



General Assembly

Substitute Bill No. 1218

January Session, 2011

* _____SB01218APP__042611_____*

AN ACT CONCERNING THE DENIAL OF CERTAIN LICENSE APPLICATIONS WHEN STATE TAXES ARE OWING AND 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;
- 9 (5) "License applicant" means the person making application for
10 issuance of a license and any other person required to be included in
11 such application;
- 12 (6) "Person" means an individual, partnership, society, association,
13 joint stock company, corporation, limited liability company, estate,
14 receiver, trustee, assignee, referee or any other person acting in a
15 fiduciary or representative capacity, whether appointed by a court or

16 otherwise, or any combination of the foregoing;

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

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

29 (b) The commissioner may enter into a memorandum of
30 understanding or other agreement with the department head of
31 another public agency that issues licenses, to ensure that no license is
32 issued by such public agency to a license applicant until such applicant
33 has paid all taxes due to this state, provided the commissioner shall
34 not enter into more than three such memoranda or agreements during
35 any fiscal year. Such memorandum of understanding or other
36 agreement shall (1) establish a means for such public agency, prior to
37 the issuance of a license, to verify that an applicant has paid all taxes
38 due to this state; (2) provide that, if an applicant has taxes due to this
39 state, the commissioner shall provide notice and an opportunity for a
40 department hearing to such applicant, which hearing shall be limited
41 to verifying whether such applicant has taxes due to this state; and (3)
42 provide that, if it is established to the satisfaction of the commissioner,
43 in consultation with the department head of another public agency,
44 that an undue hardship would otherwise result to an applicant or that
45 it is otherwise in the best interests of the state, a license shall be issued
46 to such applicant, notwithstanding the fact that such applicant has
47 taxes due to this state.

48 (c) Notwithstanding the provisions of section 12-15 of the general
49 statutes, the commissioner may disclose to the department head of
50 such other public agency information relating to whether a license
51 applicant has paid all taxes due to this state.

52 (d) The commissioner may adopt regulations, in accordance with
53 the provisions of chapter 54 of the general statutes, to implement the
54 provisions of this section.

55 Sec. 2. Subsection (b) of section 12-35f of the general statutes is
56 repealed and the following is substituted in lieu thereof (*Effective from*
57 *passage*):

58 (b) (1) Upon the request and certification of the tax officer of a
59 claimant state to the Commissioner of Revenue Services that a
60 taxpayer owes taxes to such claimant state, the commissioner may
61 withhold all or a portion of any refund to which such taxpayer would
62 otherwise be entitled and pay over such withheld amount to the
63 claimant state in accordance with the provisions of this section. The
64 commissioner shall not withhold a refund unless the laws of the
65 claimant state allow the Commissioner of Revenue Services to certify
66 that a taxpayer owes taxes to this state and to request the tax officer of
67 the claimant state to withhold all or a portion of any refund to which
68 such taxpayer would otherwise be entitled, and provide for the
69 payment over of such withheld amount to this state.

70 (2) Such certification shall include the full name and address of the
71 taxpayer; the taxpayer's Social Security number or federal employer
72 identification number; the amount of taxes owed to such state; [,
73 including a detailed statement for each taxable period showing tax,
74 interest and penalty;] and a statement that any administrative or
75 judicial remedies, or both, have been exhausted or have lapsed and
76 that the amount of taxes is legally enforceable under the laws of such
77 state.

78 (3) Upon receipt by the commissioner of the required certification,
79 [he] the commissioner shall notify the taxpayer, if the taxpayer is

80 otherwise entitled to a tax refund from this state, that [he] the
81 commissioner has received a request from the claimant state to
82 withhold all or a portion of any refund, that the taxpayer has the right
83 to protest the withholding of the refund, that failure to file a protest in
84 accordance with subdivision (4) of this subsection shall constitute a
85 waiver of any demand against this state on account of such withheld
86 amount and that the withheld amount will be paid over to the claimant
87 state. [The notice shall include a copy of the certification by the tax
88 officer of such claimant state.] Thirty days after the date on which [it is
89 mailed, a notice under this subdivision] a notice under this subdivision
90 is mailed, such notice shall be final except only for such amounts as to
91 which the taxpayer has filed, as provided in subdivision (4) of this
92 subsection, a written protest with the Commissioner of Revenue
93 Services.

