



General Assembly

January Session, 2011

Raised Bill No. 1218

LCO No. 4977

04977 _____ FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING VARIOUS CHANGES TO TITLE 12.

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

- 1 Section 1. (NEW) (*Effective July 1, 2011*) (a) As used in this section:
- 2 (1) "Commissioner" means the Commissioner of Revenue Services;
- 3 (2) "Department" means the Department of Revenue Services;
- 4 (3) "Issuance of a license" means the granting, renewing, amending
- 5 or supplementing of a license;
- 6 (4) "License" means the whole or part of any public agency permit,
- 7 certificate, approval, registration, charter or similar form of permission
- 8 to engage in a profession, trade, business or occupation and any
- 9 notification required to be made to any public agency that a
- 10 profession, trade, business or occupation is being engaged in or is
- 11 expected to be commenced;
- 12 (5) "License applicant" means the person making application for
- 13 issuance of a license and any other person that is required to be
- 14 included in such application;

15 (6) "Person" means an individual, partnership, society, association,
16 joint stock company, corporation, limited liability company, estate,
17 receiver, trustee, assignee, referee or any other person acting in a
18 fiduciary or representative capacity, whether appointed by a court or
19 otherwise, or any combination of the foregoing;

20 (7) "Public agency" means any department within the executive
21 branch of state government as listed in section 4-38c of the general
22 statutes. "Public agency" includes the Department of Education, the
23 Department of Higher Education, the Department of Information
24 Technology and the Division of Criminal Justice;

25 (8) "Taxes due to this state" means taxes, including additions to tax
26 for penalties and interest, which are imposed under the laws of this
27 state, which are finally due and payable to the commissioner, and with
28 respect to which any administrative or judicial remedies, or both, have
29 been exhausted or have lapsed. "Taxes due to this state" does not
30 include taxes with respect to which a payment agreement, not in
31 default, has been entered into by a taxpayer and the department.

32 (b) The Commissioner of Revenue Services shall adopt regulations,
33 in accordance with the provisions of chapter 54 of the general statutes,
34 in consultation with the commissioner of a public agency that issues
35 licenses, to ensure that no license shall be issued to an applicant until
36 such applicant has paid all taxes due to this state. Such regulations
37 shall (1) establish a means for a public agency, prior to the issuance of
38 a license, to verify that an applicant has no taxes due to this state, (2)
39 provide that, if an applicant has taxes due to this state, the
40 commissioner shall provide notice and an opportunity for a hearing to
41 such applicant, which hearing shall be limited to verifying whether
42 such applicant has taxes due to this state, and (3) provide that, if it is
43 established to the satisfaction of the commissioner that an undue
44 hardship would otherwise result to a license applicant, a license shall
45 be issued to the license applicant, notwithstanding the fact that such
46 applicant has taxes due to this state. Such regulations shall also

47 provide that, if such license applicant is not an individual, there shall
48 be a means for a public agency, prior to the issuance of a license, to
49 verify that the principals of a business entity have no taxes due to this
50 state. The sole right to any hearing authorized pursuant to such
51 regulations shall be to the commissioner and not to the public agency
52 issuing the license.

53 Sec. 2. Subsection (b) of section 4-28o of the general statutes is
54 repealed and the following is substituted in lieu thereof (*Effective from*
55 *passage*):

56 (b) (1) The commissioner may disclose to the Attorney General any
57 information received under sections 4-28k to 4-28r, inclusive, and
58 requested by the Attorney General for purposes of determining
59 compliance with and enforcing the provisions of sections 4-28k to 4-
60 28r, inclusive. The commissioner and the Attorney General shall share
61 with each other the information received under sections 4-28k to 4-28r,
62 inclusive, and may share such information with other federal, state or
63 local agencies only for purposes of enforcement of the provisions of
64 sections 4-28h to 4-28r, inclusive, or corresponding laws of other states.

65 (2) The commissioner may disclose to the Attorney General any
66 returns or return information, as defined in section 12-15, received
67 pursuant to this chapter or chapter 214 or 214a, when such returns or
68 return information is relevant to any arbitration or other dispute
69 resolution proceeding to which the state is a party, created or
70 authorized under the terms of the Master Settlement Agreement, as
71 defined in section 4-28h, or any amendments to said agreement. The
72 Attorney General may further disclose such returns or return
73 information in such arbitration or other dispute resolution proceeding.

