that any  
304 part of the deficiency for which a deficiency assessment is made is due  
305 to fraud or intent to evade the provisions of this chapter or regulations  
306 adopted thereunder, there shall be imposed a penalty equal to  
307 twenty-five per cent of the amount of such deficiency assessment. For  
308 audits of returns commencing on or after January 1, 2006, when it  
309 appears that any part of the deficiency for which a deficiency  
310 assessment is made is due to failure to disclose a listed transaction, as  
311 defined in Section 6707A of the Internal Revenue Code, [of 1986, or any  
312 subsequent corresponding internal revenue code of the United States,  
313 as from time to time amended,] on the taxpayer's federal tax return,  
314 there shall be imposed a penalty equal to seventy-five per cent of the  
315 amount of such deficiency assessment.

316 (3) No taxpayer shall be subject to more than one penalty under this  
317 section in relation to the same tax period.

318 (4) Any decision rendered by any federal court holding that a  
319 taxpayer has filed a fraudulent return with the Director of Internal  
320 Revenue shall subject the taxpayer to the twenty-five per cent penalty  
321 imposed by this subsection without the necessity of further proof  
322 thereof, except when it can be shown that the return to the state so  
323 differed from the return to the federal government as to afford a  
324 reasonable presumption that the attempt to defraud did not extend to  
325 the state.

326 Sec. 10. Subsection (a) of section 12-30a of the general statutes is  
327 repealed and the following is substituted in lieu thereof (*Effective*  
328 *October 1, 2006, and applicable to taxes due and payable on or after said*  
329 *date*):

330 (a) (1) Whenever the provisions of section 12-35, as amended by this  
331 act, 12-204, as amended by this act, 12-205, as amended by this act, 12-  
332 206, as amended by this act, 12-225, as amended by this act, 12-226, as  
333 amended by this act, 12-229, as amended by this act, 12-235, as  
334 amended by this act, 12-242d, as amended by this act, 12-263c, as  
335 amended by this act, 12-263d, as amended by this act, 12-263m, as  
336 amended by this act, 12-268d, as amended by this act, 12-268h, as  
337 amended by this act, 12-293a, as amended by this act, 12-309, as  
338 amended by this act, 12-330d, as amended by this act, 12-330i, as  
339 amended by this act, 12-376, as amended by this act, 12-376a, 12-376b,  
340 as amended by this act, 12-392, as amended by this act, 12-414, as  
341 amended by this act, 12-415, as amended by this act, 12-416, as  
342 amended by this act, 12-419, as amended by this act, 12-419a, 12-439, as  
343 amended by this act, 12-440, as amended by this act, 12-458, as  
344 amended by this act, 12-458d, as amended by this act, 12-486a, as  
345 amended by this act, 12-488, as amended by this act, 12-547, as  
346 amended by this act, 12-548, as amended by this act, 12-590, as  
347 amended by this act, 12-594, as amended by this act, 12-638c, as  
348 amended by this act, 12-638d, as amended by this act, 12-646a, as

349 amended by this act, 12-647, as amended by this act, 12-655, as  
350 amended by this act, 12-667, as amended by this act, 12-722, as  
351 amended by this act, 12-723, as amended by this act, 12-728, as  
352 amended by this act, 12-731, as amended by this act, 12-735, as  
353 amended by this act, 22a-132, 22a-232, 22a-237c, 38a-277 or 51-81b  
354 require interest to be paid to the Commissioner of Revenue Services at  
355 [the rate of one per cent per month or fraction thereof or one per cent  
356 for each month or fraction thereof] a rate adjusted annually to be equal  
357 to the federal short-term rate as it is determined as of July first of each  
358 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
359 any subsequent corresponding internal revenue code of the United  
360 States, as from time to time amended, plus three percentage points, the  
361 Commissioner of Revenue Services may adopt regulations in  
362 accordance with the provisions of chapter 54 that require interest to be  
363 paid to said commissioner at the equivalent daily rate in lieu of such  
364 monthly rate.

365 (2) If such regulations are adopted, such regulations shall provide  
366 that (A) if notice and demand is made by said commissioner for  
367 payment of any amount to said commissioner, and if such amount is  
368 paid within ten days after the date of such notice and demand, interest  
369 under this section on the amount so paid shall not be imposed for the  
370 period after the date of such notice and demand, and (B) such  
371 regulations are applicable to interest required to be paid to the  
372 Commissioner of Revenue Services on taxes due and owing on or after  
373 the date specified in such regulations, whether or not such taxes first  
374 became due before said date.

375 Sec. 11. Subsection (b) of section 12-204 of the general statutes is  
376 repealed and the following is substituted in lieu thereof (*Effective*  
377 *October 1, 2006, and applicable to taxes due and payable on or after said*  
378 *date*):

379 (b) To any taxes which are assessed under this section, there shall be  
380 added interest at [the rate of one per cent per month or fraction  
381 thereof] a rate adjusted annually to be equal to the federal short-term

382 rate as it is determined as of July first of each year under Section  
383 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
384 corresponding internal revenue code of the United States, as from time  
385 to time amended, plus three percentage points from the date when the  
386 original tax became due and payable. The amount of any tax, penalty  
387 or interest due and unpaid under the provisions of this chapter may be  
388 collected under the provisions of section 12-35. The warrant therein  
389 provided for shall be signed by the commissioner or his authorized  
390 agent. The amount of any such tax, penalty or interest shall be a lien on  
391 the real estate of the taxpayer from the thirty-first day of December  
392 next preceding the due date of such tax until such tax is paid. The  
393 commissioner may, at any time after such December thirty-first, record  
394 such lien in the records of any town in which the real estate of such  
395 company is situated, but no such lien shall be enforceable against a  
396 bona fide purchaser or qualified encumbrancer of such real estate.  
397 When any tax with respect to which a lien has been recorded under the  
398 provisions of this section has been satisfied, the commissioner upon  
399 request of any interested party, shall issue a certificate discharging  
400 such lien, which certificate shall be recorded in the same office in  
401 which the lien was recorded. Any action for the foreclosure of such  
402 lien shall be brought by the Attorney General in the name of the state  
403 in the superior court for the judicial district in which the property  
404 subject to such lien is situated, or, if such property is located in two or  
405 more judicial districts, in the superior court for any one such judicial  
406 district, and the court may limit the time for redemption or order the  
407 sale of such property or make such other or further decree as it judges  
408 equitable.

409 Sec. 12. Subsection (a) of section 12-204c of the general statutes is  
410 repealed and the following is substituted in lieu thereof (*Effective*  
411 *October 1, 2006, and applicable to taxes due and payable on or after said*  
412 *date*):

413 (a) Except as otherwise provided in this section, in the case of any  
414 underpayment of estimated tax by a company, there shall be added to  
415 the tax under this chapter for the calendar year an amount determined

416 by applying (1) interest at [the rate of one per cent per month or  
417 portion thereof] a rate adjusted annually to be equal to the federal  
418 short-term rate as it is determined as of July first of each year under  
419 Section 6621(b) of the Internal Revenue Code of 1986, or any  
420 subsequent corresponding internal revenue code of the United States,  
421 as from time to time amended, plus three percentage points, (2) to the  
422 amount of the underpayment, (3) for the period of the underpayment.

423 Sec. 13. Section 12-205 of the general statutes is repealed and the  
424 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
425 *applicable to taxes due and payable on or after said date*):

426 Each domestic insurance company doing business in this state shall,  
427 on or before the first day of March, annually, render to the  
428 Commissioner of Revenue Services an annual return, on forms  
429 prescribed or furnished by the commissioner and signed by one of the  
430 principal officers of such company, stating specifically the name of the  
431 company and the location of its principal office, the names and  
432 locations of any subsidiary domestic insurance companies or insurance  
433 holding companies, the interest, dividends, premiums and other items  
434 of gross income received by such company and by each of the  
435 departments of such company during the next preceding calendar  
436 year, the deductions from such items of gross income as specified in  
437 this chapter and such other information as the commissioner may  
438 require for the purpose of making any computations required by this  
439 chapter and for the enforcement of this chapter. The amount of tax  
440 reported to be due on such return shall be due and payable on or  
441 before said first day of March. Payments shall be made in cash or by  
442 check, draft or money order drawn to the order of the Commissioner  
443 of Revenue Services. The commissioner may, for good cause shown,  
444 extend the time for making the return and paying the tax, if a written  
445 request is filed with the commissioner together with a tentative return  
446 which must be accompanied by a payment of the tax reported to be  
447 due thereon on or before said first day of March. Any company to  
448 which an extension is granted shall pay, in addition to the tax, interest  
449 at [the rate of one per cent per month or fraction thereof] a rate

450 adjusted annually to be equal to the federal short-term rate as it is  
451 determined as of July first of each year under Section 6621(b) of the  
452 Internal Revenue Code of 1986, or any subsequent corresponding  
453 internal revenue code of the United States, as from time to time  
454 amended, plus three percentage points from the date on which the tax  
455 would have been due without the extension until the date of payment.

456 Sec. 14. Subsections (a) and (b) of section 12-206 of the general  
457 statutes are repealed and the following is substituted in lieu thereof  
458 (*Effective October 1, 2006, and applicable to taxes due and payable on or after*  
459 *said date*):

460 (a) If any company fails to pay the amount of tax reported to be due  
461 on its return within the time specified under the provisions of this  
462 chapter, there shall be imposed a penalty equal to ten per cent of such  
463 amount due and unpaid, or fifty dollars, whichever is greater. Such  
464 amount shall bear interest at [the rate of one per cent per month or  
465 fraction thereof,] a rate adjusted annually to be equal to the federal  
466 short-term rate as it is determined as of July first of each year under  
467 Section 6621(b) of the Internal Revenue Code of 1986, or any  
468 subsequent corresponding internal revenue code of the United States,  
469 as from time to time amended, plus three percentage points from the  
470 due date of such tax until the date of payment.

471 (b) If any company has not made its return within three months  
472 after the time specified under the provisions of this chapter, the  
473 commissioner may make such return at any time thereafter, according  
474 to the best information obtainable and according to the form  
475 prescribed. To the tax imposed upon the basis of such return, there  
476 shall be added an amount equal to ten per cent of such tax, or fifty  
477 dollars, whichever is greater. The tax shall bear interest at [the rate of  
478 one per cent per month or fraction thereof,] a rate adjusted annually to  
479 be equal to the federal short-term rate as it is determined as of July first  
480 of each year under Section 6621(b) of the Internal Revenue Code of  
481 1986, or any subsequent corresponding internal revenue code of the  
482 United States, as from time to time amended, plus three percentage

483 points from the due date of such tax until the date of payment. No  
484 taxpayer shall be subject to a penalty under both [subsections (a) and  
485 (b) of this section] subsection (a) of this section and this subsection in  
486 relation to the same tax period.

487 Sec. 15. Subsection (h) of section 12-217p of the general statutes is  
488 repealed and the following is substituted in lieu thereof (*Effective*  
489 *October 1, 2006, and applicable to taxes due and payable on or after said*  
490 *date*):

491 (h) Any tax credit not used in the period during which the  
492 investment was made may be carried forward or backward for the five  
493 immediately succeeding or preceding income years until the full credit  
494 has been allowed. For income years commencing on or after January 1,  
495 1998, if the Connecticut Housing Finance Authority determines that  
496 sixty per cent or more of a revolving loan fund has not been loaned as  
497 provided in this section by a business firm on or before the date that is  
498 three years after the date that a revolving loan fund is established  
499 pursuant to this section by such business firm, the authority shall  
500 notify such firm and the commissioner that the authority has  
501 determined that sixty per cent or more of the fund has not been loaned  
502 as provided in this section, and such firm shall be required to  
503 recapture the credits previously granted under this section, to the  
504 extent provided for in written procedures of the authority adopted  
505 under section 1-121, on the first tax return required to be filed on or  
506 after the date of such notice for a tax imposed by this chapter or  
507 chapter 207, 209, 210, 210a or 212. If any amount of such recaptured  
508 credit has not been paid to the commissioner on or before the due date  
509 of such return, such amount shall bear interest at [the rate of one per  
510 cent per month or fraction thereof] a rate adjusted annually to be equal  
511 to the federal short-term rate as it is determined as of July first of each  
512 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
513 any subsequent corresponding internal revenue code of the United  
514 States, as from time to time amended, plus three percentage points  
515 from such due date to the date of payment.

516 Sec. 16. Subsection (f) of section 12-217w of the general statutes is  
517 repealed and the following is substituted in lieu thereof (*Effective*  
518 *October 1, 2006, and applicable to taxes due and payable on or after said*  
519 *date*):

520 (f) If the fixed capital on account of which a corporation has claimed  
521 the credit allowed by this section is not held and used in this state in  
522 the ordinary course of the corporation's trade or business in this state  
523 for three full years following its acquisition as provided in subsection  
524 (a) of this section, the corporation shall recapture one hundred per cent  
525 of the amount of the credit allowed under this section on its  
526 corporation business tax return required to be filed for the income year  
527 immediately succeeding the income year during which such three-year  
528 period expires. If the fixed capital on account of which a corporation  
529 has claimed the credit allowed by this section is not held and used in  
530 this state in the ordinary course of the corporation's trade or business  
531 in this state for five full years following its acquisition as provided in  
532 subsection (a) of this section, the corporation shall recapture fifty per  
533 cent of the amount of the credit allowed under this section on its  
534 corporation business tax return required to be filed for the income year  
535 immediately succeeding the income year during which such five-year  
536 period expires. The provisions of this subsection shall not apply if the  
537 property that is the subject of the credit under this section is replaced.  
538 If any amount of credit required to be recaptured has not been paid to  
539 the commissioner on or before the first day of the fourth month next  
540 succeeding the end of the income year immediately succeeding the  
541 income year during which the three-year or five-year period, as the  
542 case may be, expires, such amount shall bear interest at [the rate of one  
543 per cent per month or fraction thereof] a rate adjusted annually to be  
544 equal to the federal short-term rate as it is determined as of July first of  
545 each year under Section 6621(b) of the Internal Revenue Code of 1986,  
546 or any subsequent corresponding internal revenue code of the United  
547 States, as from time to time amended, plus three percentage points  
548 from such date to the date of payment.

549 Sec. 17. Subsection (c) of section 12-222 of the general statutes is

550 repealed and the following is substituted in lieu thereof (*Effective*  
551 *October 1, 2006, and applicable to taxes due and payable on or after said*  
552 *date*):

553 (c) The commissioner may grant a reasonable extension of time for  
554 filing a return, if the company files a tentative return and application  
555 for extension of time in which to file a return, on forms furnished or  
556 prescribed by the commissioner, and pays the tax reported to be due  
557 on such tentative return on or before the original due date of the  
558 return, as provided in subsection (b) of this section. Any additional tax  
559 which may be found to be due on the filing of the return as allowed by  
560 such extension shall bear interest at [the rate of one per cent per month  
561 or fraction thereof] a rate adjusted annually to be equal to the federal  
562 short-term rate as it is determined as of July first of each year under  
563 Section 6621(b) of the Internal Revenue Code of 1986, or any  
564 subsequent corresponding internal revenue code of the United States,  
565 as from time to time amended, plus three percentage points from the  
566 original due date of the return to the date of actual payment.  
567 Notwithstanding the provisions of section 12-229, as amended by this  
568 act, if the commissioner grants a reasonable extension of time for filing  
569 a return, no penalty shall be imposed on account of any failure to pay  
570 the amount of tax reported to be due on a return within the time  
571 specified under the provisions of this chapter if the excess of the  
572 amount of tax shown on the return over the amount of tax paid on or  
573 before the original due date of such return is no greater than ten per  
574 cent of the amount of tax shown on such return, and any balance due  
575 shown on such return is remitted with such return on or before the  
576 extended due date of such return.

577 Sec. 18. Subsection (a) of section 12-225 of the general statutes is  
578 repealed and the following is substituted in lieu thereof (*Effective*  
579 *October 1, 2006, and applicable to taxes due and payable on or after said*  
580 *date*):

581 (a) Any company which, either intentionally or through error, fails  
582 to include in its return items of income or invested capital or which

583 claims unlawful deductions therefrom shall make a supplemental  
584 return disclosing such facts within three years from the due date of the  
585 return and, within thirty days thereafter, shall pay to the commissioner  
586 any tax due thereon, with interest upon the amount of such additional  
587 tax at [the rate of one per cent per month or fraction thereof] a rate  
588 adjusted annually to be equal to the federal short-term rate as it is  
589 determined as of July first of each year under Section 6621(b) of the  
590 Internal Revenue Code of 1986, or any subsequent corresponding  
591 internal revenue code of the United States, as from time to time  
592 amended, plus three percentage points from the date when the original  
593 tax became due and payable.

594 Sec. 19. Section 12-226 of the general statutes is repealed and the  
595 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
596 *applicable to taxes due and payable on or after said date*):

597 (a) (1) Any company whose income, profits or earnings are changed,  
598 adjusted or corrected for any income year by any official of the United  
599 States government, or any agency thereof, in any respect affecting the  
600 tax imposed by this part, shall provide notice of such change,  
601 adjustment or correction to the commissioner by filing, on or before the  
602 date that is ninety days after the final determination of such change,  
603 adjustment or correction, or as otherwise required by the  
604 commissioner, an amended return under this chapter, and shall  
605 concede the accuracy of such determination or state wherein it is  
606 erroneous, and thereafter promptly furnish to the commissioner any  
607 information, schedules, records, documents or papers relating to such  
608 change, adjustment or correction as the commissioner requires. The  
609 time for filing such return may be extended by the commissioner upon  
610 due cause shown. If, upon examination, the commissioner finds that  
611 the company is liable for the payment of an additional tax, the  
612 commissioner shall, within a reasonable time from the receipt of such  
613 return, notify the company of the amount of such additional tax,  
614 together with interest thereon computed at [the rate of one per cent per  
615 month or fraction thereof] a rate adjusted annually to be equal to the  
616 federal short-term rate as it is determined as of July first of each year

617 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
618 subsequent corresponding internal revenue code of the United States,  
619 as from time to time amended, plus three percentage points from the  
620 date when the original tax became due and payable. Within thirty days  
621 of the mailing of such notice, the company shall pay to the  
622 commissioner, in cash or by check, draft or money order, drawn to the  
623 order of the Commissioner of Revenue Services, the amount of such  
624 additional tax and interest. If, upon examination of such return and  
625 related information, the commissioner finds that the company has  
626 overpaid the tax due the state and has not received from or been  
627 allowed by the United States government, or any agency thereof, a  
628 credit or a benefit as a deduction or otherwise, for or by reason of such  
629 overpayment, the State Treasurer shall pay the company, upon order  
630 of the State Comptroller, the amount of such overpayment. If the  
631 commissioner determines that the company's claim of overpayment is  
632 not valid, either in whole or in part, the commissioner shall mail notice  
633 to the company of the proposed disallowance of the claim in whole or  
634 in part, which notice shall set forth briefly the commissioner's findings  
635 of fact and the basis of disallowance in each case decided in whole or  
636 in part adversely to the claimant. Sixty days after the date on which it  
637 is mailed, a notice of proposed disallowance shall constitute a final  
638 disallowance except only for such amounts as to which the company  
639 has filed a written protest with the commissioner, as provided in  
640 subdivision (2) of this subsection.

641 (2) On or before the sixtieth day after the mailing of the proposed  
642 disallowance, the company may file with the commissioner a written  
643 protest against the proposed disallowance in which it sets forth the  
644 grounds on which the protest is based. If a protest is filed, the  
645 commissioner shall reconsider the proposed disallowance and, if the  
646 company has so requested, may grant or deny the company or its  
647 authorized representatives an oral hearing.

648 (3) The commissioner shall mail notice of his determination to the  
649 company, which notice shall set forth briefly the commissioner's  
650 findings of fact and the basis of decision in each case decided in whole

651 or in part adversely to the company.

652 (4) The action of the commissioner on the company's protest shall be  
653 final upon the expiration of one month from the date on which he  
654 mails notice of his action to the company unless within such period the  
655 company seeks judicial review of the commissioner's determination  
656 pursuant to section 12-237.