94 (4) Any taxpayer notified in accordance with subdivision (3) of this
95 subsection may, on or before the thirtieth day after the mailing of such
96 notice by the Commissioner of Revenue Services, protest the
97 withholding of all or a portion of a refund by filing with the
98 commissioner a written protest in which the taxpayer shall set forth
99 the grounds on which the protest is based. If a timely protest is filed,
100 the commissioner shall impound the claimed amount of the refund,
101 pay to the taxpayer the unclaimed amount, if any, of the refund, send a
102 copy of the protest to the claimant state for determination of the
103 protest on its merits in accordance with the laws of that state, and pay
104 over to the taxpayer the impounded amount if the claimant state shall
105 fail on or before the forty-fifth day after the sending of the copy of the
106 protest by the commissioner to such claimant state to recertify to the
107 commissioner that the claimant state has reviewed the stated grounds
108 on which the protest is based, and to recertify the amount of taxes
109 which is finally due and payable to the claimant state, which is legally
110 enforceable under the laws of the claimant state against the taxpayer,
111 and with respect to which any administrative or judicial remedies, or
112 both, have been exhausted or have lapsed.

113 (5) Where the amount withheld in accordance with this subsection is

114 a refund of any tax imposed upon the income of individuals and in
115 connection with which the taxpayer filed a joint return with his or her
116 spouse, and the spouse is not a taxpayer, the spouse shall have the
117 right to be paid his or her portion of the refund by establishing his or
118 her share of such refund. The amount of such spouse's share of such
119 refund shall be established by recomputing the spouse's share of the
120 joint liability and subtracting that amount from the taxpayer's
121 contribution toward the joint liability, provided the amount of the
122 overpayment refunded to the spouse shall not exceed the amount of
123 the joint overpayment.

124 (6) Subject to the provisions of subdivisions (3), (4) and (5) of this
125 subsection, the commissioner shall pay over to the claimant state the
126 entire amount withheld or the amount certified, whichever is less; pay
127 any refund in excess of the certified amount to the taxpayer; and, if the
128 amount certified exceeds the amount withheld, withhold amounts
129 from subsequent refunds due to the taxpayer, provided the claimant
130 state agrees to withhold subsequent refunds due to taxpayers certified
131 to the claimant state by the commissioner.

132 Sec. 3. Section 12-216a of the general statutes is repealed and the
133 following is substituted in lieu thereof (*Effective from passage and*
134 *applicable to income years commencing on or after January 1, 2011*):

135 (a) Any company that derives income from sources within this state
136 [, or] and that has a substantial economic presence within this state,
137 evidenced by a purposeful direction of business toward this state,
138 examined in light of the frequency, quantity and systematic nature of a
139 company's economic contacts with this state, without regard to
140 physical presence, and to the extent permitted by the Constitution of
141 the United States, shall be liable for the tax imposed under this
142 chapter. Such company shall apportion its net income under the
143 provisions of this chapter.

144 (b) The provisions of subsection (a) of this section shall not apply to
145 any company that is treated as a foreign corporation under the Internal

146 Revenue Code and has no income effectively connected with a United
147 States trade or business. To the extent that a company that is treated as
148 a foreign corporation under the Internal Revenue Code has income
149 effectively connected with a United States trade or business, such
150 company's gross income, notwithstanding any provision of this
151 chapter, shall be its income effectively connected with its United States
152 trade or business. For net income tax apportionment purposes, only
153 property used in, payroll attributable to and receipts effectively
154 connected with such company's United States trade or business shall
155 be considered for purposes of calculating such company's
156 apportionment fraction. "Income effectively connected with a United
157 States trade or business" shall be determined in accordance with the
158 provisions of the Internal Revenue Code.