74 Sec. 3. Subsection (b) of section 12-35f of the general statutes is
75 repealed and the following is substituted in lieu thereof (*Effective from*
76 *passage*):

77 (b) (1) Upon the request and certification of the tax officer of a

78 claimant state to the Commissioner of Revenue Services that a
79 taxpayer owes taxes to such claimant state, the commissioner may
80 withhold all or a portion of any refund to which such taxpayer would
81 otherwise be entitled and pay over such withheld amount to the
82 claimant state in accordance with the provisions of this section. The
83 commissioner shall not withhold a refund unless the laws of the
84 claimant state allow the Commissioner of Revenue Services to certify
85 that a taxpayer owes taxes to this state and to request the tax officer of
86 the claimant state to withhold all or a portion of any refund to which
87 such taxpayer would otherwise be entitled, and provide for the
88 payment over of such withheld amount to this state.

89 (2) Such certification shall include the full name and address of the
90 taxpayer; the taxpayer's Social Security number or federal employer
91 identification number; the amount of taxes owed to such state; [,
92 including a detailed statement for each taxable period showing tax,
93 interest and penalty;] and a statement that any administrative or
94 judicial remedies, or both, have been exhausted or have lapsed and
95 that the amount of taxes is legally enforceable under the laws of such
96 state.

97 (3) Upon receipt by the commissioner of the required certification,
98 [he] the commissioner shall notify the taxpayer, if the taxpayer is
99 otherwise entitled to a tax refund from this state, that [he] the
100 commissioner has received a request from the claimant state to
101 withhold all or a portion of any refund, that the taxpayer has the right
102 to protest the withholding of the refund, that failure to file a protest in
103 accordance with subdivision (4) of this subsection shall constitute a
104 waiver of any demand against this state on account of such withheld
105 amount and that the withheld amount will be paid over to the claimant
106 state. [The notice shall include a copy of the certification by the tax
107 officer of such claimant state.] Thirty days after the date on which [it is
108 mailed, a notice under this subdivision] a notice under this subdivision
109 is mailed, such notice shall be final except only for such amounts as to
110 which the taxpayer has filed, as provided in subdivision (4) of this

111 subsection, a written protest with the Commissioner of Revenue
112 Services.

113 (4) Any taxpayer notified in accordance with subdivision (3) of this
114 subsection may, on or before the thirtieth day after the mailing of such
115 notice by the Commissioner of Revenue Services, protest the
116 withholding of all or a portion of a refund by filing with the
117 commissioner a written protest in which the taxpayer shall set forth
118 the grounds on which the protest is based. If a timely protest is filed,
119 the commissioner shall impound the claimed amount of the refund,
120 pay to the taxpayer the unclaimed amount, if any, of the refund, send a
121 copy of the protest to the claimant state for determination of the
122 protest on its merits in accordance with the laws of that state, and pay
123 over to the taxpayer the impounded amount if the claimant state shall
124 fail on or before the forty-fifth day after the sending of the copy of the
125 protest by the commissioner to such claimant state to recertify to the
126 commissioner that the claimant state has reviewed the stated grounds
127 on which the protest is based, and to recertify the amount of taxes
128 which is finally due and payable to the claimant state, which is legally
129 enforceable under the laws of the claimant state against the taxpayer,
130 and with respect to which any administrative or judicial remedies, or
131 both, have been exhausted or have lapsed.

132 (5) Where the amount withheld in accordance with this subsection is
133 a refund of any tax imposed upon the income of individuals and in
134 connection with which the taxpayer filed a joint return with his or her
135 spouse, and the spouse is not a taxpayer, the spouse shall have the
136 right to be paid his or her portion of the refund by establishing his or
137 her share of such refund. The amount of such spouse's share of such
138 refund shall be established by recomputing the spouse's share of the
139 joint liability and subtracting that amount from the taxpayer's
140 contribution toward the joint liability, provided the amount of the
141 overpayment refunded to the spouse shall not exceed the amount of
142 the joint overpayment.

143 (6) Subject to the provisions of subdivisions (3), (4) and (5) of this
144 subsection, the commissioner shall pay over to the claimant state the
145 entire amount withheld or the amount certified, whichever is less; pay
146 any refund in excess of the certified amount to the taxpayer; and, if the
147 amount certified exceeds the amount withheld, withhold amounts
148 from subsequent refunds due to the taxpayer, provided the claimant
149 state agrees to withhold subsequent refunds due to taxpayers certified
150 to the claimant state by the commissioner.