657 (b) (1) Any company whose return to the Director of Internal  
658 Revenue has been amended shall, within ninety days after having filed  
659 the amended return, make an amended return to the commissioner.  
660 The time for filing such amended return may be extended by the  
661 commissioner upon due cause shown. If, upon examination, the  
662 commissioner finds that the company is liable for the payment of an  
663 additional tax, he shall, within a reasonable time from the receipt of  
664 such amended return, notify the company of the amount of such  
665 additional tax, together with interest thereon computed at [the rate of  
666 one per cent per month or fraction thereof] a rate adjusted annually to  
667 be equal to the federal short-term rate as it is determined as of July first  
668 of each year under Section 6621(b) of the Internal Revenue Code of  
669 1986, or any subsequent corresponding internal revenue code of the  
670 United States, as from time to time amended, plus three percentage  
671 points from the date when the original tax became due and payable.  
672 Within thirty days of the mailing of such notice, the company shall pay  
673 to the commissioner, in cash or by check, draft or money order, drawn  
674 to the order of the Commissioner of Revenue Services, the amount of  
675 such additional tax and interest. If, upon examination of such  
676 amended return and related information, the commissioner finds that  
677 the company has overpaid the tax due the state and has not received  
678 from or been allowed by the United States government, or any agency  
679 thereof, a credit or a benefit, as a deduction or otherwise, for or by  
680 reason of such overpayment, the company shall be paid by the State  
681 Treasurer, upon order of the Comptroller, the amount of such  
682 overpayment. If the commissioner determines that the company's  
683 claim of overpayment is not valid, either in whole or in part, he shall  
684 mail notice of the proposed disallowance in whole or in part of the

685 claim to the company, which notice shall set forth briefly the  
686 commissioner's findings of fact and the basis of disallowance in each  
687 case decided in whole or in part adversely to the claimant. Sixty days  
688 after the date on which it is mailed, a notice of proposed disallowance  
689 shall constitute a final disallowance except only for such amounts as to  
690 which the company has filed, as provided in subdivision (2) of this  
691 subsection, a written protest with the commissioner.

692 (2) On or before the sixtieth day after the mailing of the proposed  
693 disallowance, the company may file with the commissioner a written  
694 protest against the proposed disallowance in which it sets forth the  
695 grounds on which the protest is based. If a protest is filed, the  
696 commissioner shall reconsider the proposed disallowance and, if the  
697 company has so requested, may grant or deny the company or its  
698 authorized representatives an oral hearing.

699 (3) The commissioner shall mail notice of his determination to the  
700 company, which notice shall set forth briefly the commissioner's  
701 findings of fact and the basis of decision in each case decided in whole  
702 or in part adversely to the company.

703 (4) The action of the commissioner on the company's protest shall be  
704 final upon the expiration of one month from the date on which he  
705 mails notice of his action to the company unless within such period the  
706 company seeks judicial review of the commissioner's determination  
707 pursuant to section 12-237.

708 Sec. 20. Section 12-229 of the general statutes is repealed and the  
709 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
710 *applicable to taxes due and payable on or after said date*):

711 (a) If any company fails to pay the amount of tax reported to be due  
712 on its return within the time specified under the provisions of this part,  
713 there shall be imposed a penalty equal to ten per cent of such amount  
714 due and unpaid, or fifty dollars, whichever amount is greater. Such  
715 amount shall bear interest at [the rate of one per cent per month or  
716 fraction thereof,] a rate adjusted annually to be equal to the federal

717 short-term rate as it is determined as of July first of each year under  
718 Section 6621(b) of the Internal Revenue Code of 1986, or any  
719 subsequent corresponding internal revenue code of the United States,  
720 as from time to time amended, plus three percentage points from the  
721 due date of such tax until the date of payment.

722 (b) If any company has not made its return within three months  
723 after the time specified under the provisions of this part, the  
724 commissioner may make such return at any time thereafter, according  
725 to the best information obtainable and according to the form  
726 prescribed. To the tax imposed upon the basis of such return, there  
727 shall be added an amount equal to ten per cent of such tax, or fifty  
728 dollars, whichever is greater. The tax shall bear interest at [the rate of  
729 one per cent per month or fraction thereof,] a rate adjusted annually to  
730 be equal to the federal short-term rate as it is determined as of July first  
731 of each year under Section 6621(b) of the Internal Revenue Code of  
732 1986, or any subsequent corresponding internal revenue code of the  
733 United States, as from time to time amended, plus three percentage  
734 points from the due date of such tax until the date of payment. No  
735 taxpayer shall be subject to a penalty under both subsections (a) and  
736 (b) of this section in relation to the same tax period.

737 (c) Subject to the provisions of section 12-3a, the commissioner may  
738 waive all or part of the penalties provided under this chapter when it  
739 is proven to his satisfaction that the failure to pay any tax on time was  
740 due to reasonable cause and was not intentional or due to neglect.

741 Sec. 21. Subsection (c) of section 12-242d of the general statutes is  
742 repealed and the following is substituted in lieu thereof (*Effective*  
743 *October 1, 2006, and applicable to taxes due and payable on or after said*  
744 *date*):

745 (c) Except as otherwise provided in this section, in the case of any  
746 underpayment of estimated tax by a company, there shall be added to  
747 the tax an amount determined by applying interest (1) at [the rate of  
748 one per cent per month or fraction thereof] a rate adjusted annually to

749 be equal to the federal short-term rate as it is determined as of July first  
750 of each year under Section 6621(b) of the Internal Revenue Code of  
751 1986, or any subsequent corresponding internal revenue code of the  
752 United States, as from time to time amended, plus three percentage  
753 points, (2) to the amount of the underpayment, (3) for the period of the  
754 underpayment.

755 Sec. 22. Section 12-263c of the general statutes is repealed and the  
756 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
757 *applicable to taxes due and payable on or after said date*):

758 (a) If any hospital fails to pay the amount of tax reported to be due  
759 on its return within the time specified under the provisions of section  
760 12-263b, there shall be imposed a penalty equal to ten per cent of such  
761 amount due and unpaid, or fifty dollars, whichever is greater. The tax  
762 shall bear interest at [the rate of one per cent per month or fraction  
763 thereof,] a rate adjusted annually to be equal to the federal short-term  
764 rate as it is determined as of July first of each year under Section  
765 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
766 corresponding internal revenue code of the United States, as from time  
767 to time amended, plus three percentage points from the due date of  
768 such tax until the date of payment.

769 (b) If any hospital has not made its return within one month after  
770 the time specified in section 12-263b, the Commissioner of Revenue  
771 Services may make such return at any time thereafter, according to the  
772 best information obtainable and according to the form prescribed. To  
773 the tax imposed upon the basis of such return, there shall be added an  
774 amount equal to ten per cent of such tax, or fifty dollars, whichever is  
775 greater. The tax shall bear interest at [the rate of one per cent per  
776 month or fraction thereof,] a rate adjusted annually to be equal to the  
777 federal short-term rate as it is determined as of July first of each year  
778 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
779 subsequent corresponding internal revenue code of the United States,  
780 as from time to time amended, plus three percentage points from the  
781 due date of such tax until the date of payment.

782 (c) Subject to the provisions of section 12-3a, the commissioner may  
783 waive all or part of the penalties provided under this section when it is  
784 proven to his satisfaction that the failure to pay any tax on time was  
785 due to reasonable cause and was not intentional or due to neglect.

786 Sec. 23. Subsection (a) of section 12-263d of the general statutes is  
787 repealed and the following is substituted in lieu thereof (*Effective*  
788 *October 1, 2006, and applicable to taxes due and payable on or after said*  
789 *date*):

790 (a) The Commissioner of Revenue Services may examine the records  
791 of any hospital subject to a tax imposed under the provisions of  
792 sections 12-263a to 12-263e, inclusive, as he may deem necessary. If he  
793 shall determine therefrom that there is a deficiency with respect to the  
794 payment of any such tax due under the provisions of said sections 12-  
795 263a to 12-263e, inclusive, he shall assess the deficiency in tax, give  
796 notice of such deficiency assessment to the hospital and make demand  
797 thereupon for payment. Such amount shall bear interest at [the rate of  
798 one per cent per month or fraction thereof] a rate adjusted annually to  
799 be equal to the federal short-term rate as it is determined as of July first  
800 of each year under Section 6621(b) of the Internal Revenue Code of  
801 1986, or any subsequent corresponding internal revenue code of the  
802 United States, as from time to time amended, plus three percentage  
803 points from the date when the original tax was due and payable. When  
804 it appears that any part of the deficiency for which a deficiency  
805 assessment is made is due to negligence or intentional disregard of the  
806 provisions of said sections 12-263a to 12-263e, inclusive, or regulations  
807 adopted thereunder, there shall be imposed a penalty equal to ten per  
808 cent of the amount of such deficiency assessment, or fifty dollars,  
809 whichever is greater. When it appears that any part of the deficiency  
810 for which a deficiency assessment is made is due to fraud or intent to  
811 evade the provisions of sections 12-263a to 12-263e, inclusive, or  
812 regulations adopted thereunder, there shall be imposed a penalty  
813 equal to twenty-five per cent of the amount of such deficiency  
814 assessment. No hospital shall be subject to more than one penalty  
815 under this subsection in relation to the same tax period. Within thirty

816 days of the mailing of such notice, the hospital shall pay to the  
817 commissioner, in cash, or by check, draft or money order drawn to the  
818 order of the Commissioner of Revenue Services, any additional  
819 amount of tax, penalty and interest shown to be due.

820       Sec. 24. Subsection (a) of section 12-263m of the 2006 supplement to  
821 the general statutes is repealed and the following is substituted in lieu  
822 thereof (*Effective October 1, 2006, and applicable to taxes due and payable on*  
823 *or after said date*):

824       (a) There shall be paid to the Commissioner of Revenue Services by  
825 each dry cleaning establishment, as defined in this subsection, a  
826 surcharge of one per cent of its gross receipts at retail for any dry  
827 cleaning service performed on or after January 1, 1995. Each such  
828 establishment shall register with the Commissioner of Revenue  
829 Services on forms prescribed by him. Each such establishment shall  
830 submit a return quarterly to the Commissioner of Revenue Services,  
831 applicable with respect to the calendar quarter beginning January 1,  
832 1995, and each calendar quarter thereafter, on or before the last day of  
833 the month immediately following the end of each such calendar  
834 quarter, on a form prescribed by the commissioner, together with  
835 payment of the quarterly surcharge determined and payable in  
836 accordance with the provisions of this section. Whenever such  
837 surcharge is not paid when due, a penalty of ten per cent of the  
838 amount due or fifty dollars, whichever is greater, shall be imposed,  
839 and such surcharge shall bear interest at [the rate of one per cent per  
840 month or fraction thereof] a rate adjusted annually to be equal to the  
841 federal short-term rate as it is determined as of July first of each year  
842 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
843 subsequent corresponding internal revenue code of the United States,  
844 as from time to time amended, plus three percentage points until the  
845 same is paid. The Commissioner of Revenue Services shall cause  
846 copies of a form prescribed for submitting returns as required under  
847 this section to be distributed to persons subject to the surcharge.  
848 Failure to receive such form shall not be construed to relieve anyone  
849 subject to the surcharge under this section from the obligations of

850 submitting a return, together with payment of such surcharge within  
851 the time required. The provisions of sections 12-548 to 12-554,  
852 inclusive, as amended by this act, and sections 12-555a and 12-555b  
853 shall apply to the provisions of this section in the same manner and  
854 with the same force and effect as if the language of said sections 12-548  
855 to 12-554, inclusive, and sections 12-555a and 12-555b had been  
856 incorporated in full into this section and had expressly referred to the  
857 surcharge imposed under this section, except to the extent that any  
858 such provision is inconsistent with a provision of this section and  
859 except that the term "tax" shall be read as "dry cleaning establishment  
860 surcharge". Any moneys received by the state pursuant to this section  
861 shall be deposited into the account established pursuant to subsection  
862 (b) of this section. For the purposes of this section, "dry cleaning  
863 establishment" means any place of business engaged in the cleaning of  
864 clothing or other fabrics using tetrachlorethylene, Stoddard solvent or  
865 other chemicals or any place of business which accepts clothing or  
866 other fabrics to be cleaned by another establishment using such  
867 chemicals and "gross receipts at retail" means the total amount  
868 accruing from dry cleaning services at retail, valued in money, without  
869 any deduction for the cost of the materials used, labor or service cost or  
870 any other expense.

871 Sec. 25. Section 12-268d of the general statutes is repealed and the  
872 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
873 *applicable to taxes due and payable on or after said date*):

874 (a) If any company or municipal utility included in section 12-249,  
875 section 12-256 or section 12-264, as amended, fails to pay the amount of  
876 tax reported to be due on its return within the time specified under the  
877 provisions of chapter 210, 211, 212 or this chapter, there shall be  
878 imposed a penalty equal to ten per cent of such amount due and  
879 unpaid, or fifty dollars, whichever is greater. Such amount shall bear  
880 interest at [the rate of one per cent per month or fraction thereof,] a  
881 rate adjusted annually to be equal to the federal short-term rate as it is  
882 determined as of July first of each year under Section 6621(b) of the  
883 Internal Revenue Code of 1986, or any subsequent corresponding

884 internal revenue code of the United States, as from time to time  
885 amended, plus three percentage points from the due date of such tax  
886 until the date of payment.

887 (b) If any company or municipal utility has not made its return  
888 within one month after the time specified in section 12-249, 12-256 or  
889 section 12-264, as amended, the commissioner may make such return  
890 at any time thereafter, according to the best information obtainable and  
891 according to the form prescribed. To the tax imposed upon the basis of  
892 such return, there shall be added an amount equal to ten per cent of  
893 such tax, or fifty dollars, whichever is greater. The tax shall bear  
894 interest at [the rate of one per cent per month or fraction thereof,] a  
895 rate adjusted annually to be equal to the federal short-term rate as it is  
896 determined as of July first of each year under Section 6621(b) of the  
897 Internal Revenue Code of 1986, or any subsequent corresponding  
898 internal revenue code of the United States, as from time to time  
899 amended, plus three percentage points from the due date of such tax  
900 until the date of payment. No taxpayer shall be subject to a penalty  
901 under both subsections (a) and (b) of this section in relation to the  
902 same tax period.

903 (c) Subject to the provisions of section 12-3a, the commissioner may  
904 waive all or part of the penalties provided under this chapter when it  
905 is proven to his satisfaction that the failure to pay any tax was due to  
906 reasonable cause and was not intentional or due to neglect.

907 Sec. 26. Subsection (a) of section 12-268h of the general statutes is  
908 repealed and the following is substituted in lieu thereof (*Effective*  
909 *October 1, 2006, and applicable to taxes due and payable on or after said*  
910 *date*):

911 (a) To any taxes which are assessed under chapter 210, 211 or 212 or  
912 this chapter with respect to gross earnings of any company or  
913 municipal utility for any taxable period, there shall be added interest at  
914 [the rate of one per cent per month or fraction thereof] a rate adjusted  
915 annually to be equal to the federal short-term rate as it is determined

916 as of July first of each year under Section 6621(b) of the Internal  
917 Revenue Code of 1986, or any subsequent corresponding internal  
918 revenue code of the United States, as from time to time amended, plus  
919 three percentage points which elapses from the date when the original  
920 tax became due and payable. The amount of any tax, penalty or  
921 interest due and unpaid by any such company under the provisions of  
922 chapter 210, 211 or 212 or this chapter may be collected under the  
923 provisions of section 12-35. The warrant therein provided for shall be  
924 signed by the commissioner or his authorized agent. The amount of  
925 any such tax, penalty and interest shall be a lien, from the last day of  
926 such taxable quarter until discharged by payment, against all real  
927 estate of the company within the state, and a certificate of such lien  
928 signed by the commissioner may be filed for record in the office of the  
929 clerk of any town in which such real estate is situated and such lien  
930 shall take precedence over any other encumbrance, provided no such  
931 lien shall be effective as against any bona fide purchaser or qualified  
932 encumbrancer of any interest in any such property, provided the  
933 amount of any tax, penalty and interest due under chapter 210, shall be  
934 a lien, taking precedence over all other encumbrances, against real  
935 estate used exclusively for railroad purposes. When any tax with  
936 respect to which a lien has been recorded under the provisions of this  
937 section has been satisfied, the commissioner, upon request of any  
938 interested party, shall issue a certificate discharging such lien, which  
939 certificate shall be recorded in the same office in which the lien was  
940 recorded. Any action for the foreclosure of such lien shall be brought  
941 by the Attorney General in the name of the state in the superior court  
942 for the judicial district in which such property subject to such lien is  
943 situated, or, if such property is located in two or more judicial districts,  
944 in the superior court for any one such judicial district, and the court  
945 may limit the time for redemption or order the sale of such property or  
946 pass such other or further decree as it judges equitable.

947 Sec. 27. Subsection (e) of section 12-284b of the general statutes is  
948 repealed and the following is substituted in lieu thereof (*Effective*  
949 *October 1, 2006, and applicable to taxes due and payable on or after said*

950 *date*):

951 (e) If any tax is not paid when due as provided in this section, there  
952 shall be added to the amount of the tax interest at [the rate of one per  
953 cent per month or fraction thereof] a rate adjusted annually to be equal  
954 to the federal short-term rate as it is determined as of July first of each  
955 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
956 any subsequent corresponding internal revenue code of the United  
957 States, as from time to time amended, plus three percentage points  
958 from the date the tax became due until it is paid.

959 Sec. 28. Subsection (c) of section 12-293a of the 2006 supplement to  
960 the general statutes is repealed and the following is substituted in lieu  
961 thereof (*Effective October 1, 2006, and applicable to taxes due and payable on*  
962 *or after said date*):

963 (c) If any person fails to pay the amount of tax reported due on its  
964 report within the time specified under this section, there shall be  
965 imposed a penalty equal to ten per cent of such amount due and  
966 unpaid, or fifty dollars, whichever is greater. No person shall be  
967 subject to a penalty under both this section and subsection (b) of  
968 section 12-309, as amended by this act. Such amount shall bear interest  
969 at [the rate of one per cent per month or fraction thereof,] a rate  
970 adjusted annually to be equal to the federal short-term rate as it is  
971 determined as of July first of each year under Section 6621(b) of the  
972 Internal Revenue Code of 1986, or any subsequent corresponding  
973 internal revenue code of the United States, as from time to time  
974 amended, plus three percentage points from the due date of such tax  
975 until the date of payment.