159 Sec. 4. Section 12-242g of the general statutes is repealed and the
160 following is substituted in lieu thereof (*Effective October 1, 2011, and*
161 *applicable to estimated corporation business tax payments for income years*
162 *commencing on or after January 1, 2012*):

163 (a) If a company has paid as an installment of estimated tax an
164 amount in excess of the amount determined to be the correct amount
165 of such installment, such amount shall be credited against any unpaid
166 installment or against the tax. If the amount already paid, whether or
167 not on the basis of installments, exceeds the amount determined to be
168 the correct amount of the tax, the company shall be paid by the State
169 Treasurer, upon order of the Comptroller, the amount of such
170 overpayment. [The commissioner may prescribe regulations providing
171 for the crediting against the estimated tax for any taxable year of the
172 amount determined to be an overpayment of the corporation business
173 tax for a preceding taxable year.]

174 (b) If a company has filed its tax return under this chapter for the
175 income year on or before the due date of such return or, if an extension
176 of time to file has been requested and granted, the extended due date
177 of such return, any overpayment reported on such return, if the
178 company has elected to credit such overpayment against the

179 company's estimated tax for the succeeding income year, shall be
180 treated as if paid on the due date of the first required installment of
181 estimated tax for such succeeding income year. Such reported
182 overpayment shall be credited against otherwise unpaid required
183 installments in the order in which such installments are required to be
184 paid under section 12-242d.

185 Sec. 5. Subdivision (3) of subsection (a) of section 12-686 of the
186 general statutes is repealed and the following is substituted in lieu
187 thereof (*Effective July 1, 2011, and applicable to tax periods ending on or*
188 *after said date*):

189 (3) (A) Except as otherwise provided in subsections (b) and (c) of
190 this section, the commissioner may require every employer who is
191 deducting and withholding Connecticut income tax from employee
192 wages to pay such tax during the twelve-month period following a
193 determination of liability under this subdivision, by one of the means
194 of electronic funds transfer approved by the department, if the
195 commissioner determines that the amount of Connecticut income tax
196 deducted and withheld from employee wages by such employer was
197 more than two thousand dollars for the twelve-month period ending
198 on the June thirtieth immediately preceding the quarterly period with
199 respect to which the requirement to pay over tax by electronic funds
200 transfer is established. The commissioner, in determining whether tax
201 liability is more than two thousand dollars, shall base such
202 determination on the taxes reported to be due on the quarterly
203 withholding tax returns of such employer related to the period under
204 examination. If any such tax return of such [person] employer for such
205 period has not been filed, the commissioner may base such
206 determination on any information available to the commissioner.

207 (B) Except as otherwise provided in subsections (b) and (c) of this
208 section, the commissioner may require every payer, as defined in
209 section 12-707, as amended by this act, who is deducting and
210 withholding Connecticut income tax from nonpayroll amounts, as
211 defined in section 12-707, as amended by this act, to pay such tax for

212 the calendar year, following a determination of liability under this
213 subdivision, by one of the means of electronic funds transfer approved
214 by the department, if the commissioner determines that the amount of
215 Connecticut income tax deducted and withheld from nonpayroll
216 amounts by such payer for the look-back calendar year, as defined in
217 section 12-707, as amended by this act, was more than two thousand
218 dollars. The commissioner, in determining whether the amount of
219 Connecticut income tax deducted and withheld for the look-back
220 calendar year, is more than two thousand dollars, shall base such
221 determination on the tax reported to be due on the withholding tax
222 return of such payer for such look-back calendar year. If any such tax
223 return of such payer for such period has not been filed, the
224 commissioner may base such determination on any information
225 available to the commissioner.

226 Sec. 6. Section 12-707 of the general statutes is repealed and the
227 following is substituted in lieu thereof (*Effective July 1, 2011, and*
228 *applicable to sales of a business or stock of goods occurring on or after said*
229 *date*):

230 (a) (1) Each employer required to deduct and withhold tax under
231 this chapter from the wages of employees shall be liable for such tax
232 and shall file a withholding return as prescribed by the Commissioner
233 of Revenue Services and pay over to the commissioner, or to a
234 depository designated by the commissioner, the taxes so required to be
235 deducted and withheld at the times specified in subsection (b) of this
236 section.

