



House of Representatives

General Assembly

File No. 585

January Session, 2011

House Bill No. 6561

House of Representatives, April 19, 2011

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SALES TAXES PAID BY BUSINESSES.

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

1 Section 1. Subsection (b) of section 12-686 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *July 1, 2011, and applicable to tax periods commencing on or after said date*):

4 (b) Notwithstanding any provision of subsection (a) of this section:
5 (1) No person shall be required to pay any tax by electronic funds
6 transfer until the department has given notice to such person of such
7 requirement; (2) no person shall be required to pay any tax imposed by
8 chapter 219 by electronic funds transfer if such person can
9 demonstrate, to the commissioner's satisfaction, hardship in paying by
10 electronic funds transfer. Such hardship may include, but need not be
11 limited to, limited access to the necessary technology, limited
12 knowledge of the necessary technology, or valid concerns about online
13 banking and potential security issues; and [(2)] (3) no person required
14 to pay any tax for any period by electronic funds transfer shall cease
15 such method of payment until notified by the department that such

16 method of payment is no longer required. The department shall give
17 notice to such person that such method of payment is no longer
18 required as soon as practicable after such determination is made.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011, and applicable to tax periods commencing on or after said date</i>	12-686(b)

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Revenue Loss	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a process by which a retailer may be granted an exemption from the current requirement that certain taxpayers remit taxes by electronic funds transfer. To the extent that the Department of Revenue Services commissioner allows taxpayers to file on paper rather than electronically, there is a potential minimal loss of interest income to the state due to a delay in the receipt and deposit of funds.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 6561*****AN ACT CONCERNING SALES TAXES PAID BY BUSINESSES.*****SUMMARY:**

The law allows the revenue services commissioner to require taxpayers and employers to pay taxes by electronic funds transfer if they have (1) \$4,000 or more in annual tax liability or (2) more than \$2,000 in annual withholding tax payments. This bill requires the commissioner to exempt from the electronic payment requirement any retailer or other taxpayer who shows, to the commissioner's satisfaction, that paying sales and use taxes electronically would be a hardship. Under the bill, a "hardship" can include, among other things, (1) limited access to, or knowledge of, the technology necessary for electronic payments or (2) valid concerns about online banking and potential security issues.

By law, retailers must remit sales and use taxes monthly or, if their total liability for the previous year was less than \$4,000, quarterly (CGS § 12-414).

EFFECTIVE DATE: July 1, 2011, and applicable to tax periods starting on or after than date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 52 Nay 0 (04/07/2011)