976 Sec. 29. Section 12-309 of the general statutes is repealed and the  
977 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
978 *applicable to taxes due and payable on or after said date*):

979 (a) Each distributor and each dealer shall keep complete and  
980 accurate records of all cigarettes manufactured, produced, purchased  
981 and sold. Such records shall be of such kind and in such form as the

982 Commissioner of Revenue Services may prescribe and shall be safely  
983 preserved for three years in such manner as to insure permanency and  
984 accessibility for inspection by the commissioner and his authorized  
985 agents. The commissioner and his authorized agents may examine the  
986 books, papers and records of any distributor or dealer in this state for  
987 the purpose of determining whether the tax imposed by this chapter  
988 has been fully paid, and may investigate and examine the stock of  
989 cigarettes in or upon any premises where such cigarettes are  
990 possessed, stored or sold for the purpose of determining whether the  
991 provisions of this chapter are being obeyed. If, after an examination of  
992 the invoices, books and records of a licensed distributor or dealer, or if,  
993 from any other information obtained by him or his authorized agents,  
994 the commissioner determines that the report of any licensed  
995 distributor or licensed dealer is incorrect, and that the licensed  
996 distributor or licensed dealer has not purchased sufficient stamps to  
997 cover his receipts and sales or other disposition of unstamped  
998 cigarettes, he shall thereupon assess the deficiency in tax. Such amount  
999 shall bear interest at [the rate of one per cent per month or fraction  
1000 thereof] a rate adjusted annually to be equal to the federal short-term  
1001 rate as it is determined as of July first of each year under Section  
1002 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
1003 corresponding internal revenue code of the United States, as from time  
1004 to time amended, plus three percentage points from the date when the  
1005 original tax was due and payable. In any case where a licensed  
1006 distributor or licensed dealer cannot produce evidence of sufficient  
1007 stamp purchases to cover the receipt of unstamped cigarettes, it shall  
1008 be presumed that such cigarettes were sold without having the proper  
1009 stamps affixed. When it appears that any part of the deficiency for  
1010 which a deficiency assessment is made is due to negligence or  
1011 intentional disregard of the provisions of this chapter or regulations  
1012 promulgated thereunder, there shall be imposed a penalty equal to ten  
1013 per cent of the amount of such deficiency assessment, or fifty dollars,  
1014 whichever is greater. When it appears that any part of the deficiency  
1015 for which a deficiency assessment is made is due to fraud or intent to  
1016 evade the provisions of this chapter or regulations promulgated

1017 thereunder, there shall be imposed a penalty equal to twenty-five per  
1018 cent of the amount of such deficiency assessment. No taxpayer shall be  
1019 subject to more than one penalty under this subsection in relation to  
1020 the same tax period. The amount of any tax, penalty or interest due  
1021 and unpaid under the provisions of this chapter may be collected  
1022 under the provisions of section 12-35. The warrant therein provided for  
1023 shall be signed by the commissioner or his authorized agent. The  
1024 amount of any such tax, penalty and interest shall be a lien, from the  
1025 last day of the month next preceding the due date of such tax until  
1026 discharged by payment, against all real estate of the taxpayer within  
1027 the state, and a certificate of such lien signed by the commissioner may  
1028 be filed for record in the office of the clerk of any town in which such  
1029 real estate is situated, provided no such lien shall be effective as  
1030 against any bona fide purchaser or qualified encumbrancer of any  
1031 interest in any such property. When any tax with respect to which a  
1032 lien has been recorded under the provisions of this section has been  
1033 satisfied, the commissioner, upon request of any interested party, shall  
1034 issue a certificate discharging such lien, which certificate shall be  
1035 recorded in the same office in which the lien is recorded. Any action  
1036 for the foreclosure of such lien shall be brought by the Attorney  
1037 General in the name of the state in the superior court for the judicial  
1038 district in which the property subject to such lien is situated, or, if such  
1039 property is located in two or more judicial districts, in the superior  
1040 court for any one such judicial district, and the court may limit the  
1041 time for redemption or order the sale of such property or make such  
1042 other or further decree as it judges equitable.

1043 (b) Except in the case of a wilfully false or fraudulent return with  
1044 intent to evade the tax, no assessment of additional tax with respect to  
1045 any return shall be made after the expiration of more than three years  
1046 from the date of the filing of such return or from the original due date  
1047 of such return, whichever is later. If no return has been filed as  
1048 provided in this chapter, the commissioner may make such return at  
1049 any time thereafter, according to the best information obtainable and  
1050 according to the form prescribed. To the tax imposed upon the basis of

1051 such return, there shall be added an amount equal to ten per cent of  
1052 such tax, or fifty dollars, whichever is greater. The tax shall bear  
1053 interest at [the rate of one per cent per month or fraction thereof] a rate  
1054 adjusted annually to be equal to the federal short-term rate as it is  
1055 determined as of July first of each year under Section 6621(b) of the  
1056 Internal Revenue Code of 1986, or any subsequent corresponding  
1057 internal revenue code of the United States, as from time to time  
1058 amended, plus three percentage points from the due date of such tax to  
1059 the date of payment. If prior to the expiration of the period prescribed  
1060 in this section for the assessment of additional tax, a taxpayer has  
1061 consented in writing that such period may be extended, the amount of  
1062 such additional tax due may be determined at any time within such  
1063 extended period. Any such extended period may be further extended  
1064 by consent in writing before the expiration of such extended period.

1065 Sec. 30. Subsection (a) of section 12-330d of the 2006 supplement to  
1066 the general statutes is repealed and the following is substituted in lieu  
1067 thereof (*Effective October 1, 2006, and applicable to taxes due and payable on*  
1068 *or after said date*):

1069 (a) Except as otherwise provided in subsection (b) of this section,  
1070 each licensed distributor and each licensed unclassified importer shall  
1071 file with the commissioner, on or before the twenty-fifth day of each  
1072 month, a report for the calendar month immediately preceding in such  
1073 form and containing such information as the commissioner may  
1074 prescribe. The return shall be accompanied by a payment of the  
1075 amount of the tax shown to be due thereon. If any person fails to pay  
1076 the amount of tax reported due on its report within the time specified  
1077 under this section, there shall be imposed a penalty equal to ten per  
1078 cent of such amount due and unpaid, or fifty dollars, whichever is  
1079 greater. Such amount shall bear interest at [the rate of one per cent per  
1080 month or fraction thereof,] a rate adjusted annually to be equal to the  
1081 federal short-term rate as it is determined as of July first of each year  
1082 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
1083 subsequent corresponding internal revenue code of the United States,  
1084 as from time to time amended, plus three percentage points from the

1085 due date of such tax until the date of payment. Subject to the  
1086 provisions of section 12-3a, the commissioner may waive all or part of  
1087 the penalties provided under this chapter when it is proven to the  
1088 commissioner's satisfaction that the failure to pay any tax was due to  
1089 reasonable cause and was not intentional or due to neglect.

1090 Sec. 31. Section 12-330i of the general statutes is repealed and the  
1091 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1092 *applicable to taxes due and payable on or after said date*):

1093 (a) Each distributor and each unclassified importer shall keep  
1094 complete and accurate records of all tobacco products manufactured,  
1095 produced, purchased and sold. Such records shall be of such kind and  
1096 in such form as the commissioner may prescribe and shall be safely  
1097 preserved for three years in such manner as to ensure permanency and  
1098 accessibility for inspection by the commissioner and his authorized  
1099 agents. The commissioner and his authorized agents may examine the  
1100 books, papers and records of any distributor or unclassified importer  
1101 in this state for the purpose of determining whether the tax imposed  
1102 by this chapter has been fully paid, and may investigate and examine  
1103 the stock of tobacco products in or upon any premises where such  
1104 tobacco products are possessed, stored or sold for the purpose of  
1105 determining whether the provisions of this chapter are being obeyed.  
1106 If, after an examination of the invoices, books and records of a licensed  
1107 distributor or unclassified importer, or if, from any other information  
1108 obtained by him or his authorized agents, the commissioner  
1109 determines that the report of any licensed distributor or licensed  
1110 unclassified importer is incorrect, he shall thereupon assess the  
1111 deficiency in tax. Such amount shall bear interest at [the rate of one per  
1112 cent per month or fraction thereof] a rate adjusted annually to be equal  
1113 to the federal short-term rate as it is determined as of July first of each  
1114 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
1115 any subsequent corresponding internal revenue code of the United  
1116 States, as from time to time amended, plus three percentage points  
1117 from the date when the original tax was due and payable. When it  
1118 appears that any part of the deficiency for which a deficiency

1119 assessment is made is due to negligence or intentional disregard of the  
1120 provisions of this chapter or regulations promulgated thereunder,  
1121 there shall be imposed a penalty equal to ten per cent of the amount of  
1122 such deficiency assessment, or fifty dollars, whichever is greater. When  
1123 it appears that any part of the deficiency for which a deficiency  
1124 assessment is made is due to fraud or intent to evade the provisions of  
1125 this chapter or regulations promulgated thereunder, there shall be  
1126 imposed a penalty equal to twenty-five per cent of the amount of such  
1127 deficiency assessment. No taxpayer shall be subject to more than one  
1128 penalty under this subsection in relation to the same tax period. The  
1129 amount of any tax, penalty or interest due and unpaid under the  
1130 provisions of this chapter may be collected under the provisions of  
1131 section 12-35. The warrant therein provided for shall be signed by the  
1132 commissioner or his authorized agent. The amount of any such tax,  
1133 penalty and interest shall be a lien, from the last day of the month next  
1134 preceding the due date of such tax until discharged by payment,  
1135 against all real estate of the taxpayer within the state, and a certificate  
1136 of such lien signed by the commissioner may be filed for record in the  
1137 office of the clerk of any town in which such real estate is situated,  
1138 provided no such lien shall be effective as against any bona fide  
1139 purchaser or qualified encumbrancer of any interest in any such  
1140 property. When any tax with respect to which a lien has been recorded  
1141 under the provisions of this section has been satisfied, the  
1142 commissioner, upon request of any interested party, shall issue a  
1143 certificate discharging such lien, which certificate shall be recorded in  
1144 the same office in which the lien is recorded. Any action for the  
1145 foreclosure of such lien shall be brought by the Attorney General in the  
1146 name of the state in the superior court for the judicial district in which  
1147 the property subject to such lien is situated, or, if such property is  
1148 located in two or more judicial districts, in the superior court for any  
1149 one such judicial district, and the court may limit the time for  
1150 redemption or order the sale of such property or make such other or  
1151 further decree as it judges equitable.

1152 (b) Except in the case of a wilfully false or fraudulent return with

1153 intent to evade the tax, no assessment of additional tax with respect to  
1154 any return shall be made after the expiration of more than three years  
1155 from the date of the filing of such return or from the original due date  
1156 of such return, whichever is later. If no return has been filed as  
1157 provided in this chapter the commissioner may make such return at  
1158 any time thereafter, according to the best information obtainable and  
1159 according to the form prescribed. To the tax imposed upon the basis of  
1160 such return, there shall be added an amount equal to ten per cent of  
1161 such tax, or fifty dollars, whichever is greater. The tax shall bear  
1162 interest at [the rate of one per cent per month or fraction thereof] a rate  
1163 adjusted annually to be equal to the federal short-term rate as it is  
1164 determined as of July first of each year under Section 6621(b) of the  
1165 Internal Revenue Code of 1986, or any subsequent corresponding  
1166 internal revenue code of the United States, as from time to time  
1167 amended, plus three percentage points from the due date of such tax to  
1168 the date of payment. If prior to the expiration of the period prescribed  
1169 in this section for the assessment of additional tax, a taxpayer has  
1170 consented in writing that such period may be extended, the amount of  
1171 such additional tax due may be determined at any time within such  
1172 extended period. Any such extended period may be further extended  
1173 by consent in writing before the expiration of such extended period.

1174 Sec. 32. Section 12-376 of the general statutes is repealed and the  
1175 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1176 *applicable to taxes due and payable on or after said date*):

1177 Each tax imposed by the provisions of this chapter, which is not  
1178 paid to the Commissioner of Revenue Services within six months after  
1179 the date of the death of the transferor or within six months of any  
1180 moneys received as a result of a settlement, award or judgment from  
1181 any action pending on the date of the death of the transferor, shall bear  
1182 interest at [the rate of one per cent per month or fraction thereof,] a  
1183 rate adjusted annually to be equal to the federal short-term rate as it is  
1184 determined as of July first of each year under Section 6621(b) of the  
1185 Internal Revenue Code of 1986, or any subsequent corresponding  
1186 internal revenue code of the United States, as from time to time

1187 amended, plus three percentage points commencing at the expiration  
1188 of such six months, until paid; but the Commissioner of Revenue  
1189 Services may, for cause shown, on the written application of the  
1190 fiduciary or transferee filed with said commissioner at or before the  
1191 expiration of such six months, extend the time for the payment of such  
1192 tax or any part thereof. Such application shall set forth the extension  
1193 desired and the reasons therefor and a copy thereof shall be filed in the  
1194 court of probate for the district within which the transferor resided at  
1195 the date of his death or, if the transferor died a nonresident of this  
1196 state, in the court of probate for the district within which the real estate  
1197 or tangible personal property is situated. Unless, not later than sixty  
1198 days after his receipt of such application, the commissioner files in the  
1199 court of probate a copy of his order denying or modifying the  
1200 extension requested, the extension requested shall be deemed granted.  
1201 If the extension request is denied or modified, the fiduciary may not  
1202 later than thirty days after the receipt of such order from the  
1203 commissioner, file in such probate court an application for an  
1204 extension of time to pay the tax setting forth the extension desired and  
1205 the reasons therefor. The court of probate shall assign a time and place  
1206 for a hearing upon such application not less than two nor more than  
1207 four weeks after the filing thereof, and shall cause copies of such order  
1208 for hearing to be sent to the commissioner and to the fiduciary or  
1209 transferee at least ten days before such hearing. For cause shown, the  
1210 court of probate may, after hearing on such application, extend the  
1211 time for the payment of such tax or any part thereof for a period not to  
1212 exceed thirty days after receipt by the fiduciary or transferee of a copy  
1213 of the first computation of the succession tax from the Commissioner  
1214 of Revenue Services. The commissioner or any other party in interest  
1215 may appear before such court at such hearing and be heard concerning  
1216 the requested extension. Such court, after such hearing, shall forthwith  
1217 send to the commissioner and to the fiduciary or transferee a copy of  
1218 any order relating to such application. Further extensions may be  
1219 granted by the Commissioner of Revenue Services or the court if the  
1220 foregoing provisions have been complied with and if written  
1221 application for such further extensions is filed before the expiration of

1222 the preceding extension. If one or more extensions have been granted,  
1223 the tax shall bear interest at [the rate of one per cent per month or  
1224 fraction thereof,] a rate adjusted annually to be equal to the federal  
1225 short-term rate as it is determined as of July first of each year under  
1226 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1227 subsequent corresponding internal revenue code of the United States,  
1228 as from time to time amended, plus three percentage points  
1229 commencing with the expiration of six months after the death of the  
1230 transferor, until paid. Except as provided by the provisions of a will,  
1231 such tax shall be paid from property passing to the donee, beneficiary  
1232 or distributee unless such recipient pays to the fiduciary or transferee  
1233 the amount thereof. Each donee, beneficiary or distributee of the same  
1234 class shall pay such percentage of the tax on property passing to such  
1235 class as his share is of such property. The tax to be allocated against a  
1236 tenant for life or limited term or an annuitant or remainderman shall  
1237 be such percentage of the whole tax on property passing to persons of  
1238 the same class as the value of his interest as determined under the  
1239 provisions of section 12-353 is of the net taxable estate passing to such  
1240 class and shall be paid out of the principal fund in which any such  
1241 temporary interest or remainder exists. Whenever there is an  
1242 overpayment of the tax imposed by this chapter, exclusive of any such  
1243 overpayment in relation to a computation of tax in accordance with  
1244 subsection (b) of section 12-355, the Commissioner of Revenue Services  
1245 shall return to the fiduciary or transferee the overpayment which shall  
1246 bear interest at the rate of two-thirds of one per cent per month or  
1247 fraction thereof, said interest commencing from the expiration of six  
1248 months after the death of the transferor or date of payment, whichever  
1249 is later.

1250 Sec. 33. Subsection (a) of section 12-376b of the general statutes is  
1251 repealed and the following is substituted in lieu thereof (*Effective*  
1252 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1253 *date*):

1254 (a) Whenever the value of an interest in a closely held business, as  
1255 defined in subsection (b) of this section, included in the gross estate of

1256 any decedent exceeds an amount determined as thirty-five per cent of  
1257 the value of such gross estate, the fiduciary of such estate may elect to  
1258 pay all or part of the tax imposed under this chapter in equal annual  
1259 installments but not in excess of ten such installments. The maximum  
1260 amount of tax which may be paid in such installments shall be an  
1261 amount which bears the same ratio to the tax imposed under this  
1262 chapter with respect to such decedent's estate as the value of such  
1263 interest in a closely held business bears to the total value of such gross  
1264 estate. The amount of tax paid in such installments shall bear interest  
1265 in relation to the unpaid portion of such tax from the expiration of six  
1266 months after the death of the decedent until such tax is paid at [the rate  
1267 of one per cent per month or fraction thereof] a rate adjusted annually  
1268 to be equal to the federal short-term rate as it is determined as of July  
1269 first of each year under Section 6621(b) of the Internal Revenue Code  
1270 of 1986, or any subsequent corresponding internal revenue code of the  
1271 United States, as from time to time amended, plus three percentage  
1272 points. If the fiduciary of such estate elects to pay such tax or any  
1273 portion thereof in accordance with this section, notice of such election  
1274 shall be filed in writing with the Commissioner of Revenue Services  
1275 not later than six months after the date of death of the decedent. The  
1276 first such installment payment, including interest, shall be due not  
1277 later than sixty days immediately following determination by said  
1278 commissioner of the amount of tax applicable to such estate under this  
1279 chapter. If such interest in a closely held business is transferred from  
1280 such estate or if the fiduciary fails to make the first installment  
1281 payment, including interest, or if the fiduciary fails to make any  
1282 subsequent installment payment, including interest, within twelve  
1283 months immediately following such preceding payment, such estate  
1284 shall cease to be eligible for the payment procedure allowed in  
1285 accordance with this section. Whenever the tax imposed under this  
1286 chapter is paid in installments as provided in this section, the fiduciary  
1287 of the estate shall deposit with the Commissioner of Revenue Services  
1288 a surety bond, or such other form of security deemed acceptable by  
1289 said commissioner, in an amount equivalent to the tax to be paid in  
1290 such installments.

1291 Sec. 34. Section 12-390c of the general statutes is repealed and the  
1292 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1293 *applicable to taxes due and payable on or after said date*):

1294 (a) (1) The tax imposed by section 12-390b shall be due, become  
1295 payable, and shall be paid, without assessment, notice or demand, to  
1296 the Commissioner of Revenue Services upon a taxable distribution or  
1297 taxable termination as determined under applicable provisions of the  
1298 federal generation-skipping transfer tax. The person liable for payment  
1299 of the federal generation-skipping transfer tax shall be liable for the tax  
1300 imposed by this section. Such tax shall be paid to the Commissioner of  
1301 Revenue Services on or before the last day allowed for filing a return,  
1302 determined without regard to any extension of time for filing the  
1303 return. If the amount of tax reported to be due on the return is not paid  
1304 on or before such date, there shall be imposed a penalty equal to ten  
1305 per cent of such amount due and unpaid. Such amount shall bear  
1306 interest at [the rate of one per cent per month or fraction thereof] a rate  
1307 adjusted annually to be equal to the federal short-term rate as it is  
1308 determined as of July first of each year under Section 6621(b) of the  
1309 Internal Revenue Code of 1986, or any subsequent corresponding  
1310 internal revenue code of the United States, as from time to time  
1311 amended, plus three percentage points from the due date of such tax  
1312 until the date of payment. Subject to the provisions of section 12-3a, the  
1313 commissioner may waive all or part of the penalties provided under  
1314 this section when it is proven to his satisfaction that the failure to pay  
1315 any tax was due to reasonable cause and was not intentional or due to  
1316 neglect.

1317 (2) The Commissioner of Revenue Services may, for reasonable  
1318 cause shown, extend the time for payment. The commissioner may  
1319 require the filing of a tentative return and the payment of the tax  
1320 reported to be due in connection with such extension. Any additional  
1321 tax which may be found to be due on the filing of a return as allowed  
1322 by such extension shall bear interest at [the rate of one per cent per  
1323 month or fraction thereof] a rate adjusted annually to be equal to the  
1324 federal short-term rate as it is determined as of July first of each year

1325 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
1326 subsequent corresponding internal revenue code of the United States,  
1327 as from time to time amended, plus three percentage points from the  
1328 original due date of such tax to the date of actual payment.

1329 (3) Whenever there is an overpayment of the tax imposed by section  
1330 12-390b, the Commissioner of Revenue Services shall return to the  
1331 person who was liable for the tax, the overpayment which shall bear  
1332 interest at the rate of two-thirds of one per cent per month or fraction  
1333 thereof, said interest commencing from the due date of the tax or the  
1334 date of payment, whichever is later.