151 Sec. 4. Section 12-216a of the general statutes is repealed and the
152 following is substituted in lieu thereof (*Effective from passage and*
153 *applicable to income years commencing on or after January 1, 2010*):

154 (a) Any company that derives income from sources within this state
155 [, or] and that has a substantial economic presence within this state,
156 evidenced by a purposeful direction of business toward this state,
157 examined in light of the frequency, quantity and systematic nature of a
158 company's economic contacts with this state, without regard to
159 physical presence, and to the extent permitted by the Constitution of
160 the United States, shall be liable for the tax imposed under this
161 chapter. Such company shall apportion its net income under the
162 provisions of this chapter.

163 (b) The provisions of subsection (a) of this section shall not apply to
164 any company that is treated as a foreign corporation under the Internal
165 Revenue Code and has no income effectively connected with a United
166 States trade or business, provided, to the extent that a company that is
167 treated as a foreign corporation under the Internal Revenue Code has
168 income effectively connected with a United States trade or business,
169 such company's gross income shall be its income effectively connected
170 with its United States trade or business. For net income tax
171 apportionment purposes, only property utilized in, payroll attributable
172 to and receipts effectively connected with such company's United
173 States trade or business shall be considered for purposes of calculating
174 such company's apportionment fraction. "Income effectively connected

175 with a United States trade or business" shall be determined in
176 accordance with the provisions of the Internal Revenue Code.

177 Sec. 5. Section 12-242g of the general statutes is repealed and the
178 following is substituted in lieu thereof (*Effective October 1, 2011, and*
179 *applicable to estimated corporation business tax payments for income years*
180 *commencing on or after January 1, 2012*):

181 (a) If a company has paid as an installment of estimated tax an
182 amount in excess of the amount determined to be the correct amount
183 of such installment, such amount shall be credited against any unpaid
184 installment or against the tax. If the amount already paid, whether or
185 not on the basis of installments, exceeds the amount determined to be
186 the correct amount of the tax, the company shall be paid by the State
187 Treasurer, upon order of the Comptroller, the amount of such
188 overpayment. [The commissioner may prescribe regulations providing
189 for the crediting against the estimated tax for any taxable year of the
190 amount determined to be an overpayment of the corporation business
191 tax for a preceding taxable year.]

192 (b) If a company has filed its tax return under this chapter for the
193 income year on or before the due date of such return or, if an extension
194 of time to file has been requested and granted, the extended due date
195 of such return, any overpayment reported on such return, if the
196 company has elected to credit such overpayment against the
197 company's estimated tax for the succeeding income year, shall be
198 treated as if paid on the due date of the first required installment of
199 estimated tax for such succeeding income year. Such reported
200 overpayment shall be credited against otherwise unpaid required
201 installments in the order in which such installments are required to be
202 paid under section 12-242d.

203 Sec. 6. Subdivision (3) of subsection (a) of section 12-686 of the
204 general statutes is repealed and the following is substituted in lieu
205 thereof (*Effective July 1, 2011, and applicable to tax periods ending on or*
206 *after said date*):

207 (3) (A) Except as otherwise provided in subsections (b) and (c) of
208 this section, the commissioner may require every employer who is
209 deducting and withholding Connecticut income tax from employee
210 wages to pay such tax during the twelve-month period following a
211 determination of liability under this subdivision, by one of the means
212 of electronic funds transfer approved by the department, if the
213 commissioner determines that the amount of Connecticut income tax
214 deducted and withheld from employee wages by such employer was
215 more than two thousand dollars for the twelve-month period ending
216 on the June thirtieth immediately preceding the quarterly period with
217 respect to which the requirement to pay over tax by electronic funds
218 transfer is established. The commissioner, in determining whether tax
219 liability is more than two thousand dollars, shall base such
220 determination on the taxes reported to be due on the quarterly
221 withholding tax returns of such employer related to the period under
222 examination. If any such tax return of such [person] employer for such
223 period has not been filed, the commissioner may base such
224 determination on any information available to the commissioner.

225 (B) Except as otherwise provided in subsections (b) and (c) of this
226 section, the commissioner may require every payer, as defined in
227 section 12-707, who is deducting and withholding Connecticut income
228 tax from nonpayroll amounts, as defined in section 12-707, to pay such
229 tax for the calendar year, following a determination of liability under
230 this subdivision, by one of the means of electronic funds transfer
231 approved by the department, if the commissioner determines that the
232 amount of Connecticut income tax deducted and withheld from
233 nonpayroll amounts by such payer for the look-back calendar year, as
234 defined in section 12-707, was more than two thousand dollars. The
235 commissioner, in determining whether the amount of Connecticut
236 income tax deducted and withheld for the look-back calendar year, is
237 more than two thousand dollars, shall base such determination on the
238 tax reported to be due on the withholding tax return of such payer for
239 such look-back calendar year. If any such tax return of such payer for
240 such period has not been filed, the commissioner may base such

241 determination on any information available to the commissioner.

