



General Assembly

February Session, 2008

**Raised Bill No. 656**

LCO No. 2877

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

**AN ACT CONCERNING THE TAX ON AFFECTED BUSINESS ENTITIES.**

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

1 Section 1. Section 12-284b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2008, and*  
3 *applicable to taxable years commencing on or after January 1, 2008*):

4 (a) As used in this section:

5 (1) "S corporation" means any corporation which is an S corporation  
6 for federal income tax purposes and which is either (A) a domestic S  
7 corporation, or (B) a foreign S corporation that is required to obtain a  
8 certificate of authority from the Secretary of the State before  
9 transacting business in this state, whether or not it has obtained such a  
10 certificate;

11 (2) "Limited liability company" means any limited liability company  
12 which is, for federal income tax purposes, either treated as a  
13 partnership, if it has two or more members, or disregarded as an entity  
14 separate from its owner, if it has a single member, and which is either

15 (A) a domestic limited liability company, or (B) a foreign limited  
16 liability company that is required to register with the Secretary of the  
17 State before transacting business in this state, whether or not it has so  
18 registered;

19 (3) "Limited liability partnership" means any limited liability  
20 partnership which is either (A) a domestic limited liability partnership,  
21 or (B) a foreign limited liability partnership that is required to file a  
22 certificate of authority with the Secretary of the State before transacting  
23 business in this state, whether or not it has filed such certificate;

24 (4) "Limited partnership" means any limited partnership which is  
25 either (A) a domestic limited partnership, or (B) a foreign limited  
26 partnership that is required under chapter 610 to register with the  
27 Secretary of the State before transacting business in this state, whether  
28 or not it has so registered;

29 (5) "Taxable year" means taxable year, for federal income tax  
30 purposes;

31 (6) "Affected business entity" means any S corporation, limited  
32 liability company, limited liability partnership or limited partnership  
33 that has revenues of more than fifty thousand dollars in the taxable  
34 year for which a return is required to be filed;

35 (7) "Domestic S corporation", "domestic limited liability company",  
36 "domestic limited liability partnership" or "domestic limited  
37 partnership" means any such corporation, company or partnership that  
38 is formed under the laws of this state; and

39 (8) "Foreign S corporation", "foreign limited liability company",  
40 "foreign limited liability partnership" or "foreign limited partnership"  
41 means any such corporation, company or partnership that is not a  
42 domestic corporation, company or partnership.

43 (b) Each limited liability company, limited liability partnership,  
44 limited partnership and S corporation shall be liable for the tax

45 imposed by this section for each taxable year or portion thereof that  
46 such company, partnership or corporation is an affected business  
47 entity. Each affected business entity shall annually, on or before the  
48 fifteenth day of the fourth month following the close of its taxable year,  
49 pay to the Commissioner of Revenue Services a tax in the amount of  
50 two hundred fifty dollars.

51 (c) Upon failure of any affected business entity to pay the tax due  
52 under this section within thirty days of the due date, the provisions of  
53 section 12-35 shall apply with respect to the enforcement of this section  
54 and the collection of such tax. The warrant therein provided for shall  
55 be signed by the commissioner or an authorized agent of the  
56 commissioner. The amount of any such tax, penalty and interest shall  
57 be a lien, from the thirty-first day of December next preceding the due  
58 date of such tax until discharged by payment, against all real estate of  
59 the taxpayer within the state, and a certificate of such lien signed by  
60 the commissioner may be filed for record in the office of the clerk of  
61 any town in which such real estate is situated, provided no such lien  
62 shall be effective as against any bona fide purchaser or qualified  
63 encumbrancer of any interest in any such property. When any tax with  
64 respect to which a lien has been recorded under the provisions of this  
65 section has been satisfied, the commissioner, upon request of any  
66 interested party, shall issue a certificate discharging such lien, which  
67 certificate shall be recorded in the same office in which the lien was  
68 recorded. Any action for the foreclosure of such lien shall be brought  
69 by the Attorney General in the name of the state in the superior court  
70 for the judicial district in which the property subject to such lien is  
71 situated, or, if such property is located in two or more judicial districts,  
72 in the superior court for any one such judicial district, and the court  
73 may limit the time for redemption or order the sale of such property or  
74 make such other or further decree as it judges equitable.

75 (d) If any affected business entity fails to pay the amount of tax  
76 reported to be due on such entity's return within the time specified  
77 under the provisions of this section, there shall be imposed a penalty of

78 fifty dollars, which penalty shall be payable to, and recoverable by, the  
 79 commissioner in the same manner as the tax imposed under this  
 80 section. Subject to the provisions of section 12-3a, the commissioner  
 81 may waive all or part of the penalties provided under this section  
 82 when it is proven to the commissioner's satisfaction that the failure to  
 83 pay any tax was due to reasonable cause and was not intentional or  
 84 due to neglect.

85 (e) If any tax is not paid when due as provided in this section, there  
 86 shall be added to the amount of the tax interest at the rate of one per  
 87 cent per month or fraction thereof from the date the tax became due  
 88 until it is paid.

89 (f) If the commissioner is satisfied beyond a reasonable doubt that  
 90 the failure to file a return or to pay the tax was due to reasonable cause  
 91 and was not intentional or due to neglect, the commissioner may abate  
 92 or remit the whole or any part of any penalty under this section.

93 (g) The provisions of sections 12-548 to 12-554, inclusive, and section  
 94 12-555a shall apply to the provisions of this section in the same manner  
 95 and with the same force and effect as if the language of said sections  
 96 12-548 to 12-554, inclusive, and section 12-555a had been incorporated  
 97 in full into this section and had expressly referred to the tax under this  
 98 section, except to the extent that any such provision is inconsistent  
 99 with a provision of this section.

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| This act shall take effect as follows and shall amend the following sections: |   |         |
| Section 1   | <i>July 1, 2008, and applicable to taxable years commencing on or after January 1, 2008</i> | 12-284b |

**Statement of Purpose:**

To make the business entity tax applicable only to those business entities that have revenues of over fifty thousand dollars in a year.

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