1335 (b) (1) The tax imposed by this chapter shall be reported on a tax  
1336 return that shall be made and filed with the Commissioner of Revenue  
1337 Services on or before the last day prescribed for filing the federal  
1338 return. The person who is required to file a return reporting a  
1339 generation-skipping transfer under the federal Internal Revenue Code  
1340 and the regulations thereunder shall file the return with the  
1341 Commissioner of Revenue Services. For purposes of this section, the  
1342 requirements for filing a return shall be satisfied by filing a duplicate  
1343 copy of the federal return, with a schedule detailing the value and  
1344 location of all transferred real and tangible personal property which is  
1345 subject to generation-skipping transfer taxes attached thereto.

1346 (2) The Commissioner of Revenue Services may, for reasonable  
1347 cause shown, extend the time for filing the return.

1348 (3) If the person required to make and file the tax return under this  
1349 chapter fails to file the return within the time prescribed, the  
1350 commissioner may assess and compute the tax upon the best  
1351 information obtainable. To the tax imposed upon the basis of such  
1352 return, there shall be added an amount equal to ten per cent of such  
1353 tax or fifty dollars, whichever is greater. The tax shall bear interest at  
1354 [the rate of one per cent per month or fraction thereof,] a rate adjusted  
1355 annually to be equal to the federal short-term rate as it is determined  
1356 as of July first of each year under Section 6621(b) of the Internal

1357 Revenue Code of 1986, or any subsequent corresponding internal  
1358 revenue code of the United States, as from time to time amended, plus  
1359 three percentage points from the due date of such tax until the date of  
1360 payment.

1361 (c) No person shall be subject to a penalty under both subsections  
1362 (a) and (b) of this section in relation to the same tax period.

1363 Sec. 35. Section 12-390d of the general statutes is repealed and the  
1364 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1365 *applicable to taxes due and payable on or after said date*):

1366 If the amount of federal generation-skipping transfer tax reported  
1367 on a federal generation-skipping transfer tax return is changed or  
1368 corrected by the United States Internal Revenue Service or other  
1369 competent authority, the person required to make and file the  
1370 generation-skipping transfer tax return under this chapter shall  
1371 provide notice of such change or correction to the commissioner by  
1372 filing, on or before the date that is ninety days after the final  
1373 determination of such change or correction, or as otherwise required  
1374 by the commissioner, an amended return under this chapter, and shall  
1375 concede the accuracy of such determination or state wherein it is  
1376 erroneous, and thereafter promptly furnish to the commissioner any  
1377 information, schedules, records, documents or papers relating to such  
1378 change or correction as the commissioner requires. The time for filing  
1379 such return may be extended by the commissioner upon due cause  
1380 shown. If, upon examination, the commissioner finds that such person  
1381 is liable for the payment of an additional tax, the commissioner shall,  
1382 within a reasonable time from the receipt of such return, notify such  
1383 person of the amount of such additional tax, together with interest  
1384 thereon computed at [the rate of one per cent per month or fraction  
1385 thereof] a rate adjusted annually to be equal to the federal short-term  
1386 rate as it is determined as of July first of each year under Section  
1387 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
1388 corresponding internal revenue code of the United States, as from time  
1389 to time amended, plus three percentage points from the date when the

1390 original tax became due and payable. Within thirty days of the mailing  
1391 of such notice, such person shall pay to the commissioner, in cash or by  
1392 check, draft or money order, drawn to the order of the Commissioner  
1393 of Revenue Services, the amount of such additional tax and interest. If,  
1394 upon examination of such return and related information, the  
1395 commissioner finds that such person has overpaid the tax due the state  
1396 and has not received from or been allowed by the United States  
1397 government, or any agency thereof, a credit or a benefit, as a deduction  
1398 or otherwise, for or by reason of such overpayment, such person shall  
1399 be paid by the State Treasurer, upon order of the Comptroller, the  
1400 amount of such overpayment.

1401 Sec. 36. Section 12-392 of the 2006 supplement to the general statutes  
1402 is repealed and the following is substituted in lieu thereof (*Effective*  
1403 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1404 *date*):

1405 (a) (1) The tax imposed by this chapter shall become due at the date  
1406 of the taxable transfer and shall become payable, and shall be paid,  
1407 without assessment, notice or demand, to the Commissioner of  
1408 Revenue Services at the expiration of nine months from the date of  
1409 death, and executors, administrators, trustees, grantees, donees,  
1410 beneficiaries and surviving joint owners shall be liable for the tax and  
1411 for any interest or penalty thereon until it is paid, except that no  
1412 executor, administrator, trustee, grantee, donee, beneficiary or  
1413 surviving joint owner shall be liable for a greater sum than the value of  
1414 the property actually received by him or her. If the amount of tax  
1415 reported to be due on the return is not paid within such nine months,  
1416 there shall be imposed a penalty equal to ten per cent of such amount  
1417 due and unpaid. Such amount shall bear interest at [the rate of one per  
1418 cent per month or fraction thereof,] a rate adjusted annually to be  
1419 equal to the federal short-term rate as it is determined as of July first of  
1420 each year under Section 6621(b) of the Internal Revenue Code of 1986,  
1421 or any subsequent corresponding internal revenue code of the United  
1422 States, as from time to time amended, plus three percentage points  
1423 from the due date of such tax until the date of payment. Subject to the

1424 provisions of section 12-3a, the commissioner may waive all or part of  
1425 the penalties provided under this chapter when it is proven to his  
1426 satisfaction that the failure to pay any tax was due to reasonable cause  
1427 and was not intentional or due to neglect.

1428 (2) The Commissioner of Revenue Services may, for reasonable  
1429 cause shown, extend the time for payment. The commissioner may  
1430 require the filing of a tentative return and the payment of the tax  
1431 reported to be due thereon in connection with such extension. Any  
1432 additional tax which may be found to be due on the filing of a return  
1433 as allowed by such extension shall bear interest at [the rate of one per  
1434 cent per month or fraction thereof] a rate adjusted annually to be equal  
1435 to the federal short-term rate as it is determined as of July first of each  
1436 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
1437 any subsequent corresponding internal revenue code of the United  
1438 States, as from time to time amended, plus three percentage points  
1439 from the original due date of such tax to the date of actual payment.

1440 (3) Whenever there is an overpayment of the tax imposed by this  
1441 chapter, the Commissioner of Revenue Services shall return to the  
1442 fiduciary or transferee the overpayment which shall bear interest at the  
1443 rate of two-thirds of one per cent per month or fraction thereof, said  
1444 interest commencing from the expiration of nine months after the  
1445 death of the transferor or date of payment, whichever is later.

1446 (b) (1) The tax imposed by this chapter shall be reported on a tax  
1447 return which shall be filed on or before the date fixed for paying the  
1448 tax, determined without regard to any extension of time for paying the  
1449 tax. The commissioner shall design a form of return and forms for such  
1450 additional statements or schedules as he may require to be filed. Such  
1451 forms shall provide for the setting forth of such facts as the  
1452 commissioner deems necessary for the proper enforcement of this  
1453 chapter. He shall cause a supply of such forms to be printed and shall  
1454 furnish appropriate blank forms to each taxpayer upon application or  
1455 otherwise as he deems necessary. Failure to receive a form shall not  
1456 relieve any person from the obligation to file a return under the

1457 provisions of this chapter. In any case in which the commissioner  
1458 believes that it would be advantageous to him in the administration of  
1459 the tax imposed by this chapter, the commissioner may require that a  
1460 true copy of the federal estate tax return made to the Internal Revenue  
1461 Service be provided.

1462 (2) Any tax return or other document, including any amended tax  
1463 return or affidavit under section 12-398, as amended by this act, that is  
1464 required to be filed under this chapter shall be filed, and shall be  
1465 treated as filed, only if filed with both the Commissioner of Revenue  
1466 Services and the court of probate for the district within which the  
1467 decedent resided at the date of his death or, if the decedent died a  
1468 nonresident of this state, in the court of probate for the district within  
1469 which real estate or tangible personal property of the decedent is  
1470 situated. The return shall contain a statement, to be signed under  
1471 penalty of false statement by the person who is required to make and  
1472 file the return under this chapter, that the return has been filed with  
1473 both the Commissioner of Revenue Services and said court of probate.

1474 (3) (A) A tax return shall be filed, in the case of every decedent who  
1475 died prior to January 1, 2005, and at the time of death was (i) a resident  
1476 of this state, or (ii) a nonresident of this state whose gross estate  
1477 includes any real property situated in this state or tangible personal  
1478 property having an actual situs in this state, whenever the personal  
1479 representative of the estate is required by the laws of the United States  
1480 to file a federal estate tax return.

1481 (B) A tax return shall be filed, in the case of every decedent who dies  
1482 on or after January 1, 2005, and at the time of death was (i) a resident  
1483 of this state, or (ii) a nonresident of this state whose gross estate  
1484 includes any real property situated in this state or tangible personal  
1485 property having an actual situs in this state. If the decedent's  
1486 Connecticut taxable estate is over two million dollars, such tax return  
1487 shall be filed with the Commissioner of Revenue Services and a copy  
1488 of such return shall be filed with the court of probate for the district  
1489 within which the decedent resided at the date of his or her death or, if

1490 the decedent died a nonresident of this state, the court of probate for  
1491 the district within which such real property or tangible personal  
1492 property is situated. If the decedent's Connecticut taxable estate is two  
1493 million dollars or less, such return shall be filed with the court of  
1494 probate for the district within which the decedent resided at the date  
1495 of his or her death or, if the decedent died a nonresident of this state,  
1496 the court of probate for the district within which such real property or  
1497 tangible personal property is situated, and no such return shall be filed  
1498 with the Commissioner of Revenue Services. The judge of probate for  
1499 the district in which such return is filed shall review each such return  
1500 and shall issue a written opinion to the estate representative in each  
1501 case in which the judge determines that the estate is not subject to tax  
1502 under this chapter.

1503 (C) The duly authorized executor or administrator shall file the  
1504 return. If there is more than one executor or administrator, the return  
1505 shall be made jointly by all. If there is no executor or administrator  
1506 appointed, qualified and acting, each person in actual or constructive  
1507 possession of any property of the decedent is constituted an executor  
1508 for purposes of the tax and shall make and file a return. If in any case  
1509 the executor is unable to make a complete return as to any part of the  
1510 gross estate, the executor shall provide all the information available to  
1511 him with respect to such property, including a full description, and the  
1512 name of every person holding a legal or beneficial interest in the  
1513 property. If the executor is unable to make a return as to any property,  
1514 each person holding a legal or equitable interest in such property shall,  
1515 upon notice from the commissioner, make a return as to that part of  
1516 the gross estate.

1517 (D) On or before the last day of the month next succeeding each  
1518 calendar quarter, and commencing with the calendar quarter ending  
1519 September 30, 2005, each court of probate shall file with the  
1520 commissioner a report for the calendar quarter in such form as the  
1521 commissioner may prescribe. The report shall pertain to returns filed  
1522 with the court of probate during the calendar quarter.

1523 (4) The Commissioner of Revenue Services may, for reasonable  
1524 cause shown, extend the time for filing the return.

1525 (5) If any person required to make and file the tax return under this  
1526 chapter fails to file the return within the time prescribed, the  
1527 commissioner may assess and compute the tax upon the best  
1528 information obtainable. To the tax imposed upon the basis of such  
1529 return, there shall be added an amount equal to ten per cent of such  
1530 tax or fifty dollars, whichever is greater. The tax shall bear interest at  
1531 [the rate of one per cent per month or fraction thereof,] a rate adjusted  
1532 annually to be equal to the federal short-term rate as it is determined  
1533 as of July first of each year under Section 6621(b) of the Internal  
1534 Revenue Code of 1986, or any subsequent corresponding internal  
1535 revenue code of the United States, as from time to time amended, plus  
1536 three percentage points from the due date of such tax until the date of  
1537 payment.

1538 (6) The commissioner shall provide notice of any (A) deficiency  
1539 assessment with respect to the payment of any tax under this chapter,  
1540 (B) assessment with respect to any failure to make and file a return  
1541 under this chapter by a person required to file, and (C) tax return or  
1542 other document, including any amended tax return or affidavit under  
1543 section 12-398, as amended by this act, that is required to be filed  
1544 under this chapter to the court of probate for the district within which  
1545 the commissioner contends that the decedent resided at the date of his  
1546 death or, if the decedent died a nonresident of this state, to the court of  
1547 probate for the district within which the commissioner contends that  
1548 real estate or tangible personal property of the decedent is situated.

1549 (c) No person shall be subject to a penalty under both subsections  
1550 (a) and (b) of this section in relation to the same tax period.

1551 Sec. 37. Subsections (a) and (b) of section 12-398 of the 2006  
1552 supplement to the general statutes are repealed and the following is  
1553 substituted in lieu thereof (*Effective October 1, 2006, and applicable to*  
1554 *taxes due and payable on or after said date*):

1555 (a) If the amount of federal estate tax reported on an estate's federal  
1556 estate tax return is changed or corrected by the United States Internal  
1557 Revenue Service or other competent authority, the person required to  
1558 make and file the estate tax return under this chapter shall provide  
1559 notice of such change or correction to the commissioner by filing, on or  
1560 before the date that is ninety days after the final determination of such  
1561 change or correction, or as otherwise required by the commissioner, an  
1562 amended return under this chapter, and shall concede the accuracy of  
1563 such determination or state wherein it is erroneous, and thereafter  
1564 promptly furnish to the commissioner any information, schedules,  
1565 records, documents or papers relating to such change or correction as  
1566 the commissioner requires. The time for filing such return may be  
1567 extended by the commissioner upon due cause shown. If, upon  
1568 examination, the commissioner finds that the estate is liable for the  
1569 payment of an additional tax, the commissioner shall, within a  
1570 reasonable time from the receipt of such return, notify the estate of the  
1571 amount of such additional tax, together with interest thereon  
1572 computed at [the rate of one per cent per month or fraction thereof] a  
1573 rate adjusted annually to be equal to the federal short-term rate as it is  
1574 determined as of July first of each year under Section 6621(b) of the  
1575 Internal Revenue Code of 1986, or any subsequent corresponding  
1576 internal revenue code of the United States, as from time to time  
1577 amended, plus three percentage points from the date when the original  
1578 tax became due and payable. Within thirty days of the mailing of such  
1579 notice, the estate shall pay to the commissioner, in cash or by check,  
1580 draft or money order, drawn to the order of the Commissioner of  
1581 Revenue Services, the amount of such additional tax and interest. If,  
1582 upon examination of such return and related information, the  
1583 commissioner finds that the estate has overpaid the tax due the state  
1584 and has not received from or been allowed by the United States  
1585 government, or any agency thereof, a credit or a benefit, as a deduction  
1586 or otherwise, for or by reason of such overpayment, the estate shall be  
1587 paid by the State Treasurer, upon order of the Comptroller, the  
1588 amount of such overpayment.

1589 (b) If a person required to make and file the estate tax return under  
1590 this chapter files an amended federal estate tax return with the United  
1591 States Internal Revenue Service, such person shall also file, not later  
1592 than ninety days following such amended federal estate tax filing, an  
1593 amended return under this chapter and shall give such other  
1594 information as the commissioner may require. The commissioner may  
1595 adopt regulations in accordance with chapter 54, prescribing  
1596 exceptions to the requirements of this section as he deems appropriate.  
1597 If, upon examination of such amended return, the commissioner finds  
1598 that the estate is liable for the payment of an additional tax, he shall,  
1599 within a reasonable time from the receipt of such amended return,  
1600 notify the estate of the amount of such additional tax, together with  
1601 interest thereon computed at [the rate of one per cent per month or  
1602 fraction thereof] a rate adjusted annually to be equal to the federal  
1603 short-term rate as it is determined as of July first of each year under  
1604 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1605 subsequent corresponding internal revenue code of the United States,  
1606 as from time to time amended, plus three percentage points from the  
1607 date when the original tax became due and payable. Not later than  
1608 thirty days following the mailing of such notice, the estate shall pay to  
1609 the commissioner, in cash or by check, draft or money order, drawn to  
1610 the order of the Commissioner of Revenue Services, the amount of  
1611 such additional tax and interest. If, upon examination of such  
1612 amended return, the commissioner finds that the estate has overpaid  
1613 the tax due the state and has not received from or been allowed by the  
1614 United States government, or any agency thereof, a credit or a benefit,  
1615 as a deduction or otherwise, for or by reason of such overpayment, the  
1616 estate shall be paid by the State Treasurer, upon order of the State  
1617 Comptroller, the amount of such overpayment.

1618 Sec. 38. Subsection (b) of section 12-405c of the general statutes is  
1619 repealed and the following is substituted in lieu thereof (*Effective*  
1620 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1621 *date*):

1622 (b) The commissioner may for reasonable cause extend the time for

1623 the filing of any return due under this chapter and the payment of tax  
1624 due thereon under such rules and regulations as he may prescribe.  
1625 Said commissioner may require the filing of a tentative return and the  
1626 payment of an estimated tax. Any additional tax which may be found  
1627 to be due on the filing of a final return as allowed by such extension  
1628 shall bear interest at [the rate of one and one-fourth per cent per month  
1629 or fraction thereof] a rate adjusted annually to be equal to the federal  
1630 short-term rate as it is determined as of July first of each year under  
1631 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1632 subsequent corresponding internal revenue code of the United States,  
1633 as from time to time amended, plus three percentage points from the  
1634 original due date of such tax to the date of actual payment.

1635 Sec. 39. Subsections (a) and (b) of section 12-405d of the general  
1636 statutes are repealed and the following is substituted in lieu thereof  
1637 (*Effective October 1, 2006, and applicable to taxes due and payable on or after*  
1638 *said date*):

1639 (a) If any taxpayer fails to pay the amount of tax reported to be due  
1640 on his return or affidavit within the time specified under the  
1641 provisions of section 12-405c, as amended by this act, there shall be  
1642 imposed a penalty equal to ten per cent of such amount due and  
1643 unpaid, or fifty dollars, whichever is greater. Such amount shall bear  
1644 interest at [the rate of one and one-fourth per cent per month or  
1645 fraction thereof,] a rate adjusted annually to be equal to the federal  
1646 short-term rate as it is determined as of July first of each year under  
1647 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1648 subsequent corresponding internal revenue code of the United States,  
1649 as from time to time amended, plus three percentage points from the  
1650 due date of such tax until the date of payment.

1651 (b) If any taxpayer has not made his return within three months  
1652 after the time specified under the provisions of section 12-405c, as  
1653 amended by this act, the commissioner may make such return at any  
1654 time thereafter, according to the best information obtainable and  
1655 according to the form prescribed. To the tax imposed upon the basis of

1656 such return, there shall be added an amount equal to ten per cent of  
1657 such tax, or fifty dollars, whichever is greater. No taxpayer shall be  
1658 subject to a penalty under both [subsections (a) and (b) of this section]  
1659 subsection (a) of this section and this subsection in relation to the same  
1660 tax period. The tax shall bear interest at [the rate of one per cent per  
1661 month or fraction thereof,] a rate adjusted annually to be equal to the  
1662 federal short-term rate as it is determined as of July first of each year  
1663 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
1664 subsequent corresponding internal revenue code of the United States,  
1665 as from time to time amended, plus three percentage points from the  
1666 due date of such tax until the date of payment.

1667 Sec. 40. Subdivision (6) of section 12-414 of the general statutes is  
1668 repealed and the following is substituted in lieu thereof (*Effective*  
1669 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1670 *date*):

1671 (6) The commissioner for good cause may extend the time for  
1672 making any return and paying any amount required to be paid under  
1673 this chapter, if a written request therefor is filed with the commissioner  
1674 together with a tentative return which must be accompanied by a  
1675 payment of the tax, which shall be estimated in such tentative return,  
1676 on or before the last day for filing the return. Any person to whom an  
1677 extension is granted shall pay, in addition to the tax, interest at [the  
1678 rate of one per cent per month or fraction thereof] a rate adjusted  
1679 annually to be equal to the federal short-term rate as it is determined  
1680 as of July first of each year under Section 6621(b) of the Internal  
1681 Revenue Code of 1986, or any subsequent corresponding internal  
1682 revenue code of the United States, as from time to time amended, plus  
1683 three percentage points from the date on which the tax would have  
1684 been due without the extension until the date of payment.