242 Sec. 7. Section 12-707 of the general statutes is repealed and the
243 following is substituted in lieu thereof (*Effective July 1, 2011, and*
244 *applicable to sales of a business or stock of goods occurring on or after said*
245 *date*):

246 (a) (1) Each employer required to deduct and withhold tax under
247 this chapter from the wages of employees shall be liable for such tax
248 and shall file a withholding return as prescribed by the Commissioner
249 of Revenue Services and pay over to the commissioner, or to a
250 depository designated by the commissioner, the taxes so required to be
251 deducted and withheld at the times specified in subsection (b) of this
252 section.

253 (2) Each payer of nonpayroll amounts shall deduct and withhold tax
254 under this chapter from the nonpayroll amounts of payees, shall be
255 liable for such tax, and shall file a withholding return as prescribed by
256 the commissioner and pay over to the commissioner, or to a depository
257 designated by the commissioner, the taxes so required to be deducted
258 and withheld at the times specified in subsection (b) of this section.

259 (b) (1) (A) With respect to the tax required to be deducted and
260 withheld under this chapter from wages paid during any calendar year
261 beginning on or after January 1, 2005, and in accordance with an
262 annual determination described in subdivision (2) of this subsection,
263 each employer shall be either a weekly remitter, monthly remitter or
264 quarterly remitter for the calendar year. If an employer is a weekly
265 remitter, the employer shall pay over to the commissioner the tax
266 required to be deducted and withheld under this chapter in
267 accordance with subdivision (3) of this subsection. If an employer is a
268 monthly remitter, the employer shall pay over to the commissioner the
269 tax required to be deducted and withheld under this chapter in
270 accordance with subdivision (4) of this subsection. If an employer is a
271 quarterly remitter, the employer shall pay over to the commissioner
272 the tax required to be deducted and withheld under this chapter in

273 accordance with subdivision (5) of this subsection. Notwithstanding
274 any provision of this subsection, if an employer is a household
275 employer, the employer shall pay over to the commissioner the tax
276 required to be deducted and withheld under this chapter in
277 accordance with subdivision (6) of this subsection.

278 (B) With respect to the tax required to be deducted and withheld
279 under this chapter from nonpayroll amounts paid during any calendar
280 year beginning on or after January 1, 2005, and in accordance with an
281 annual determination described in subdivision (2) of this subsection,
282 each payer shall be either a weekly remitter, monthly remitter or
283 quarterly remitter for the calendar year. If a payer is a weekly remitter,
284 the payer shall pay over to the commissioner the tax required to be
285 deducted and withheld under this chapter in accordance with
286 subdivision (3) of this subsection. If a payer is a monthly remitter, the
287 payer shall pay over to the commissioner the tax required to be
288 deducted and withheld under this chapter in accordance with
289 subdivision (4) of this subsection. If a payer is a quarterly remitter, the
290 payer shall pay over to the commissioner the tax required to be
291 deducted and withheld under this chapter in accordance with
292 subdivision (5) of this subsection.

293 (2) (A) The annual determination for an employer required to
294 deduct and withhold tax under this chapter shall be based on the
295 employer's reported liability for the tax required to be deducted and
296 withheld under this chapter during the twelve-month look-back
297 period, provided, if any employer fails timely to file one or more
298 required withholding tax returns for the four quarterly periods within
299 the twelve-month look-back period, the commissioner may base the
300 annual determination for the employer on any information available to
301 the commissioner. If an employer's reported liability for the tax
302 required to be deducted and withheld under this chapter during the
303 twelve-month look-back period was more than ten thousand dollars,
304 the employer is a weekly remitter for the calendar year next
305 succeeding such twelve-month period. If an employer's reported

306 liability for the tax required to be deducted and withheld under this
307 chapter during the twelve-month look-back period was more than two
308 thousand dollars but not more than ten thousand dollars, the employer
309 is a monthly remitter for the calendar year next succeeding such
310 twelve-month period. If an employer's reported liability for the tax
311 required to be deducted and withheld under this chapter during the
312 twelve-month look-back period was two thousand dollars or less, the
313 employer is a quarterly remitter for the calendar year next succeeding
314 such twelve-month period. Notwithstanding any provision of this
315 section, if an employer is a seasonal employer, the annual
316 determination shall be based on the seasonal employer's reported
317 liability for the tax required to be deducted and withheld under this
318 chapter during the twelve-month look-back period multiplied by a
319 fraction, the numerator of which is four, and the denominator of which
320 is the number of quarterly periods during such twelve-month period
321 that the employer paid wages to employees.