1685 Sec. 41. Subsection (b) of section 12-416 of the general statutes is  
1686 repealed and the following is substituted in lieu thereof (*Effective*  
1687 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1688 *date*):

1689 (b) The amount of the assessment shall bear interest at [the rate of  
1690 one per cent per month or fraction thereof] a rate adjusted annually to  
1691 be equal to the federal short-term rate as it is determined as of July first  
1692 of each year under Section 6621(b) of the Internal Revenue Code of  
1693 1986, or any subsequent corresponding internal revenue code of the  
1694 United States, as from time to time amended, plus three percentage  
1695 points from the last day of the month succeeding the period for which  
1696 the amount or any portion thereof should have been returned until the  
1697 date of payment.

1698 Sec. 42. Section 12-419 of the general statutes is repealed and the  
1699 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1700 *applicable to taxes due and payable on or after said date*):

1701 (a) Any person, other than an individual making purchases for  
1702 personal use or consumption and not making purchases for use or  
1703 consumption in carrying on a trade, occupation, business or  
1704 profession, who fails to pay any tax to the state or any amount of tax  
1705 required to be collected and paid to the state, except amounts of  
1706 assessments made by the commissioner under sections 12-415 and 12-  
1707 416, as amended by this act, within the time required shall pay, in  
1708 addition to such tax or such amount of tax required to be collected and  
1709 paid, a penalty of fifteen per cent of the tax or fifty dollars, whichever  
1710 amount is greater, plus interest on such tax or such amount of tax  
1711 required to be collected and paid at [the rate of one per cent per month  
1712 or fraction thereof] a rate adjusted annually to be equal to the federal  
1713 short-term rate as it is determined as of July first of each year under  
1714 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1715 subsequent corresponding internal revenue code of the United States,  
1716 as from time to time amended, plus three percentage points from the  
1717 due date to the date of payment.

1718 (b) Any individual making purchases for personal use or  
1719 consumption and not making purchases for use or consumption in  
1720 carrying on a trade, occupation, business or profession who fails to pay  
1721 use tax to the state, except amounts of assessments made by the

1722 commissioner under sections 12-415 and 12-416, as amended by this  
1723 act, within the time required shall pay, in addition to such tax, a  
1724 penalty of ten per cent of the tax, plus interest on such tax at [the rate  
1725 of one per cent per month or fraction thereof] a rate adjusted annually  
1726 to be equal to the federal short-term rate as it is determined as of July  
1727 first of each year under Section 6621(b) of the Internal Revenue Code  
1728 of 1986, or any subsequent corresponding internal revenue code of the  
1729 United States, as from time to time amended, plus three percentage  
1730 points from the due date of such tax to the date of payment.

1731 (c) Subject to the provisions of section 12-3a, the commissioner may  
1732 waive all or any part of the penalties provided under this chapter  
1733 when it is proven to the satisfaction of the commissioner that failure to  
1734 pay any tax was due to reasonable cause and was not intentional or  
1735 due to neglect.

1736 Sec. 43. Subsection (a) of section 12-439 of the general statutes is  
1737 repealed and the following is substituted in lieu thereof (*Effective*  
1738 *October 1, 2006, and applicable to taxes due and payable on or after said*  
1739 *date*):

1740 (a) The tax imposed by this chapter shall be due and payable on the  
1741 last day on which a return may be filed without penalty under sections  
1742 12-437 and 12-438. Upon the filing of such return, the taxpayer shall  
1743 forward to the commissioner the amount shown by such return to be  
1744 due the state. If any person fails to pay such amount within the time  
1745 required, there shall be imposed a penalty equal to ten per cent of such  
1746 amount of tax due and unpaid or fifty dollars, whichever is greater.  
1747 The tax shall bear interest at [the rate of one per cent per month or  
1748 fraction thereof,] a rate adjusted annually to be equal to the federal  
1749 short-term rate as it is determined as of July first of each year under  
1750 Section 6621(b) of the Internal Revenue Code of 1986, or any  
1751 subsequent corresponding internal revenue code of the United States,  
1752 as from time to time amended, plus three percentage points from the  
1753 due date of such tax to the date of payment. If no return has been filed  
1754 within three months after the time specified under the provisions of

1755 this chapter, the commissioner may make such return at any time  
1756 thereafter, according to the best information obtainable and form  
1757 prescribed. There shall be added to the tax imposed upon the basis of  
1758 such return, an amount equal to ten per cent of such tax, or fifty  
1759 dollars, whichever is greater. The tax shall bear interest at [the rate of  
1760 one per cent per month or fraction thereof] a rate adjusted annually to  
1761 be equal to the federal short-term rate as it is determined as of July first  
1762 of each year under Section 6621(b) of the Internal Revenue Code of  
1763 1986, or any subsequent corresponding internal revenue code of the  
1764 United States, as from time to time amended, plus three percentage  
1765 points from the due date of such tax to the date of payment. Subject to  
1766 the provisions of section 12-3a, the commissioner may waive all or part  
1767 of the penalties provided under this chapter when it is proven to his  
1768 satisfaction that the failure to pay any tax was due to reasonable cause  
1769 and was not intentional or due to neglect.

1770 Sec. 44. Section 12-440 of the general statutes is repealed and the  
1771 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1772 *applicable to taxes due and payable on or after said date*):

1773 As soon as practicable after each return has been filed, the  
1774 commissioner shall cause it to be examined and shall compute and  
1775 determine the amount of the tax payable thereon. If it should appear  
1776 then or thereafter within three years, as a result of such examination or  
1777 as a result of any examination of the records of the taxpayer or of any  
1778 other inquiry or investigation provided for under this chapter, that the  
1779 correct amount of tax is greater or less than that shown on the return,  
1780 the tax shall be recomputed and corrected accordingly, and notices of  
1781 such correction shall be delivered or mailed forthwith to the taxpayer.  
1782 When it appears that any part of the deficiency for which a deficiency  
1783 assessment is made is due to negligence or intentional disregard of the  
1784 provisions of this chapter or regulations promulgated thereunder,  
1785 there shall be imposed a penalty equal to ten per cent of the amount of  
1786 such deficiency assessment, or fifty dollars, whichever is greater. When  
1787 it appears that any part of the deficiency for which a deficiency  
1788 assessment is made is due to fraud or intent to evade the provisions of

1789 this chapter or regulations promulgated thereunder, there shall be  
1790 imposed a penalty equal to twenty-five per cent of the amount of such  
1791 deficiency assessment. No taxpayer shall be subject to more than one  
1792 penalty under this section in relation to the same tax period. Each  
1793 addition to the amount shown to be payable by any taxpayer for any  
1794 period, including the amount of any penalty and interest imposed  
1795 hereunder, shall be payable within thirty days of the mailing of notice  
1796 thereof in cash or by check, draft or money order drawn to the order of  
1797 the Commissioner of Revenue Services. The amount of the deficiency  
1798 shall bear interest at [the rate of one per cent per month or fraction  
1799 thereof] a rate adjusted annually to be equal to the federal short-term  
1800 rate as it is determined as of July first of each year under Section  
1801 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
1802 corresponding internal revenue code of the United States, as from time  
1803 to time amended, plus three percentage points from the date when the  
1804 original tax was due and payable. In case of payment by any taxpayer  
1805 under this chapter of any amount in excess of any tax lawfully due,  
1806 through clerical error or by reason of any reduction of the amount of  
1807 tax by action of the commissioner or by court action on appeal,  
1808 discovery thereof being made within three years from the date of  
1809 payment of the tax, the excess payment may, in the discretion of the  
1810 commissioner, be credited on the amount of tax due from the same  
1811 taxpayer for any prior tax period, or be retained and credited against  
1812 the tax payable for any ensuing tax period, or be refunded to the  
1813 taxpayer upon order of the Comptroller drawn on the Treasurer. If  
1814 prior to the expiration of the period prescribed in this section for the  
1815 assessment of additional tax with respect to any return, a taxpayer has  
1816 consented in writing that such period may be extended, the amount of  
1817 such additional tax due may be determined at any time within such  
1818 extended period. Any such extended period may be further extended  
1819 by consent in writing before the expiration of such extended period.

1820 Sec. 45. Section 12-458 of the general statutes is repealed and the  
1821 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
1822 *applicable to taxes due and payable on or after said date*):

1823 (a) (1) Each distributor shall, on or before the twenty-fifth day of  
1824 each month, render a return to the commissioner. Each return shall be  
1825 signed by the person required to file the return or by his authorized  
1826 agent but need not be verified by oath. Any return required to be filed  
1827 by a corporation shall be signed by an officer of such corporation or his  
1828 authorized agent. Such return shall state the number of gallons of fuel  
1829 sold or used by him during the preceding calendar month, on forms to  
1830 be furnished by the commissioner, and shall contain such further  
1831 information as the commissioner shall prescribe. The commissioner  
1832 may make public the number of gallons of fuel sold or used by the  
1833 distributor, as contained in such report, notwithstanding the  
1834 provisions of section 12-15, as amended, or any other section. For  
1835 purposes of this section, fuel sold shall include but not be limited to  
1836 the transfer of fuel by a distributor into a receptacle from which fuel is  
1837 supplied or intended to be supplied to other than such distributor's  
1838 motor vehicles.

1839 (2) On said date and coincident with the filing of such return each  
1840 distributor shall pay to the commissioner for the account of the  
1841 purchaser or consumer a tax (A) on each gallon of such fuels sold or  
1842 used in this state during the preceding calendar month of twenty-six  
1843 cents on and after January 1, 1992, twenty-eight cents on and after  
1844 January 1, 1993, twenty-nine cents on and after July 1, 1993, thirty cents  
1845 on and after January 1, 1994, thirty-one cents on and after July 1, 1994,  
1846 thirty-two cents on and after January 1, 1995, thirty-three cents on and  
1847 after July 1, 1995, thirty-four cents on and after October 1, 1995, thirty-  
1848 five cents on and after January 1, 1996, thirty-six cents on and after  
1849 April 1, 1996, thirty-seven cents on and after July 1, 1996, thirty-eight  
1850 cents on and after October 1, 1996, thirty-nine cents on and after  
1851 January 1, 1997, thirty-six cents on and after July 1, 1997, thirty-two  
1852 cents on and after July 1, 1998, and twenty-five cents on and after July  
1853 1, 2000; and (B) in lieu of said taxes, each distributor shall pay a tax on  
1854 each gallon of gasohol, as defined in section 14-1, as amended, sold or  
1855 used in this state during such preceding calendar month, of twenty-  
1856 five cents on and after January 1, 1992, twenty-seven cents on and after

1857 January 1, 1993, twenty-eight cents on and after July 1, 1993, twenty-  
1858 nine cents on and after January 1, 1994, thirty cents on and after July 1,  
1859 1994, thirty-one cents on and after January 1, 1995, thirty-two cents on  
1860 and after July 1, 1995, thirty-three cents on and after October 1, 1995,  
1861 thirty-four cents on and after January 1, 1996, thirty-five cents on and  
1862 after April 1, 1996, thirty-six cents on and after July 1, 1996, thirty-  
1863 seven cents on and after October 1, 1996, thirty-eight cents on and after  
1864 January 1, 1997, thirty-five cents on and after July 1, 1997, thirty-one  
1865 cents on and after July 1, 1998, and twenty-four cents on and after July  
1866 1, 2000, and twenty-five cents on and after July 1, 2004; and (C) in lieu  
1867 of such rate, on each gallon of diesel fuel, propane or natural gas sold  
1868 or used in this state during such preceding calendar month, of  
1869 eighteen cents on and after September 1, 1991, and twenty-six cents on  
1870 and after August 1, 2002.

1871 (3) Said tax shall not be payable on such fuel as may have been (A)  
1872 sold to the United States, (B) sold to a municipality of this state, (i) for  
1873 use by any contractor performing a service for such municipality in  
1874 accordance with a contract, provided such fuel is used by such  
1875 contractor exclusively for the purposes of and in accordance with such  
1876 contract, or (ii) for use exclusively in a school bus, as defined in section  
1877 14-275, (C) sold to a municipality of this state, a transit district of this  
1878 state, or this state, at other than a retail outlet, for governmental  
1879 purposes and for use in vehicles owned and operated, or leased and  
1880 operated by such municipality, such transit district or this state, (D)  
1881 sold to a person licensed as a distributor in this state under section 12-  
1882 456, (E) transferred from storage within this state to some point  
1883 without this state, (F) sold to the holder of a permit issued under  
1884 section 12-458a for sale or use without this state, (G) sold to the holder  
1885 of a permit issued under subdivision (63) of section 12-412, as  
1886 amended, provided (i) such fuel is not used in motor vehicles  
1887 registered or required to be registered to operate upon the public  
1888 highways of this state, unless such fuel is used in motor vehicles  
1889 registered exclusively for farming purposes, (ii) such fuel is not  
1890 delivered, upon such sale, to a tank in which such person keeps fuel

1891 for personal and farm use, and (iii) a statement, prescribed as to form  
1892 by the Commissioner of Revenue Services and bearing notice to the  
1893 effect that false statements made under this section are punishable,  
1894 that such fuel is used exclusively for farming purposes, is submitted by  
1895 such person to the distributor, (H) sold exclusively to furnish power  
1896 for an industrial plant in the actual fabrication of finished products to  
1897 be sold, or for the fishing industry, (I) sold exclusively for heating  
1898 purposes, (J) sold exclusively to furnish gas, water, steam or electricity,  
1899 if delivered to consumers through mains, lines or pipes, (K) sold to the  
1900 owner or operator of an aircraft, as defined in section 15-34,  
1901 exclusively for aviation purposes, provided (i) for purposes of this  
1902 subdivision, "aviation purposes" means for the purpose of powering  
1903 an aircraft or an aircraft engine, (ii) such fuel is delivered, upon such  
1904 sale, to a tank in which fuel is kept exclusively for aviation purposes,  
1905 and (iii) a statement, prescribed as to form by the Commissioner of  
1906 Revenue Services and bearing notice to the effect that false statements  
1907 made under this section are punishable, that such fuel is used  
1908 exclusively for aviation purposes, is submitted by such person to the  
1909 distributor, (L) sold to a dealer who is licensed under section 12-462  
1910 and whose place of business is located upon an established airport  
1911 within this state, or (M) diesel fuel sold exclusively for use in portable  
1912 power system generators that are larger than one hundred fifty  
1913 kilowatts.

1914 (4) Each distributor, when making a taxable sale, shall furnish to the  
1915 purchaser an invoice showing the quantities of fuel sold, the  
1916 classification thereof under the provisions of this chapter and the  
1917 amount of tax to be paid by the distributor for the account of the  
1918 purchaser or consumer.

1919 (5) If any distributor fails to pay the amount of tax reported to be  
1920 due on its report within the time specified under the provisions of this  
1921 section, there shall be imposed a penalty equal to ten per cent of such  
1922 amount due and unpaid, or fifty dollars, whichever is greater. The tax  
1923 shall bear interest at [the rate of one per cent per month or fraction  
1924 thereof] a rate adjusted annually to be equal to the federal short-term

1925 rate as it is determined as of July first of each year under Section  
1926 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
1927 corresponding internal revenue code of the United States, as from time  
1928 to time amended, plus three percentage points from the due date of the  
1929 tax until the date of payment.

1930 (6) If no return has been filed within three months after the time  
1931 specified under the provisions of this chapter, the commissioner may  
1932 make such return at any time thereafter, according to the best  
1933 information obtainable and the form prescribed. There shall be added  
1934 to the tax imposed upon the basis of such return an amount equal to  
1935 ten per cent of such tax, or fifty dollars, whichever is greater. The tax  
1936 shall bear interest at [the rate of one per cent per month or fraction  
1937 thereof] a rate adjusted annually to be equal to the federal short-term  
1938 rate as it is determined as of July first of each year under Section  
1939 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
1940 corresponding internal revenue code of the United States, as from time  
1941 to time amended, plus three percentage points from the due date of  
1942 such tax to the date of payment.

1943 (7) Subject to the provisions of section 12-3a, the commissioner may  
1944 waive all or part of the penalties provided under this chapter when it  
1945 is proven to his satisfaction that the failure to pay any tax was due to  
1946 reasonable cause and was not intentional or due to neglect.

1947 (8) A distributor who is exclusively making sales of fuel on which  
1948 the tax imposed by this chapter is not payable may be permitted, as  
1949 specified in regulations adopted in accordance with the provisions of  
1950 chapter 54, to file reports less frequently than monthly but not less  
1951 frequently than annually if the commissioner determines that  
1952 enforcement of this section would not be adversely affected by less  
1953 frequent filings. Distributors permitted to file such reports shall  
1954 maintain records that shall detail (A) the persons from whom the fuel  
1955 was purchased, (B) the persons to whom, the quantities in which and  
1956 the dates on which such fuel was sold, and (C) any other information  
1957 deemed necessary by the commissioner.

1958       (b) The commissioner shall, within three years after the due date for  
1959 the filing of a return or, in the case of a completed return filed after  
1960 such due date, within three years after the date of which such return  
1961 was received by him, examine it and, in case any error is disclosed by  
1962 such examination, shall, within thirty days after such disclosure, notify  
1963 the taxpayer thereof. When it appears that any part of the deficiency  
1964 for which a deficiency assessment is made is due to negligence or  
1965 intentional disregard of the provisions of this chapter or regulations  
1966 promulgated thereunder, there shall be imposed a penalty equal to ten  
1967 per cent of the amount of such deficiency assessment, or fifty dollars,  
1968 whichever is greater. When it appears that any part of the deficiency  
1969 for which a deficiency assessment is made is due to fraud or intent to  
1970 evade the provisions of this chapter or regulations promulgated  
1971 thereunder, there shall be imposed a penalty equal to twenty-five per  
1972 cent of the amount of such deficiency assessment. No taxpayer shall be  
1973 subject to more than one penalty under this subsection in relation to  
1974 the same tax period. Within thirty days of the mailing of such notice,  
1975 the taxpayer shall pay to the commissioner, in cash or by check, draft  
1976 or money order drawn to the order of the Commissioner of Revenue  
1977 Services, any additional amount of tax shown to be due by the  
1978 corrected return or shall be paid by the State Treasurer, upon order of  
1979 the Comptroller, any amount shown to be due such taxpayer by such  
1980 corrected return. The failure of such taxpayer to receive any notice  
1981 required by this section shall not relieve such taxpayer of the  
1982 obligation to pay the tax or any interest or penalties thereon. When,  
1983 before the expiration of the time prescribed in this section for the  
1984 examination of the return or the assessment of said tax, both the  
1985 commissioner and such taxpayer have consented in writing to such  
1986 examination or assessment after such time, the return may be  
1987 examined and said tax may be assessed at any time prior to the  
1988 expiration of the period agreed upon. The period so agreed upon may  
1989 be extended by subsequent agreements in writing made before the  
1990 expiration of the period previously agreed upon. The commissioner  
1991 may also in such a case waive the statute of limitations against a claim  
1992 for refund by such taxpayer. To any taxes which are assessed under

1993 this subsection, there shall be added interest at [the rate of one per cent  
1994 per month or fraction thereof] a rate adjusted annually to be equal to  
1995 the federal short-term rate as it is determined as of July first of each  
1996 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
1997 any subsequent corresponding internal revenue code of the United  
1998 States, as from time to time amended, plus three percentage points  
1999 from the date when the original tax became due and payable.

2000 (c) Any person who owns or operates a vehicle which runs only  
2001 upon rails or tracks which is properly registered with the federal  
2002 government, in accordance with the provisions of Section 4222 of the  
2003 Internal Revenue Code of 1986, or any subsequent corresponding  
2004 internal revenue code of the United States, as from time to time  
2005 amended, shall be exempt from paying to a distributor the motor fuels  
2006 tax imposed pursuant to section 12-458, as amended by this act, for use  
2007 in such vehicle.

2008 Sec. 46. Subsection (b) of section 12-458d of the general statutes is  
2009 repealed and the following is substituted in lieu thereof (*Effective*  
2010 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2011 *date*):

2012 (b) Each such licensee shall, not later than the first business day of  
2013 the second month next following the date on which such tax is  
2014 imposed, file with the Commissioner of Revenue Services, on forms  
2015 prescribed by said commissioner, a report which shall show the  
2016 number of gallons of fuel in inventory as of the close of business on the  
2017 date on which such tax is imposed, or at midnight of such date, and at  
2018 the same time shall pay such tax based upon the total gallonage shown  
2019 on such report. The Commissioner of Motor Vehicles shall cooperate  
2020 with the Commissioner of Revenue Services in the enforcement of this  
2021 tax. Failure to file such report and pay the tax when due shall be  
2022 sufficient reason to revoke any state license or permit held by such  
2023 person and interest at [the rate of one per cent per month or fraction  
2024 thereof] a rate adjusted annually to be equal to the federal short-term  
2025 rate as it is determined as of July first of each year under Section

2026 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2027 corresponding internal revenue code of the United States, as from time  
2028 to time amended, plus three percentage points shall be assessed on the  
2029 amount of such tax not paid when due, from the date such tax  
2030 becomes due to the date of payment.

2031 Sec. 47. Subsection (b) of section 12-458g of the general statutes is  
2032 repealed and the following is substituted in lieu thereof (*Effective*  
2033 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2034 *date*):

2035 (b) Each such licensee shall, not later than September 1, 2002, file  
2036 with the Commissioner of Revenue Services, on forms prescribed by  
2037 said commissioner, a report which shall show the number of gallons of  
2038 diesel fuel in inventory as of the close of business on July 31, 2002, or, if  
2039 the business closes after 11:59 p.m. on such date, at 11:59 p.m. on such  
2040 date, and shall, not later than September 1, 2002, pay such tax based  
2041 upon the total gallonage shown on such report. Interest at [the rate of  
2042 one per cent per month or fraction thereof] a rate adjusted annually to  
2043 be equal to the federal short-term rate as it is determined as of July first  
2044 of each year under Section 6621(b) of the Internal Revenue Code of  
2045 1986, or any subsequent corresponding internal revenue code of the  
2046 United States, as from time to time amended, plus three percentage  
2047 points shall be assessed on the amount of such tax not paid when due,  
2048 from the date such tax became due to the date of payment. The  
2049 Commissioner of Motor Vehicles shall cooperate with the  
2050 Commissioner of Revenue Services in the enforcement of this tax.  
2051 Failure to file such report and pay the tax when due shall be sufficient  
2052 reason to revoke any state license or permit held by such person.  
2053 Failure to file such report shall be treated as a failure to file a report  
2054 required to be filed under the provisions of this chapter. The filing of  
2055 an incorrect report shall be treated as the filing of an incorrect report  
2056 under the provisions of this chapter.

2057 Sec. 48. Subsection (b) of section 12-486a of the general statutes is  
2058 repealed and the following is substituted in lieu thereof (*Effective*

2059 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2060 *date):*

2061 (b) The amount of such deficiency assessment, exclusive of  
2062 penalties, shall bear interest at [the rate of one per cent per month or  
2063 fraction thereof] a rate adjusted annually to be equal to the federal  
2064 short-term rate as it is determined as of July first of each year under  
2065 Section 6621(b) of the Internal Revenue Code of 1986, or any  
2066 subsequent corresponding internal revenue code of the United States,  
2067 as from time to time amended, plus three percentage points from the  
2068 last day of the month succeeding the quarterly period for which the  
2069 amount or any portion thereof should have been returned until the  
2070 date of payment.

2071 Sec. 49. Subsection (a) of section 12-488 of the general statutes is  
2072 repealed and the following is substituted in lieu thereof (*Effective*  
2073 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2074 *date):*

2075 (a) If any motor carrier fails to pay tax reported to be due on its  
2076 report within the time specified under the provisions of this chapter,  
2077 there shall be imposed a penalty of ten per cent of such amount of tax  
2078 due and unpaid, or fifty dollars, whichever is greater. The tax shall  
2079 bear interest at [the rate of one per cent per month or fraction thereof,]  
2080 a rate adjusted annually to be equal to the federal short-term rate as it  
2081 is determined as of July first of each year under Section 6621(b) of the  
2082 Internal Revenue Code of 1986, or any subsequent corresponding  
2083 internal revenue code of the United States, as from time to time  
2084 amended, plus three percentage points from the due date of such tax  
2085 until the date of payment. If no return has been filed within one month  
2086 after the time specified under the provisions of this chapter, the  
2087 commissioner may make such return at any time thereafter, according  
2088 to the best information obtainable and the form prescribed. There shall  
2089 be added to the tax imposed upon the basis of such return, an amount  
2090 equal to ten per cent of such tax, or fifty dollars, whichever is greater.  
2091 The tax shall bear interest at [the rate of one per cent per month or

2092 fraction thereof,] a rate adjusted annually to be equal to the federal  
2093 short-term rate as it is determined as of July first of each year under  
2094 Section 6621(b) of the Internal Revenue Code of 1986, or any  
2095 subsequent corresponding internal revenue code of the United States,  
2096 as from time to time amended, plus three percentage points from the  
2097 due date of such tax to the date of payment. Subject to the provisions  
2098 of section 12-3a, the commissioner may waive all or part of the  
2099 penalties provided under this chapter when it is proven to his  
2100 satisfaction that the failure to pay any tax was due to reasonable cause  
2101 and was not intentional or due to neglect.

2102 Sec. 50. Section 12-502b of the general statutes is repealed and the  
2103 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2104 *applicable to taxes due and payable on or after said date*):

2105 When the Commissioner of Revenue Services makes a deficiency  
2106 assessment for any taxes payable under this chapter to the state, the  
2107 commissioner is authorized to make a deficiency assessment for any  
2108 taxes payable under this chapter to a municipality and to hold a  
2109 hearing, when requested in writing by any person aggrieved by the  
2110 action of the commissioner or his authorized agent in fixing the  
2111 amount of any tax, penalty or interest provided for by this chapter on  
2112 or before the sixtieth day after notice of such action is delivered or  
2113 mailed to such person. The deficiency assessment for any taxes  
2114 payable under this chapter to a municipality shall bear interest at [the  
2115 rate of one per cent per month or fraction thereof] a rate adjusted  
2116 annually to be equal to the federal short-term rate as it is determined  
2117 as of July first of each year under Section 6621(b) of the Internal  
2118 Revenue Code of 1986, or any subsequent corresponding internal  
2119 revenue code of the United States, as from time to time amended, plus  
2120 three percentage points from the date when the original tax was due  
2121 and payable. When it appears that any part of the deficiency for which  
2122 a deficiency assessment is made is due to negligence or intentional  
2123 disregard of the provisions of this chapter or regulations adopted  
2124 under this chapter, there shall be imposed a penalty equal to ten per  
2125 cent of the amount of such deficiency assessment, or fifty dollars,

2126 whichever is greater. When it appears that any part of the deficiency  
2127 for which a deficiency assessment is made is due to fraud or intent to  
2128 evade the provisions of this chapter or regulations adopted under this  
2129 chapter, there shall be imposed a penalty equal to twenty-five per cent  
2130 of the amount of such deficiency assessment. No taxpayer shall be  
2131 subject to more than one penalty under this section in relation to the  
2132 same tax period. Once a deficiency assessment for any taxes payable  
2133 under this chapter to a municipality is no longer the subject of a timely  
2134 filed administrative appeal to the commissioner or of a timely filed  
2135 appeal pending before any court of competent jurisdiction, the  
2136 commissioner may collect, on behalf of such municipality, such taxes,  
2137 and all interest and penalties added thereto by law, under the  
2138 provisions of section 12-35 as if such taxes, penalties or interest due  
2139 such municipality were "tax due the state", as such term is defined in  
2140 [said] section 12-35, and as if such term expressly included taxes,  
2141 penalties or interest due to such municipality. Such taxes, and all  
2142 interest and penalties added thereto by law, shall be treated, for  
2143 purposes of subsection (a) of section 12-39g and for purposes of  
2144 subsection (a) of section 12-739 as if they were taxes due to the state.

2145 Sec. 51. Section 12-509 of the general statutes is repealed and the  
2146 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2147 *applicable to taxes due and payable on or after said date*):

2148 (a) If any person fails to pay the amount of tax reported to be due on  
2149 his return within the time specified under the provisions of this  
2150 chapter, there shall be imposed a penalty equal to ten per cent of such  
2151 amount due and unpaid. Such amount shall bear interest at [the rate of  
2152 one and one-fourth per cent per month or fraction thereof,] a rate  
2153 adjusted annually to be equal to the federal short-term rate as it is  
2154 determined as of July first of each year under Section 6621(b) of the  
2155 Internal Revenue Code of 1986, or any subsequent corresponding  
2156 internal revenue code of the United States, as from time to time  
2157 amended, plus three percentage points from the due date of such tax  
2158 until the date of payment.

2159 (b) If any person has not made his return within three months after  
2160 the time specified under the provisions of this chapter, the  
2161 commissioner may make such return at any time thereafter, according  
2162 to the best information obtainable and according to the form  
2163 prescribed. To the tax imposed upon the basis of such return, there  
2164 shall be added an amount equal to ten per cent of such tax. The tax  
2165 shall bear interest at [the rate of one per cent per month or fraction  
2166 thereof,] a rate adjusted annually to be equal to the federal short-term  
2167 rate as it is determined as of July first of each year under Section  
2168 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2169 corresponding internal revenue code of the United States, as from time  
2170 to time amended, plus three percentage points from the due date of  
2171 such tax until the date of payment. No taxpayer shall be subject to a  
2172 penalty under both [subsections (a) and (b) of this section] subsection  
2173 (a) of this section and this subsection in relation to the same tax period.

2174 (c) Subject to the provisions of section 12-3a, the commissioner may  
2175 waive all or part of the penalties provided under this chapter when it  
2176 is proven to his satisfaction that the failure to pay any tax was due to  
2177 reasonable cause and was not intentional or due to neglect.

2178 Sec. 52. Subsection (a) of section 12-511 of the general statutes is  
2179 repealed and the following is substituted in lieu thereof (*Effective*  
2180 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2181 *date*):

2182 (a) After a final return in due form is filed, the commissioner shall  
2183 cause the same to be examined and may make such further audit or  
2184 investigation or reaudit as he may deem necessary, and if therefrom he  
2185 shall determine that there is a deficiency with respect to the payment  
2186 of any tax due under this chapter, he shall assess or reassess the  
2187 additional taxes, penalties and interest due to this state, give notice of  
2188 such assessment or reassessment to the taxpayer, and make demand  
2189 upon him for payment. Within sixty days of the mailing of such notice,  
2190 the taxpayer shall pay to the commissioner, in cash or by check, draft  
2191 or money order drawn to the order of the Commissioner of Revenue

2192 Services, the amount of the deficiency. Such amount shall bear interest  
2193 at [the rate of one and one-fourth per cent per month or fraction  
2194 thereof] a rate adjusted annually to be equal to the federal short-term  
2195 rate as it is determined as of July first of each year under Section  
2196 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2197 corresponding internal revenue code of the United States, as from time  
2198 to time amended, plus three percentage points from the date when the  
2199 original tax became due and payable. When it appears that any part of  
2200 the deficiency for which a deficiency assessment is made is due to  
2201 negligence or intentional disregard of the provisions of this chapter or  
2202 regulations promulgated thereunder, there shall be imposed a penalty  
2203 equal to ten per cent of the amount of such deficiency assessment.  
2204 When it appears that any part of the deficiency for which a deficiency  
2205 assessment is made is due to fraud or intent to evade the provisions of  
2206 this chapter or regulations promulgated thereunder, there shall be  
2207 imposed a penalty equal to twenty-five per cent of the amount of such  
2208 deficiency assessment. No taxpayer shall be subject to more than one  
2209 penalty under this section in relation to the same tax period. Any  
2210 decision rendered by any federal court holding that a taxpayer has  
2211 filed a fraudulent return with the Director of Internal Revenue shall  
2212 subject the taxpayer to a penalty imposed by the preceding sentence  
2213 without the necessity of further proof thereof, except when it can be  
2214 shown that the return to the state so differed from the return to the  
2215 federal government as to afford a reasonable presumption that the  
2216 attempt to defraud did not extend to the state.

2217 Sec. 53. Section 12-511a of the general statutes is repealed and the  
2218 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2219 *applicable to taxes due and payable on or after said date*):

2220 Any individual whose taxable income for federal income tax  
2221 purposes is adjusted or corrected for any taxable year or portion  
2222 thereof by any official of the United States government, or any agency  
2223 thereof, in any respect affecting the tax imposed under this chapter  
2224 shall, within ninety days after having received written notification of  
2225 such adjustment or correction, submit to the commissioner an affidavit

2226 disclosing such changes or adjustments and thereafter shall promptly  
2227 furnish to the commissioner any information, schedules, records,  
2228 documents or papers related to such change, adjustment or correction  
2229 as he may require. Any individual whose return to the Director of  
2230 Internal Revenue has been amended in any respect affecting the tax  
2231 imposed under this chapter shall, within ninety days after having filed  
2232 such amended return, make an amended return to the commissioner.  
2233 The time for filing such affidavit or amended return may be extended  
2234 by the commissioner upon due cause shown. Notwithstanding the  
2235 limitation of time in subsection (b) of section 12-511, if, upon  
2236 examination, the commissioner finds that such taxpayer is liable for  
2237 the payment of an additional tax, he shall, within a reasonable time  
2238 from the receipt of an amended return or affidavit, notify such  
2239 taxpayer of the amount of such additional tax, together with interest  
2240 thereon computed at [the rate of one and one-fourth per cent per  
2241 month or fraction thereof] a rate adjusted annually to be equal to the  
2242 federal short-term rate as it is determined as of July first of each year  
2243 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
2244 subsequent corresponding internal revenue code of the United States,  
2245 as from time to time amended, plus three percentage points from the  
2246 date when the original tax became due and payable. Within thirty days  
2247 of the mailing of such notice, the taxpayer shall pay to the  
2248 commissioner the amount of such additional tax and interest. If, upon  
2249 examination of such amended return or affidavit and related  
2250 information, the commissioner finds that the taxpayer has overpaid the  
2251 tax due the state, the commissioner shall certify the amount of such  
2252 overpayment to the Comptroller, and such amount shall be paid to the  
2253 taxpayer by the State Treasurer upon order of the Comptroller.

2254 Sec. 54. Section 12-547 of the general statutes is repealed and the  
2255 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2256 *applicable to taxes due and payable on or after said date*):

2257 Each person subject to a tax imposed under this chapter shall file a  
2258 return on or before the last day of each month setting forth the amount  
2259 of tax due for the preceding month and such additional information as

2260 the commissioner may require. Each return shall be signed by the  
2261 person required to file the return or his authorized agent but need not  
2262 be verified by oath. Any return required to be filed by a corporation  
2263 shall be signed by an officer of such corporation or his authorized  
2264 agent. Payment of the tax shall accompany such return. If any person  
2265 fails to pay the amount of tax reported to be due on his return within  
2266 the time specified under the provisions of this section, there shall be  
2267 imposed a penalty equal to ten per cent of such amount due and  
2268 unpaid or fifty dollars, whichever is greater. The tax shall bear interest  
2269 at [the rate of one per cent per month or fraction thereof,] a rate  
2270 adjusted annually to be equal to the federal short-term rate as it is  
2271 determined as of July first of each year under Section 6621(b) of the  
2272 Internal Revenue Code of 1986, or any subsequent corresponding  
2273 internal revenue code of the United States, as from time to time  
2274 amended, plus three percentage points from the due date.

2275 Sec. 55. Section 12-548 of the general statutes is repealed and the  
2276 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2277 *applicable to taxes due and payable on or after said date*):

2278 (a) The commissioner may examine the records of any person  
2279 subject to a tax imposed under the provisions of this chapter as the  
2280 commissioner deems necessary. If the commissioner determines that  
2281 there is a deficiency with respect to the payment of any such tax due  
2282 under the provisions of this chapter, the commissioner shall assess or  
2283 reassess the deficiency in tax, give notice of such deficiency assessment  
2284 or reassessment to the taxpayer and make demand upon the taxpayer  
2285 for payment. Such amount shall bear interest at [the rate of one per  
2286 cent per month or fraction thereof] a rate adjusted annually to be equal  
2287 to the federal short-term rate as it is determined as of July first of each  
2288 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
2289 any subsequent corresponding internal revenue code of the United  
2290 States, as from time to time amended, plus three percentage points  
2291 from the date when the original tax was due and payable. When it  
2292 appears that any part of the deficiency for which a deficiency  
2293 assessment is made is due to negligence or intentional disregard of the

2294 provisions of this chapter or regulations promulgated thereunder,  
2295 there shall be imposed a penalty equal to ten per cent of the amount of  
2296 such deficiency assessment, or fifty dollars, whichever is greater. When  
2297 it appears that any part of the deficiency for which a deficiency  
2298 assessment is made is due to fraud or intent to evade the provisions of  
2299 this chapter or regulations promulgated thereunder, there shall be  
2300 imposed a penalty equal to twenty-five per cent of the amount of such  
2301 deficiency assessment. No taxpayer shall be subject to more than one  
2302 penalty under this subsection in relation to the same tax period.  
2303 Subject to the provisions of section 12-3a, the commissioner may waive  
2304 all or part of the penalties provided under this chapter when it is  
2305 proven to the commissioner's satisfaction that the failure to pay any  
2306 tax was due to reasonable cause and was not intentional or due to  
2307 neglect. Any decision rendered by any federal court holding that a  
2308 taxpayer has filed a fraudulent return with the Director of Internal  
2309 Revenue shall subject the taxpayer to the penalty imposed by this  
2310 section without the necessity of further proof thereof, except when it  
2311 can be shown that the return to the state so differed from the return to  
2312 the federal government as to afford a reasonable presumption that the  
2313 attempt to defraud did not extend to the return filed with the state.  
2314 Within thirty days of the mailing of such notice, the taxpayer shall pay  
2315 to the commissioner, in cash, or by check, draft or money order drawn  
2316 to the order of the Commissioner of Revenue Services, any additional  
2317 amount of tax, penalty and interest shown to be due.

2318 (b) Except in the case of a wilfully false or fraudulent return with  
2319 intent to evade the tax, no assessment of additional tax shall be made  
2320 after the expiration of more than three years from the date of the filing  
2321 of a return or from the original due date of a return, whichever is later.  
2322 If no return has been filed as provided under the provisions of this  
2323 chapter, the commissioner may make such return at any time  
2324 thereafter, according to the best information obtainable and according  
2325 to the form prescribed. To the tax imposed upon the basis of such  
2326 return, there shall be added an amount equal to ten per cent of such  
2327 tax, or fifty dollars, whichever is greater. The tax shall bear interest at

2328 [the rate of one per cent per month or fraction thereof] a rate adjusted  
2329 annually to be equal to the federal short-term rate as it is determined  
2330 as of July first of each year under Section 6621(b) of the Internal  
2331 Revenue Code of 1986, or any subsequent corresponding internal  
2332 revenue code of the United States, as from time to time amended, plus  
2333 three percentage points from the due date of such tax to the date of  
2334 payment. No person shall be subject to a penalty under both this  
2335 subsection and section 12-547, as amended by this act. Where, before  
2336 the expiration of the period prescribed herein for the assessment of an  
2337 additional tax, a taxpayer has consented in writing that such period  
2338 may be extended, the amount of such additional tax due may be  
2339 determined at any time within such extended period. The period so  
2340 extended may be further extended by subsequent consents in writing  
2341 before the expiration of the extended period.