322 (B) The annual determination for a payer required to deduct and
323 withhold tax under this chapter shall be based on the payer's reported
324 liability for the tax required to be deducted and withheld under this
325 chapter during the look-back calendar year, provided, if any payer
326 fails timely to file the required withholding tax return for the look-back
327 calendar year, the commissioner may base the annual determination
328 for the payer on any information available to the commissioner. If a
329 payer's reported liability for the tax required to be deducted and
330 withheld under this chapter during the look-back calendar year was
331 more than ten thousand dollars, the payer is a weekly remitter for the
332 calendar year for which the annual determination is being made. If a
333 payer's reported liability for the tax required to be deducted and
334 withheld under this chapter during the look-back calendar year was
335 more than two thousand dollars but not more than ten thousand
336 dollars, the payer is a monthly remitter for the calendar year for which
337 the annual determination is being made. If a payer's reported liability
338 for the tax required to be deducted and withheld under this chapter
339 during the look-back calendar year was two thousand dollars or less,

340 the payer is a quarterly remitter for the calendar year for which the
341 annual determination is being made.

342 (3) (A) An employer that is a weekly remitter shall pay over to the
343 department the tax required to be deducted and withheld from wages
344 under this chapter on or before the Wednesday next succeeding the
345 weekly period during which the wages from which the tax was
346 required to be deducted and withheld were paid to employees.

347 (B) A payer that is a weekly remitter shall pay over to the
348 department the tax required to be deducted and withheld from
349 nonpayroll amounts under this chapter on or before the Wednesday
350 next succeeding the weekly period during which the nonpayroll
351 amounts from which the tax was required to be deducted and
352 withheld were paid to payees.

353 (4) (A) An employer that is a monthly remitter shall pay over to the
354 department the tax required to be deducted and withheld from wages
355 under this chapter on or before the fifteenth day of the month next
356 succeeding the month during which the wages from which the tax was
357 required to be deducted and withheld were paid to employees.

358 (B) A payer that is a monthly remitter shall pay over to the
359 department the tax required to be deducted and withheld from
360 nonpayroll amounts under this chapter on or before the fifteenth day
361 of the month next succeeding the month during which the nonpayroll
362 amounts from which the tax was required to be deducted and
363 withheld were paid to payees.

364 (5) (A) An employer that is a quarterly remitter shall pay over to the
365 department the tax required to be deducted and withheld from wages
366 under this chapter on or before the last day of the month next
367 succeeding the quarterly period during which the wages from which
368 the tax was required to be deducted and withheld were paid to
369 employees.

370 (B) A payer that is a quarterly remitter shall pay over to the
371 department the tax required to be deducted and withheld from
372 nonpayroll amounts under this chapter on or before the last day of the
373 month next succeeding the quarterly period during which the
374 nonpayroll amounts from which the tax was required to be deducted
375 and withheld were paid to payees.

376 (6) An employer that is a household employer shall pay over to the
377 department the tax required to be deducted and withheld under this
378 chapter on or before the April fifteenth next succeeding the calendar
379 year during which the wages from which the tax was required to be
380 deducted and withheld were paid to household employees.

381 (c) In the case of an overpayment of tax under this chapter by an
382 employer, refund or credit shall be made to the employer only to the
383 extent that the amount of such overpayment was not deducted and
384 withheld by the employer.

385 (d) The amount of tax required to be deducted and withheld and
386 paid over to the commissioner under this chapter, when so deducted
387 and withheld, shall be held to be a special fund in trust for the state.
388 No employee or other person shall have any right of action against the
389 employer in respect to any moneys deducted and withheld from
390 wages and paid over to the commissioner in compliance or in intended
391 compliance with this chapter.

392 (e) (1) If an employer required to deduct and withhold tax under
393 this chapter from the wages of employees and to pay over to the
394 commissioner the taxes so required to be deducted and withheld sells
395 the employer's business or stock of goods or quits the employer's
396 business, the taxes required to be deducted and withheld under this
397 chapter and paid over to the commissioner under this chapter prior to
398 such sale or quitting of the business, together with any interest and
399 penalties imposed on those taxes, become due and payable
400 immediately, and such employer shall make a final return not later
401 than thirty days after the date of selling or quitting the business. The

402 employer's successor, if any, shall withhold sufficient of the purchase
403 price to cover the amount of the taxes, interest and penalties due and
404 unpaid until the former employer produces a receipt from the
405 commissioner showing that the taxes, interest and penalties have been
406 paid or a certificate indicating that no such taxes are due.

407 (2) If the purchaser of a business or stock of goods fails to withhold
408 the purchase price as required, the purchaser shall be personally liable,
409 to the extent of the purchase price, valued in money, for the payment
410 of the taxes, interest and penalties accrued and unpaid during the
411 operation of the business by the former employer. The commissioner
412 shall assess the taxes, interest and penalties due from the purchaser
413 under this subsection and shall give notice of such proposed
414 assessment to the purchaser in the manner provided in section 12-728.
415 Not later than sixty days after receiving a written request from a
416 purchaser for a certificate indicating that no taxes are due, the
417 commissioner shall either issue the certificate or mail notice to the
418 purchaser at said purchaser's address as it appears on the records of
419 the commissioner of the amount that must be paid as a condition of
420 issuing the certificate. Failure of the commissioner to mail the notice
421 shall release the purchaser from any further obligation to withhold
422 sufficient of the purchase price as provided in subdivision (1) of this
423 subsection.

424 [(e)] (f) As used in this section:

425 (1) "Employer" means an employer, as defined in Section 3401 of the
426 Internal Revenue Code;

427 (2) "Payer" means a person making a payment of nonpayroll
428 amounts to one or more payees;

429 (3) "Payee" means a person receiving a payment of nonpayroll
430 amounts from a payer;

431 (4) "Nonpayroll amounts" includes (A) gambling winnings, other

432 than Connecticut lottery winnings, that are paid to a resident, or to a
433 person receiving payment on behalf of a resident, and that are subject
434 to federal income tax withholding; (B) Connecticut lottery winnings
435 that are required to be reported by the Connecticut Lottery
436 Corporation to the Internal Revenue Service, whether or not subject to
437 federal income tax withholding, whether paid to a resident,
438 nonresident or a part-year resident, and whether paid to an individual,
439 trust or estate; (C) pension and annuity distributions, where the
440 recipient is a resident individual and has requested that tax be
441 deducted and withheld under this chapter; (D) military retired pay,
442 where the payee is a resident individual and has requested that tax be
443 deducted and withheld under this chapter; (E) unemployment
444 compensation, where the recipient has requested that tax be deducted
445 and withheld under this chapter; and (F) payments made to an athlete
446 or entertainer, where the payments are not wages for federal income
447 tax withholding purposes and where the commissioner requires the
448 payer to deduct and withhold tax under this chapter;

449 (5) "Reported liability" means, in the case of an employer, the
450 liability for the tax required to be deducted and withheld under this
451 chapter, as shown on the employer's withholding tax returns for the
452 four quarterly periods within the twelve-month look-back period, and,
453 in the case of a payer, the liability for the tax required to be deducted
454 and withheld under this chapter, as shown on the payer's withholding
455 tax return for the look-back calendar year;

456 (6) "Twelve-month look-back period" means the twelve-month
457 period that ended on the June thirtieth next preceding the calendar
458 year for which the annual determination for an employer is made by
459 the commissioner;

460 (7) "Look-back calendar year" means the calendar year preceding by
461 two years the calendar year for which the annual determination for a
462 payer is made by the commissioner;

463 (8) "Seasonal employer" means an employer that regularly in the

464 same one or more quarterly periods of each calendar year pays no
465 wages to employees;

466 (9) "Household employee" means an employee whose services of a
467 household nature in or about a private home of an employer constitute
468 domestic service in a private home of the employer, as the phrase is
469 used in Section 3121(a)(7) of the Internal Revenue Code or in
470 regulations adopted thereunder;

471 (10) "Household employer" means an employer of a household
472 employee;

473 (11) "Weekly period" means the seven-day period beginning on a
474 Saturday and ending on the following Friday; and

475 (12) "Quarterly period" means the period of three full months
476 beginning on the first day of January, April, July or October.

477 Sec. 8. Subsection (b) of section 12-733 of the general statutes is
478 repealed and the following is substituted in lieu thereof (*Effective from*
479 *passage and applicable to taxable years commencing on or after January 1,*
480 *2011*):

481 (b) (1) If the taxpayer omits from Connecticut adjusted gross
482 income, in the case of an individual, or from Connecticut taxable
483 income, in the case of a trust or estate, an amount properly includable
484 therein which is in excess of twenty-five per cent of the amount of
485 Connecticut adjusted gross income or Connecticut taxable income, as
486 the case may be, stated in the return, a notice of a proposed deficiency
487 assessment may be mailed to the taxpayer [within] not later than six
488 years after the date on which the return is filed. For purposes of this
489 [subsection] subdivision, there shall not be taken into account any
490 amount which is omitted in the return if such amount is disclosed in
491 the return, or in a statement attached to the return, in a manner
492 adequate to apprise the Commissioner of Revenue Services of the
493 nature and the amount of such item.