2342 Sec. 56. Section 12-590 of the general statutes is repealed and the  
2343 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2344 *applicable to taxes due and payable on or after said date*):

2345 (a) If any company fails to pay the tax reported to be due on its  
2346 return within the time specified under the provisions of this chapter,  
2347 there shall be imposed a penalty equal to ten per cent of such tax due  
2348 and unpaid or fifty dollars, whichever is greater. Such tax shall bear  
2349 interest at [the rate of one per cent per month or a fraction thereof,] a  
2350 rate adjusted annually to be equal to the federal short-term rate as it is  
2351 determined as of July first of each year under Section 6621(b) of the  
2352 Internal Revenue Code of 1986, or any subsequent corresponding  
2353 internal revenue code of the United States, as from time to time  
2354 amended, plus three percentage points from the due date of such tax  
2355 until the date of payment.

2356 (b) If any company has not made its return within one month after  
2357 the time specified under the provisions of this chapter, the  
2358 commissioner may make such return at any time thereafter according  
2359 to the best information obtainable and according to the form  
2360 prescribed. To the tax imposed upon the basis of such return, there

2361 shall be added an amount equal to ten per cent of such tax, or fifty  
2362 dollars, whichever is greater. No taxpayer shall be subject to a penalty  
2363 under both [subsections (a) and (b) of this section] subsection (a) of this  
2364 section and this subsection in relation to the same tax period. The tax  
2365 shall bear interest at [the rate of one per cent per month or fraction  
2366 thereof,] a rate adjusted annually to be equal to the federal short-term  
2367 rate as it is determined as of July first of each year under Section  
2368 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2369 corresponding internal revenue code of the United States, as from time  
2370 to time amended, plus three percentage points from the due date of  
2371 such tax until the date of payment.

2372 (c) Subject to the provisions of section 12-3a, the commissioner may  
2373 waive all or part of the penalties provided under this chapter when it  
2374 is proven to his satisfaction that the failure to pay any tax was due to  
2375 reasonable cause and was not intentional or due to neglect.

2376 Sec. 57. Subsection (a) of section 12-594 of the general statutes is  
2377 repealed and the following is substituted in lieu thereof (*Effective*  
2378 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2379 *date*):

2380 (a) To any taxes which are assessed under section 12-593, there shall  
2381 be added interest at [the rate of one per cent per month or fraction  
2382 thereof] a rate adjusted annually to be equal to the federal short-term  
2383 rate as it is determined as of July first of each year under Section  
2384 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2385 corresponding internal revenue code of the United States, as from time  
2386 to time amended, plus three percentage points which elapses from the  
2387 date when the original tax became due and payable. The amount of  
2388 such tax and any penalty or interest in respect to such tax, due and  
2389 unpaid, may be collected under the provisions of section 12-35. The  
2390 warrant therein provided for shall be signed by the Commissioner of  
2391 Revenue Services or his authorized agent. The amount of any such tax,  
2392 penalty and interest shall be a lien, from the last day of the month next  
2393 preceding the due date of such tax until discharged by payment,

2394 against all real estate of the company within the state and a certificate  
2395 of such lien signed by said commissioner may be filed for record in the  
2396 office of the clerk of any town in which such real estate is situated and  
2397 such lien shall take precedence over any other encumbrance, provided  
2398 no such lien shall be effective as against any bona fide purchaser or  
2399 qualified encumbrancer of any interest in any such property. When  
2400 any tax with respect to which a lien has been recorded under the  
2401 provisions of this section has been satisfied, said commissioner, upon  
2402 request of any interested party, shall issue a certificate discharging  
2403 such lien, which certificate shall be recorded in the same office in  
2404 which the lien was recorded. Any action for the foreclosure of such  
2405 lien shall be brought by the Attorney General in the name of the state  
2406 in the superior court for the judicial district in which such property  
2407 subject to such lien is situated, or, if such property is located in two or  
2408 more judicial districts, in the superior court for any one such judicial  
2409 district and the court may limit the time for redemption or order the  
2410 sale of such property or pass such other or further decree as it judges  
2411 equitable.

2412 Sec. 58. Subsection (a) of section 12-638c of the general statutes is  
2413 repealed and the following is substituted in lieu thereof (*Effective*  
2414 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2415 *date*):

2416 (a) On or before the last day of the month following the month in  
2417 which the sale or transfer of a controlling interest in an entity which is  
2418 subject to the tax imposed by section 12-638b, a return shall be filed  
2419 with the commissioner by the person conveying the controlling  
2420 interest, in such form as the commissioner may prescribe. Payment of  
2421 the tax shall accompany such return. Returns shall be signed by the  
2422 person required to file the return for such entity or by the authorized  
2423 agent of such person but need not be verified by oath. If any entity fails  
2424 to pay the amount of tax reported to be due on its return within the  
2425 time specified under the provisions of this section, there shall be  
2426 imposed a penalty equal to ten per cent of such amount due and  
2427 unpaid or fifty dollars, whichever is greater. Such amount shall bear

2428 interest at [the rate of one per cent per month or fraction thereof,] a  
2429 rate adjusted annually to be equal to the federal short-term rate as it is  
2430 determined as of July first of each year under Section 6621(b) of the  
2431 Internal Revenue Code of 1986, or any subsequent corresponding  
2432 internal revenue code of the United States, as from time to time  
2433 amended, plus three percentage points from the due date. Subject to  
2434 the provisions of section 12-3a, the commissioner may waive all or part  
2435 of the penalties provided under this chapter when it is proven to the  
2436 commissioner's satisfaction that the failure to pay any tax was due to  
2437 reasonable cause and was not intentional or due to neglect.

2438 Sec. 59. Section 12-638d of the general statutes is repealed and the  
2439 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2440 *applicable to taxes due and payable on or after said date*):

2441 (a) The commissioner may examine the records of any entity subject  
2442 to a tax imposed under this chapter, as he may deem necessary. If he  
2443 shall determine therefrom that there is a deficiency with respect to the  
2444 payment of any such tax due under the provisions of this chapter, he  
2445 shall assess or reassess the deficiency in tax, give notice of such  
2446 deficiency assessment or reassessment to the taxpayer and make  
2447 demand upon him for payment. Such amount shall bear interest at [the  
2448 rate of one per cent per month or fraction thereof] a rate adjusted  
2449 annually to be equal to the federal short-term rate as it is determined  
2450 as of July first of each year under Section 6621(b) of the Internal  
2451 Revenue Code of 1986, or any subsequent corresponding internal  
2452 revenue code of the United States, as from time to time amended, plus  
2453 three percentage points from the date when the original tax was due  
2454 and payable. When it appears that any part of the deficiency for which  
2455 a deficiency assessment is made is due to negligence or intentional  
2456 disregard of the provisions of this chapter or regulations promulgated  
2457 thereunder, there shall be imposed a penalty equal to ten per cent of  
2458 the amount of such deficiency assessment, or fifty dollars, whichever is  
2459 greater. When it appears that any part of the deficiency for which a  
2460 deficiency assessment is made is due to fraud or intent to evade the  
2461 provisions of this chapter or regulations promulgated thereunder,

2462 there shall be imposed a penalty equal to twenty-five per cent of the  
2463 amount of such deficiency assessment. No taxpayer shall be subject to  
2464 more than one penalty under this subsection in relation to the same tax  
2465 period. Any decision rendered by any federal court holding that a  
2466 taxpayer has filed a fraudulent return with the Director of Internal  
2467 Revenue shall subject the taxpayer to the penalty imposed by this  
2468 section without the necessity of further proof thereof, except when it  
2469 can be shown that the return to the state so differed from the return to  
2470 the federal government as to afford a reasonable presumption that the  
2471 attempt to defraud did not extend to the return filed with the state.  
2472 Within thirty days of the mailing of such notice, the taxpayer shall pay  
2473 to the commissioner, in cash, or by check, draft or money order drawn  
2474 to the order of the Commissioner of Revenue Services, any additional  
2475 amount of tax, penalty and interest shown to be due.

2476 (b) Except in the case of a wilfully false or fraudulent return with  
2477 intent to evade the tax, no assessment of additional tax shall be made  
2478 after the expiration of more than three years from the date of the filing  
2479 of a return or from the original due date of a return, whichever is later.  
2480 If no return has been filed as provided under the provisions of this  
2481 chapter, the commissioner may make such return at any time  
2482 thereafter, according to the best information obtainable and according  
2483 to the form prescribed. To the tax imposed upon the basis of such  
2484 return, there shall be added an amount equal to ten per cent of such  
2485 tax, or fifty dollars, whichever is greater. The tax shall bear interest at  
2486 [the rate of one per cent per month or fraction thereof] a rate adjusted  
2487 annually to be equal to the federal short-term rate as it is determined  
2488 as of July first of each year under Section 6621(b) of the Internal  
2489 Revenue Code of 1986, or any subsequent corresponding internal  
2490 revenue code of the United States, as from time to time amended, plus  
2491 three percentage points from the due date of such tax to the date of  
2492 payment. No person shall be subject to a penalty under both this  
2493 subsection and section 12-638c, as amended by this act. If, before the  
2494 expiration of the period prescribed herein for the assessment of an  
2495 additional tax, a taxpayer has consented in writing that such period

2496 may be extended, the amount of such additional tax due may be  
2497 determined at any time within such extended period. The period so  
2498 extended may be further extended by subsequent consents in writing  
2499 before the expiration of the extended period.

2500 Sec. 60. Subsection (b) of section 12-646a of the general statutes is  
2501 repealed and the following is substituted in lieu thereof (*Effective*  
2502 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2503 *date*):

2504 (b) If, within ten years immediately following a transfer to a donee  
2505 where, as provided in subsection (a) of this section, the value is  
2506 determined in accordance with the provisions of section 12-63, such  
2507 farm land is transferred by the donee to a party other than the donee's  
2508 lineal descendant or the spouse thereof or is no longer classified as  
2509 farm land in accordance with section 12-107c, as amended, such donee  
2510 or, if such land was transferred to such donee's lineal descendant or  
2511 the spouse thereof, such descendant or the spouse thereof shall be  
2512 liable for the difference between the tax that was due from the donor  
2513 under the provisions of subsection (a) of this section and the tax that  
2514 would have been due if such land had been valued based upon its fair  
2515 market value, rather than at its value as land classified as farm land  
2516 pursuant to section 12-107c, as amended, at the time of such transfer  
2517 by such donor. The gift tax return of the donor shall include, in such  
2518 manner as required by the Commissioner of Revenue Services for  
2519 purposes of this section, a declaration, prescribed as to form by the  
2520 Commissioner of Revenue Services and bearing notice to the effect that  
2521 false statements made in such declaration are punishable, as to the fair  
2522 market value of such farm land, based on its highest and best use  
2523 value, as of the time of such transfer by such donor. The tax imposed  
2524 under this subsection shall be paid to the commissioner within sixty  
2525 days following the date of such transfer or change in classification, and  
2526 if not so paid shall bear interest at [the rate of one per cent per month  
2527 or fraction thereof] a rate adjusted annually to be equal to the federal  
2528 short-term rate as it is determined as of July first of each year under  
2529 Section 6621(b) of the Internal Revenue Code of 1986, or any

2530 subsequent corresponding internal revenue code of the United States,  
2531 as from time to time amended, plus three percentage points,  
2532 commencing at the expiration of such sixty days, until paid. The  
2533 commissioner may, for cause shown, on written application of such  
2534 donee or, if such land was transferred to the donee's lineal descendant  
2535 or the spouse thereof, such descendant or the spouse thereof, filed with  
2536 said commissioner at or before the expiration of such sixty days,  
2537 extend the time for payment of said tax or any part thereof.

2538 Sec. 61. Section 12-647 of the general statutes is repealed and the  
2539 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2540 *applicable to taxes due and payable on or after said date*):

2541 (a) The tax imposed under this chapter shall be due and payable by  
2542 the donor no later than April fifteenth following the close of the  
2543 calendar year during which the gift was made and shall be payable to  
2544 the Commissioner of Revenue Services. The return required under  
2545 section 12-644 shall accompany such payment. Where a gift is made  
2546 during the calendar year in which the donor dies, the last date for  
2547 paying the tax required under this chapter shall be the last date,  
2548 including extensions, for filing the gift tax return for federal gift tax  
2549 purposes with respect to such donor. If any person fails to pay the  
2550 amount of tax reported to be due on such return within the time  
2551 specified under the provisions of this section, there shall be imposed a  
2552 penalty equal to ten per cent of such amount due and unpaid or fifty  
2553 dollars, whichever is greater. Such amount shall bear interest at [the  
2554 rate of one per cent per month or fraction thereof,] a rate adjusted  
2555 annually to be equal to the federal short-term rate as it is determined  
2556 as of July first of each year under Section 6621(b) of the Internal  
2557 Revenue Code of 1986, or any subsequent corresponding internal  
2558 revenue code of the United States, as from time to time amended, plus  
2559 three percentage points from the due date of such return.

2560 (b) The commissioner for good cause may extend the time for  
2561 making any return and paying any amount required to be paid under  
2562 this chapter if a written request therefor is filed with the commissioner

2563 together with a tentative return which must be accompanied by a  
2564 payment of the tax, which shall be estimated in such tentative return,  
2565 on or before the last day for filing the return. Any person to whom an  
2566 extension is granted shall pay, in addition to the tax, interest at [the  
2567 rate of one per cent per month or fraction thereof] a rate adjusted  
2568 annually to be equal to the federal short-term rate as it is determined  
2569 as of July first of each year under Section 6621(b) of the Internal  
2570 Revenue Code of 1986, or any subsequent corresponding internal  
2571 revenue code of the United States, as from time to time amended, plus  
2572 three percentage points from the date on which the tax would have  
2573 been due without the extension until the date of payment.

2574 (c) If the amount of a taxpayer's taxable gifts, for federal gift tax  
2575 purposes, reported on such taxpayer's federal gift tax return for any  
2576 calendar year, is changed or corrected by the United States Internal  
2577 Revenue Service or other competent authority, the taxpayer shall  
2578 report such change or correction in federal taxable gifts within ninety  
2579 days after the final determination of such change or correction, and  
2580 shall concede the accuracy of such determination or state wherein it is  
2581 erroneous. Any taxpayer filing an amended federal gift tax return shall  
2582 also file within ninety days thereafter an amended return under this  
2583 chapter and shall give such information as the commissioner may  
2584 require. The time for filing such report or amended return may be  
2585 extended by the commissioner upon due cause shown.  
2586 Notwithstanding any limitation of time in this chapter, if, upon  
2587 examination, the commissioner finds that such taxpayer is liable for  
2588 the payment of an additional tax, he shall, within a reasonable time  
2589 from the receipt of such report or amended return, notify such  
2590 taxpayer of the amount of such additional tax, together with interest  
2591 thereon computed at [the rate of one per cent per month or fraction  
2592 thereof] a rate adjusted annually to be equal to the federal short-term  
2593 rate as it is determined as of July first of each year under Section  
2594 6621(b) of the Internal Revenue Code of 1986, or any subsequent  
2595 corresponding internal revenue code of the United States, as from time  
2596 to time amended, plus three percentage points from the date when the

2597 original tax became due and payable. Within thirty days of the mailing  
2598 of such notice, the taxpayer shall pay the commissioner the amount of  
2599 such additional tax and interest. If, upon examination of such report or  
2600 amended return and related information, the commissioner finds that  
2601 the taxpayer has overpaid the tax due the state, the commissioner shall  
2602 certify the amount of such overpayment to the Comptroller, and such  
2603 amount shall be paid to the taxpayer by the State Treasurer upon order  
2604 of the Comptroller.

2605 Sec. 62. Subsection (b) of section 12-655 of the general statutes is  
2606 repealed and the following is substituted in lieu thereof (*Effective*  
2607 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2608 *date*):

2609 (b) If, after an examination of the invoices, books and records of a  
2610 dealer, or if, from any other information obtained by him or his  
2611 authorized agents, the commissioner determines that the dealer has  
2612 not purchased sufficient stamps to cover his receipts and sales or other  
2613 disposition of any marijuana or controlled substances, he shall  
2614 thereupon assess the deficiency in tax. There shall be imposed a  
2615 penalty of ten per cent of the deficiency or fifty dollars, whichever  
2616 amount is greater, and interest shall accrue on the tax at [the rate of  
2617 one per cent per month] a rate adjusted annually to be equal to the  
2618 federal short-term rate as it is determined as of July first of each year  
2619 under Section 6621(b) of the Internal Revenue Code of 1986, or any  
2620 subsequent corresponding internal revenue code of the United States,  
2621 as from time to time amended, plus three percentage points from the  
2622 due date of such tax to the date of payment. In any case where a dealer  
2623 cannot produce evidence of sufficient stamp purchases to cover the  
2624 receipt of any marijuana or controlled substances, it shall be presumed  
2625 that such marijuana or controlled substances were sold without having  
2626 the proper stamps affixed. If the commissioner determines that the  
2627 deficiency or any part thereof is due to a fraudulent intent to evade the  
2628 tax, there shall be imposed a penalty of twenty-five per cent of the  
2629 deficiency and interest shall accrue on the tax at [the rate of one per  
2630 cent per month or fraction thereof] a rate adjusted annually to be equal

2631 to the federal short-term rate as it is determined as of July first of each  
2632 year under Section 6621(b) of the Internal Revenue Code of 1986, or  
2633 any subsequent corresponding internal revenue code of the United  
2634 States, as from time to time amended, plus three percentage points  
2635 from the due date of such tax to the date of payment. Subject to the  
2636 provisions of section 12-3a, the commissioner may waive all or part of  
2637 the penalties provided under this chapter when it is proven to his  
2638 satisfaction that the failure to pay any tax on time was due to  
2639 reasonable cause and was not intentional or due to neglect. The  
2640 amount of any tax, penalty or interest due and unpaid under the  
2641 provisions of this chapter may be collected under the provisions of  
2642 section 12-35. The warrant therein provided for shall be signed by the  
2643 commissioner or his authorized agent. The amount of any such tax,  
2644 penalty and interest shall be a lien, from the last day of the month next  
2645 preceding the due date of such tax until discharged by payment,  
2646 against all real estate of the taxpayer within the state, and a certificate  
2647 of such lien signed by the commissioner may be filed for record in the  
2648 office of the clerk of any town in which such real estate is situated,  
2649 provided no such lien shall be effective as against any bona fide  
2650 purchaser or qualified encumbrancer of any interest in any such  
2651 property. When any tax with respect to which a lien has been recorded  
2652 under the provisions of this section has been satisfied, the  
2653 commissioner, upon request of any interested party, shall issue a  
2654 certificate discharging such lien, which certificate shall be recorded in  
2655 the same office in which the lien is recorded. Any action for the  
2656 foreclosure of such lien shall be brought by the Attorney General in the  
2657 name of the state in the superior court for the judicial district in which  
2658 the property subject to such lien is situated, or, if such property is  
2659 located in two or more judicial districts, in the superior court for any  
2660 one such judicial district, and the court may limit the time for  
2661 redemption or order the sale of such property or make such other or  
2662 further decree as it judges equitable.

2663 Sec. 63. Section 12-667 of the general statutes is repealed and the  
2664 following is substituted in lieu thereof (*Effective October 1, 2006, and*

2665 *applicable to taxes due and payable on or after said date):*

2666 (a) The surcharge imposed by this chapter is due and payable to the  
2667 commissioner monthly on or before the last day of the month next  
2668 succeeding each monthly period except that every person whose total  
2669 surcharge liability for the twelve-month period ended on the  
2670 preceding September thirtieth was less than four thousand dollars  
2671 shall file returns and pay the surcharge on a quarterly basis.  
2672 "Quarterly" means a period of three calendar months commencing on  
2673 the first day of January, April, July or October of each year or, if any  
2674 seller commences business on a date other than the first day of  
2675 January, April, July or October, a period beginning on the date of  
2676 commencement of business and ending on March thirty-first, June  
2677 thirtieth, September thirtieth or December thirty-first, respectively.