494 (2) If the taxpayer omits from the Connecticut adjusted gross income
495 derived from or connected with sources within this state, in the case of
496 a nonresident individual or part-year resident individual, or from
497 Connecticut taxable income derived from or connected with sources
498 within this state, in the case of a nonresident trust or estate of part-year
499 resident trust, an amount properly includable therein which is in
500 excess of twenty-five per cent of the amount of Connecticut adjusted
501 gross income derived from or connected with sources within this state
502 or Connecticut taxable income derived from or connected with sources
503 within this state, as the case may be, stated in the return, a notice of a
504 proposed deficiency assessment may be mailed to the taxpayer
505 [within] not later than six years after the date on which the return is
506 filed. For purposes of this [subsection] subdivision, there shall not be
507 taken into account any amount which is omitted in the return if such
508 amount is disclosed in the return, or in a statement attached to the
509 return, in a manner adequate to apprise the [Commissioner of Revenue
510 Services] commissioner of the nature and the amount of such item.

511 (3) If an employer, as defined in section 12-707, as amended by this
512 act, omits from Connecticut wages an amount properly includable that
513 is in excess of twenty-five per cent of the amount of Connecticut wages
514 stated in the Connecticut withholding tax return required under
515 section 12-707, as amended by this act, a notice of a proposed
516 deficiency assessment may be mailed to the employer not later than six
517 years after the date on which the return is filed. For purposes of this
518 subdivision, there shall not be taken into account any amount which is
519 omitted in the return if such amount is disclosed in the return, or in a
520 statement attached to the return, in a manner adequate to apprise the
521 commissioner of the nature and the amount of such item.

522 (4) If a pass-through entity, as defined in subparagraph (D) of
523 subdivision (2) of subsection (b) of section 12-719, omits from the
524 Connecticut adjusted gross income derived from or connected with
525 sources within Connecticut of any nonresident individual who is a
526 member of such pass-through entity an amount properly includable

527 therein which is in excess of twenty-five per cent of the amount of
528 Connecticut adjusted gross income derived from or connected with
529 sources within Connecticut stated in the return, a notice of a proposed
530 deficiency assessment may be mailed to the taxpayer not later than six
531 years after the date on which the return is filed. For purposes of this
532 subdivision, there shall not be taken into account any amount which is
533 omitted in the return if such amount is disclosed in the return, or in a
534 statement attached to the return, in a manner adequate to apprise the
535 commissioner of the nature and the amount of such item.

536 Sec. 9. Subdivision (80) of section 12-412 of the general statutes is
537 repealed and the following is substituted in lieu thereof (*Effective from*
538 *passage and applicable to all open tax periods*):

539 (80) (A) Sales and the storage, use or other consumption of special
540 equipment installed in a motor vehicle for the exclusive use of a person
541 with physical disabilities, and repair or replacement parts for such
542 equipment, whether such repair or replacement parts are purchased
543 separately or in conjunction with such equipment, and whether such
544 parts continue the original function or enhance the functionality of
545 such equipment.

546 (B) When a motor vehicle in which special equipment exclusively
547 for the use of a person with physical disabilities has previously been
548 installed is sold by a licensed motor vehicle dealer for use by a person
549 with physical disabilities, the taxes imposed by this chapter shall not
550 apply to the portion of the sales price attributable to such equipment.
551 Unless established otherwise, the portion of the sales price attributable
552 to the motor vehicle shall be deemed to be the value determined
553 pursuant to subsection (b) of section 12-431, as amended by this act.

554 Sec. 10. Section 12-431 of the general statutes is repealed and the
555 following is substituted in lieu thereof (*Effective from passage and*
556 *applicable to all open tax periods*):

557 (a) (1) Except as otherwise provided in subdivision (2) or (3) of this

558 subsection, in case of the purchase of any motor vehicle, snowmobile,
559 vessel or aircraft other than from a licensed motor vehicle dealer or
560 licensed motor vehicle lessor, a snowmobile dealer, a licensed marine
561 dealer or a retailer of aircraft, respectively, the receipts therefrom shall
562 not be included in the measure of the sales tax, but the purchaser
563 thereof shall pay a use tax on the total purchase price thereof to the
564 Commissioner of Revenue Services, as provided in section 12-411, in
565 the case of tangible personal property purchased from a retailer, and,
566 in the case of motor vehicles, vessels and snowmobiles, before
567 obtaining an original or transferal registration, in accordance with
568 regulations prescribed by the Commissioner of Revenue Services and
569 on forms approved by the Commissioner of Revenue Services and the
570 Commissioner of Motor Vehicles, and, in the case of aircraft, before
571 obtaining an original or transferal registration, in accordance with
572 regulations prescribed by the Commissioner of Revenue Services and
573 on forms approved by the Commissioner of Revenue Services and the
574 Commissioner of Transportation.

575 (2) No use tax shall be payable in cases of purchase (A) when the
576 purchaser is the spouse, mother, father, brother, sister or child of the
577 seller, (B) when a motor vehicle or vessel is sold in connection with the
578 organization, reorganization or liquidation of an incorporated
579 business, provided the last taxable sale or use of the motor vehicle or
580 vessel was subjected to a tax imposed by this chapter and the
581 purchaser is the incorporated business or a stockholder thereof, (C)
582 when a motor vehicle is sold in connection with the organization or
583 termination of a partnership or limited liability company, provided the
584 last taxable sale or use of the motor vehicle was subjected to a tax
585 imposed by this chapter and the purchaser is the partnership or
586 limited liability company, as the case may be, or a partner or member,
587 thereof, as the case may be, or (D) when a motor vehicle which has
588 been declared a total loss pursuant to the provisions of section 14-16c is
589 rebuilt for sale or use, provided the purchaser was subjected to the tax
590 imposed by this chapter for the last taxable sale of said vehicle.

591 (3) When a motor vehicle in which special equipment has
 592 previously been installed exclusively for the use of a person with
 593 physical disabilities is sold to a purchaser with physical disabilities, the
 594 purchaser shall pay a use tax on the total purchase price of the vehicle,
 595 less the portion of such price attributable to such special equipment.
 596 Unless established otherwise, the portion of the purchase price
 597 attributable to the motor vehicle shall be deemed to be the value
 598 determined pursuant to subsection (b) of this section.

599 (b) In order to determine the total purchase price of a motor vehicle
 600 for the purposes of this section, the commissioner shall, by regulation,
 601 adopt by reference a book of valuations, for various purposes, of motor
 602 vehicles published by a nationally recognized organization. The
 603 commissioner shall, by regulation, determine which of the various
 604 valuations of motor vehicles contained in any such book is appropriate
 605 for the purposes of this section and such value shall, regardless of the
 606 value placed on the motor vehicle at the time of the purchase by the
 607 parties to such transaction, be presumed to be the total purchase price
 608 of such motor vehicle for the purposes of this section unless the
 609 purchaser can prove to the satisfaction of the commissioner that such
 610 value is incorrect.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>from passage</i>	4-28o(b)
Sec. 3	<i>from passage</i>	12-35f(b)
Sec. 4	<i>from passage and applicable to income years commencing on or after January 1, 2010</i>	12-216a

Sec. 5	<i>October 1, 2011, and applicable to estimated corporation business tax payments for income years commencing on or after January 1, 2012</i>	12-242g
Sec. 6	<i>July 1, 2011, and applicable to tax periods ending on or after said date</i>	12-686(a)(3)
Sec. 7	<i>July 1, 2011, and applicable to sales of a business or stock of goods occurring on or after said date</i>	12-707
Sec. 8	<i>from passage and applicable to taxable years commencing on or after January 1, 2011</i>	12-733(b)
Sec. 9	<i>from passage and applicable to all open tax periods</i>	12-412(80)
Sec. 10	<i>from passage and applicable to all open tax periods</i>	12-431

Statement of Purpose:

To make various changes to title 12, including limiting issuance of licenses to persons owing taxes, allowing disclosure of returns and return information in connection with disputes under the Master Settlement Agreement, clarifying the process for offsets of tax refunds, clarifying the treatment of foreign companies for purposes of economic nexus, enabling business tax overpayments to be credited to later tax payments, extending requirements for tax payments by electronic funds transfer, requiring purchaser to be liable for seller's withholding tax liability, providing procedures for deficiency assessments in the case of certain taxes owed by employers and pass-through entities, and allowing a partial sales and use tax exemption for purchases of motor vehicles equipped for the use of persons with physical disabilities.

[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.]