2678 (b) On or before the last day of the month following each monthly  
2679 or quarterly period, as the case may be, a return for the preceding  
2680 period shall be filed with the commissioner in such form as the  
2681 commissioner may prescribe. Returns shall be signed by the person  
2682 required to file the return or by his authorized agent but need not be  
2683 verified by oath, provided a return required to be filed by a  
2684 corporation shall be signed by an officer of such corporation.

2685 (c) The return shall show the number and rental period of all  
2686 vehicles leased by the lessor during the preceding reporting period.  
2687 The return shall also show the amount of the surcharges for the period  
2688 covered by the return in such manner as the commissioner may  
2689 require and such other information as the commissioner deems  
2690 necessary for the proper administration of this chapter.

2691 (d) Any person who fails to pay the surcharge imposed by this  
2692 chapter to the state or any amount of surcharge required to be  
2693 collected and paid to the state within the time required shall pay a  
2694 penalty of fifteen per cent of the surcharge or fifty dollars, whichever  
2695 amount is greater, in addition to the surcharge or amount of the  
2696 surcharge, plus interest at [the rate of one per cent per month or

2697 fraction thereof] a rate adjusted annually to be equal to the federal  
2698 short-term rate as it is determined as of July first of each year under  
2699 Section 6621(b) of the Internal Revenue Code of 1986, or any  
2700 subsequent corresponding internal revenue code of the United States,  
2701 as from time to time amended, plus three percentage points from the  
2702 due date of such surcharge or amount of surcharge required to be  
2703 collected to the date of payment. Subject to the provisions of section  
2704 12-3a, the commissioner may waive all or any part of the penalties  
2705 provided under this chapter when it is proven to the satisfaction of the  
2706 commissioner that failure to pay any surcharge was due to reasonable  
2707 cause and was not intentional or due to neglect.

2708 (e) The commissioner, if he deems it necessary in order to insure  
2709 payment to or facilitate the collection by the state of the amount of  
2710 surcharges, may permit or require returns and payment of the amount  
2711 of surcharges for other than monthly or quarterly periods.

2712 (f) The commissioner for good cause may extend the time for  
2713 making any return and paying any amount required to be paid under  
2714 this chapter if a written request therefor is filed with the commissioner  
2715 together with a tentative return which must be accompanied by a  
2716 payment of the surcharge, which shall be estimated in such tentative  
2717 return, on or before the last day for filing the return. Any person to  
2718 whom an extension is granted shall pay, in addition to the surcharge,  
2719 interest at [the rate of one per cent per month or fraction thereof] a rate  
2720 adjusted annually to be equal to the federal short-term rate as it is  
2721 determined as of July first of each year under Section 6621(b) of the  
2722 Internal Revenue Code of 1986, or any subsequent corresponding  
2723 internal revenue code of the United States, as from time to time  
2724 amended, plus three percentage points from the date on which the  
2725 surcharge would have been due without the extension until the date of  
2726 payment.

2727 (g) The proceeds from the surcharge imposed by this chapter shall  
2728 be deposited in the General Fund.

2729       Sec. 64. Section 12-692 of the 2006 supplement to the general statutes  
2730 is repealed and the following is substituted in lieu thereof (*Effective*  
2731 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2732 *date*):

2733       (a) For purposes of this section:

2734       (1) "Passenger motor vehicle" means a passenger vehicle, which is  
2735 rented without a driver and which is part of a motor vehicle fleet of  
2736 five or more passenger motor vehicles that are used for rental purposes  
2737 by a rental company.

2738       (2) "Rental truck" means a (A) vehicle rented without a driver that  
2739 has a gross vehicle weight rating of twenty-six thousand pounds or  
2740 less and is used in the transportation of personal property but not for  
2741 business purposes, or (B) trailer that has a gross vehicle weight rating  
2742 of not more than six thousand pounds.

2743       (3) "Rental company" means any business entity that is engaged in  
2744 the business of renting passenger motor vehicles, rental trucks without  
2745 a driver or machinery in this state to lessees and that uses for rental  
2746 purposes a motor vehicle fleet of five or more passenger motor  
2747 vehicles, rental trucks or pieces of machinery in this state, but does not  
2748 mean any person, firm or corporation that is licensed, or required to be  
2749 licensed, pursuant to section 14-52, (A) as a new car dealer, repairer or  
2750 limited repairer, or (B) as a used car dealer that is not primarily  
2751 engaged in the business of renting passenger motor vehicles or rental  
2752 trucks without a driver in this state to lessees.

2753       (4) "Lessee" means any person who leases a passenger motor  
2754 vehicle, rental truck or machinery from a rental company for such  
2755 person's own use and not for rental to others.

2756       (5) "Machinery" means heavy equipment without an operator that  
2757 may be used for construction, mining or forestry, including, but not  
2758 limited to, bulldozers, earthmoving equipment, well-drilling  
2759 machinery and equipment or cranes.

2760 (b) There is hereby imposed a three per cent surcharge on each  
2761 passenger motor vehicle or rental truck rented within the state by a  
2762 rental company to a lessee for a period of less than thirty-one days. The  
2763 rental surcharge shall be imposed on the total amount the rental  
2764 company charges the lessee for the rental of a motor vehicle. Such  
2765 surcharge shall be in addition to any tax otherwise applicable to any  
2766 such transaction and shall be includable in the measure of the sales  
2767 and use taxes imposed under chapter 219.

2768 (c) There is hereby imposed a one and one-half per cent surcharge  
2769 on machinery rented within the state by a rental company to a lessee  
2770 for a period of less than thirty-one days. The rental surcharge shall be  
2771 imposed on the total amount the rental company charges the lessee for  
2772 the rental of the machinery. Such surcharge shall be in addition to any  
2773 tax otherwise applicable to any such transaction, and shall be  
2774 includable in the measure of the sales and use taxes imposed under  
2775 chapter 219.

2776 (d) Reimbursement for the surcharge imposed by subsections (b)  
2777 and (c) of this section shall be collected by the rental company from the  
2778 lessee and such surcharge reimbursement, termed "surcharge" in this  
2779 subsection, shall be paid by the lessee to the rental company and each  
2780 rental company shall collect from the lessee the full amount of the  
2781 surcharge imposed by said subsections (b) and (c). Such surcharge  
2782 shall be a debt from the lessee to the rental company, when so added  
2783 to the original lease or rental price, and shall be recoverable at law in  
2784 the same manner as other debts. The rental contract shall separately  
2785 indicate the rental surcharge imposed on each passenger motor  
2786 vehicle, truck rental or piece of machinery. The rental surcharge shall,  
2787 subject to the provisions of subsection (e) of this section, be retained by  
2788 the rental company.

2789 (e) (1) On or before February 15, 1997, and the fifteenth of February  
2790 annually thereafter, each rental company shall file a report with the  
2791 Commissioner of Revenue Services detailing the aggregate amount of  
2792 personal property tax that is actually paid by such company to a

2793 Connecticut municipality or municipalities during the preceding  
2794 calendar year on passenger motor vehicles, rental trucks or pieces of  
2795 machinery that are used for rental purposes by such company, the  
2796 aggregate amount of registration and titling fees that are actually paid  
2797 by such company to the Department of Motor Vehicles of this state  
2798 during the preceding calendar year on passenger motor vehicles, rental  
2799 trucks or pieces of machinery that are used for rental purposes by such  
2800 company and the aggregate amount of the rental surcharge that is  
2801 actually received, pursuant to this section, by such company during  
2802 the preceding calendar year on passenger motor vehicles, rental trucks  
2803 or pieces of machinery that are used for rental purposes by such  
2804 company. The report shall also show such other information as the  
2805 commissioner deems necessary for the proper administration of this  
2806 section.

2807 (2) On or before February 15, 1997, and the fifteenth of February  
2808 annually thereafter, each rental company shall remit to the  
2809 Commissioner of Revenue Services for deposit in the General Fund,  
2810 the amount by which the aggregate amount of the rental surcharge  
2811 actually received by such company on such vehicles or machinery  
2812 during the preceding calendar year exceeds the sum of the aggregate  
2813 amount of property taxes actually paid by such company on such  
2814 vehicles or machinery to a Connecticut municipality or municipalities  
2815 during the preceding calendar year and the aggregate amount of  
2816 registration and titling fees actually paid by such company on such  
2817 vehicles or machinery to the Department of Motor Vehicles of this state  
2818 during the preceding calendar year.

2819 (3) For purposes of this subsection, in the case of any rental  
2820 company that leases a passenger motor vehicle, rental truck or piece of  
2821 machinery from another person and that uses such vehicle or  
2822 machinery for rental purposes and such lease requires such rental  
2823 company to pay the registration and titling fees and the property taxes  
2824 to such other person, the rental company shall include (A) in the  
2825 aggregate amount of registration and titling fees actually paid by such  
2826 rental company to the Department of Motor Vehicles of this state, any

2827 such registration and titling fees actually paid by such rental company  
2828 to such other person on such passenger motor vehicle, rental truck or  
2829 piece of machinery, and (B) in the aggregate amount of property taxes  
2830 actually paid by such rental company to a Connecticut municipality or  
2831 municipalities, any such property taxes actually paid by such rental  
2832 company to such other person on such passenger motor vehicle or  
2833 vehicles, rental truck or trucks or one or more pieces of machinery.

2834 (f) Any person who fails to pay any amount required to be paid to  
2835 the Commissioner of Revenue Services under this section within the  
2836 time required shall pay a penalty of fifteen per cent of such amount or  
2837 fifty dollars, whichever amount is greater, in addition to such amount,  
2838 plus interest at [the rate of one per cent per month or fraction thereof] a  
2839 rate adjusted annually to be equal to the federal short-term rate as it is  
2840 determined as of July first of each year under Section 6621(b) of the  
2841 Internal Revenue Code of 1986, or any subsequent corresponding  
2842 internal revenue code of the United States, as from time to time  
2843 amended, plus three percentage points from the due date of such  
2844 amount until the date of payment. Subject to the provisions of section  
2845 12-3a, the commissioner may waive all or any part of the penalties  
2846 provided under this section when it is proven to the satisfaction of the  
2847 commissioner that the failure to pay any amount required to be paid to  
2848 the commissioner was due to reasonable cause and was not intentional  
2849 or due to neglect.

2850 (g) The Commissioner of Revenue Services for good cause may  
2851 extend the time for making any report and paying any amount  
2852 required to be paid to the commissioner under this section if a written  
2853 request therefor is filed with the commissioner together with a  
2854 tentative report which shall be accompanied by a payment of any  
2855 amount tentatively believed to be due to the commissioner, on or  
2856 before the last day for filing the report. Any person to whom an  
2857 extension is granted shall pay, in addition to the amount required to be  
2858 paid, interest at [the rate of one per cent per month or fraction thereof]  
2859 a rate adjusted annually to be equal to the federal short-term rate as it  
2860 is determined as of July first of each year under Section 6621(b) of the

2861 Internal Revenue Code of 1986, or any subsequent corresponding  
2862 internal revenue code of the United States, as from time to time  
2863 amended, plus three percentage points from the date on which such  
2864 amount would have been due without the extension until the date of  
2865 payment.

2866 (h) The provisions of sections 12-548 to 12-554, inclusive, as  
2867 amended by this act, and section 12-555a shall apply to the provisions  
2868 of this section in the same manner and with the same force and effect  
2869 as if the language of said sections 12-548 to 12-554, inclusive, and  
2870 section 12-555a had been incorporated in full into this section, except to  
2871 the extent that any provision is inconsistent with a provision in this  
2872 section, and except that the term "tax" shall be read as "surcharge".

2873 Sec. 65. Subsection (a) of section 12-722 of the general statutes is  
2874 repealed and the following is substituted in lieu thereof (*Effective*  
2875 *October 1, 2006, and applicable to taxes due and payable on or after said*  
2876 *date*):

2877 (a) Except as otherwise provided in this section, in the case of any  
2878 underpayment of estimated tax by an individual, there shall be added  
2879 to the tax an amount determined by applying interest (1) at [the rate of  
2880 one per cent per month or fraction thereof] a rate adjusted annually to  
2881 be equal to the federal short-term rate as it is determined as of July first  
2882 of each year under Section 6621(b) of the Internal Revenue Code of  
2883 1986, or any subsequent corresponding internal revenue code of the  
2884 United States, as from time to time amended, plus three percentage  
2885 points, (2) to the amount of the underpayment, (3) for the period of the  
2886 underpayment.

2887 Sec. 66. Section 12-723 of the general statutes is repealed and the  
2888 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2889 *applicable to taxes due and payable on or after said date*):

2890 The commissioner may for reasonable cause extend the time for the  
2891 filing of any return, statement or other document due or required  
2892 under this chapter and the payment of tax due pursuant to this chapter

2893 in accordance with regulations adopted in accordance with chapter 54.  
2894 Said commissioner may require the filing of a tentative return and the  
2895 payment of the tax reported to be due thereon in connection with such  
2896 extension. Any additional tax which may be found to be due on the  
2897 filing of a return, statement or other document as allowed by such  
2898 extension shall bear interest at [the rate of one per cent per month or  
2899 fraction thereof] a rate adjusted annually to be equal to the federal  
2900 short-term rate as it is determined as of July first of each year under  
2901 Section 6621(b) of the Internal Revenue Code of 1986, or any  
2902 subsequent corresponding internal revenue code of the United States,  
2903 as from time to time amended, plus three percentage points from the  
2904 original due date of such tax to the date of actual payment.  
2905 Notwithstanding the provisions of section 12-735, as amended by this  
2906 act, no penalty shall be imposed on account of any failure to pay the  
2907 amount of tax reported to be due on a return, statement or other  
2908 document within the time specified under the provisions of this  
2909 chapter if the excess of the amount of tax shown on the return,  
2910 statement or other document over the amount of tax paid on or before  
2911 the original due date of such return, statement or other document is no  
2912 greater than ten per cent of the amount of tax shown on such return,  
2913 statement or other document, and any balance due shown on such  
2914 return, statement or other document is remitted with such return,  
2915 statement or other document on or before the extended due date of  
2916 such return, statement or other document.

2917 Sec. 67. Section 12-731 of the general statutes is repealed and the  
2918 following is substituted in lieu thereof (*Effective October 1, 2006, and*  
2919 *applicable to taxes due and payable on or after said date*):

2920 In the event that the amount of tax is understated on the taxpayer's  
2921 return due to a mathematical error, the Commissioner of Revenue  
2922 Services shall notify the taxpayer that an amount of tax in excess of  
2923 that shown on the return, plus interest at [the rate of one per cent per  
2924 month or fraction thereof] a rate adjusted annually to be equal to the  
2925 federal short-term rate as it is determined as of July first of each year  
2926 under Section 6621(b) of the Internal Revenue Code of 1986, or any

2927 subsequent corresponding internal revenue code of the United States,  
2928 as from time to time amended, plus three percentage points from the  
2929 due date of such tax, is due and has been assessed. Such a notice of  
2930 additional tax due shall not be considered a notice of a deficiency  
2931 assessment nor shall the taxpayer have any right of protest or appeal  
2932 as in the case of a deficiency assessment based on such notice, and the  
2933 assessment and collection of the amount of tax erroneously omitted in  
2934 the return shall not be prohibited by any provision of this chapter.

2935 Sec. 68. Subsections (a) and (b) of section 12-735 of the general  
2936 statutes are repealed and the following is substituted in lieu thereof  
2937 (*Effective October 1, 2006, and applicable to taxes due and payable on or after*  
2938 *said date*):

2939 (a) If any person fails to pay the amount of tax reported to be due on  
2940 his return within the time specified under the provisions of this  
2941 chapter there shall be imposed a penalty equal to ten per cent of such  
2942 amount due and unpaid. Such amount shall bear interest at [the rate of  
2943 one per cent per month or fraction thereof,] a rate adjusted annually to  
2944 be equal to the federal short-term rate as it is determined as of July first  
2945 of each year under Section 6621(b) of the Internal Revenue Code of  
2946 1986, or any subsequent corresponding internal revenue code of the  
2947 United States, as from time to time amended, plus three percentage  
2948 points from the due date of such tax until the date of payment.

2949 (b) If any person has not made a return within three months after  
2950 the time specified under the provisions of this chapter, the  
2951 commissioner may make such return at any time thereafter, according  
2952 to the best information obtainable and according to the form  
2953 prescribed. The making of a return by the commissioner pursuant to  
2954 the authority conferred under this section shall not constitute the filing  
2955 of a return by such person for purposes of subsection (c) of section 12-  
2956 733, as amended, or subsection (a) of section 12-737. To the tax  
2957 imposed upon the basis of such return, there shall be added an amount  
2958 equal to ten per cent of such tax or fifty dollars, whichever is greater.  
2959 The tax shall bear interest at [the rate of one per cent per month or

2960 fraction thereof,] a rate adjusted annually to be equal to the federal  
 2961 short-term rate as it is determined as of July first of each year under  
 2962 Section 6621(b) of the Internal Revenue Code of 1986, or any  
 2963 subsequent corresponding internal revenue code of the United States,  
 2964 as from time to time amended, plus three percentage points from the  
 2965 due date of such tax until the date of payment. No taxpayer shall be  
 2966 subject to a penalty under both subsections (a) and (b) of this section in  
 2967 relation to the same tax period.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2006	2-79a(c)
Sec. 2	October 1, 2006	12-2(a)
Sec. 3	July 1, 2006	New section
Sec. 4	October 1, 2006	12-7
Sec. 5	July 1, 2006	12-9
Sec. 6	October 1, 2006, and applicable to taxes due on or after said date	12-35(a)
Sec. 7	October 1, 2006, and applicable to taxes due and payable on or after said date	12-235
Sec. 8	October 1, 2006, and applicable to taxes due and payable on or after said date	12-415(b)
Sec. 9	October 1, 2006, and applicable to taxes due and payable on or after said date	12-728(a)
Sec. 10	October 1, 2006, and applicable to taxes due and payable on or after said date	12-30a(a)
Sec. 11	October 1, 2006, and applicable to taxes due and payable on or after said date	12-204(b)

Sec. 12	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-204c(a)
Sec. 13	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-205
Sec. 14	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-206(a) and (b)
Sec. 15	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-217p(h)
Sec. 16	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-217w(f)
Sec. 17	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-222(c)
Sec. 18	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-225(a)
Sec. 19	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-226
Sec. 20	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-229
Sec. 21	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-242d(c)

Sec. 22	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-263c
Sec. 23	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-263d(a)
Sec. 24	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-263m(a)
Sec. 25	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-268d
Sec. 26	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-268h(a)
Sec. 27	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-284b(e)
Sec. 28	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-293a(c)
Sec. 29	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-309
Sec. 30	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-330d(a)
Sec. 31	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-330i

Sec. 32	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-376
Sec. 33	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-376b(a)
Sec. 34	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-390c
Sec. 35	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-390d
Sec. 36	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-392
Sec. 37	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-398(a) and (b)
Sec. 38	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-405c(b)
Sec. 39	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-405d(a) and (b)
Sec. 40	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-414(6)
Sec. 41	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-416(b)

Sec. 42	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-419
Sec. 43	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-439(a)
Sec. 44	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-440
Sec. 45	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-458
Sec. 46	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-458d(b)
Sec. 47	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-458g(b)
Sec. 48	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-486a(b)
Sec. 49	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-488(a)
Sec. 50	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-502b
Sec. 51	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-509

Sec. 52	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-511(a)
Sec. 53	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-511a
Sec. 54	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-547
Sec. 55	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-548
Sec. 56	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-590
Sec. 57	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-594(a)
Sec. 58	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-638c(a)
Sec. 59	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-638d
Sec. 60	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-646a(b)
Sec. 61	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-647

Sec. 62	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-655(b)
Sec. 63	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-667
Sec. 64	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-692
Sec. 65	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-722(a)
Sec. 66	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-723
Sec. 67	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-731
Sec. 68	<i>October 1, 2006, and applicable to taxes due and payable on or after said date</i>	12-735(a) and (b)

**PRI**      *Joint Favorable Subst. C/R*      FIN

**FIN**      *Joint Favorable Subst.*

**LM**      *Joint Favorable*

**APP**      *Joint Favorable*