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

243 (b) (1) (A) With respect to the tax required to be deducted and

244 withheld under this chapter from wages paid during any calendar year
245 beginning on or after January 1, 2005, and in accordance with an
246 annual determination described in subdivision (2) of this subsection,
247 each employer shall be either a weekly remitter, monthly remitter or
248 quarterly remitter for the calendar year. If an employer is a weekly
249 remitter, the employer shall pay over to the commissioner the tax
250 required to be deducted and withheld under this chapter in
251 accordance with subdivision (3) of this subsection. If an employer is a
252 monthly remitter, the employer shall pay over to the commissioner the
253 tax required to be deducted and withheld under this chapter in
254 accordance with subdivision (4) of this subsection. If an employer is a
255 quarterly remitter, the employer shall pay over to the commissioner
256 the tax required to be deducted and withheld under this chapter in
257 accordance with subdivision (5) of this subsection. Notwithstanding
258 any provision of this subsection, if an employer is a household
259 employer, the employer shall pay over to the commissioner the tax
260 required to be deducted and withheld under this chapter in
261 accordance with subdivision (6) of this subsection.

262 (B) With respect to the tax required to be deducted and withheld
263 under this chapter from nonpayroll amounts paid during any calendar
264 year beginning on or after January 1, 2005, and in accordance with an
265 annual determination described in subdivision (2) of this subsection,
266 each payer shall be either a weekly remitter, monthly remitter or
267 quarterly remitter for the calendar year. If a payer is a weekly remitter,
268 the payer shall pay over to the commissioner the tax required to be
269 deducted and withheld under this chapter in accordance with
270 subdivision (3) of this subsection. If a payer is a monthly remitter, the
271 payer shall pay over to the commissioner the tax required to be
272 deducted and withheld under this chapter in accordance with
273 subdivision (4) of this subsection. If a payer is a quarterly remitter, the
274 payer shall pay over to the commissioner the tax required to be
275 deducted and withheld under this chapter in accordance with
276 subdivision (5) of this subsection.

277 (2) (A) The annual determination for an employer required to

278 deduct and withhold tax under this chapter shall be based on the
279 employer's reported liability for the tax required to be deducted and
280 withheld under this chapter during the twelve-month look-back
281 period, provided, if any employer fails timely to file one or more
282 required withholding tax returns for the four quarterly periods within
283 the twelve-month look-back period, the commissioner may base the
284 annual determination for the employer on any information available to
285 the commissioner. If an employer's reported liability for the tax
286 required to be deducted and withheld under this chapter during the
287 twelve-month look-back period was more than ten thousand dollars,
288 the employer is a weekly remitter for the calendar year next
289 succeeding such twelve-month period. If an employer's reported
290 liability for the tax required to be deducted and withheld under this
291 chapter during the twelve-month look-back period was more than two
292 thousand dollars but not more than ten thousand dollars, the employer
293 is a monthly remitter for the calendar year next succeeding such
294 twelve-month period. If an employer's reported liability for the tax
295 required to be deducted and withheld under this chapter during the
296 twelve-month look-back period was two thousand dollars or less, the
297 employer is a quarterly remitter for the calendar year next succeeding
298 such twelve-month period. Notwithstanding any provision of this
299 section, if an employer is a seasonal employer, the annual
300 determination shall be based on the seasonal employer's reported
301 liability for the tax required to be deducted and withheld under this
302 chapter during the twelve-month look-back period multiplied by a
303 fraction, the numerator of which is four, and the denominator of which
304 is the number of quarterly periods during such twelve-month period
305 that the employer paid wages to employees.

306 (B) The annual determination for a payer required to deduct and
307 withhold tax under this chapter shall be based on the payer's reported
308 liability for the tax required to be deducted and withheld under this
309 chapter during the look-back calendar year, provided, if any payer
310 fails timely to file the required withholding tax return for the look-back
311 calendar year, the commissioner may base the annual determination

312 for the payer on any information available to the commissioner. If a
313 payer's reported liability for the tax required to be deducted and
314 withheld under this chapter during the look-back calendar year was
315 more than ten thousand dollars, the payer is a weekly remitter for the
316 calendar year for which the annual determination is being made. If a
317 payer's reported liability for the tax required to be deducted and
318 withheld under this chapter during the look-back calendar year was
319 more than two thousand dollars but not more than ten thousand
320 dollars, the payer is a monthly remitter for the calendar year for which
321 the annual determination is being made. If a payer's reported liability
322 for the tax required to be deducted and withheld under this chapter
323 during the look-back calendar year was two thousand dollars or less,
324 the payer is a quarterly remitter for the calendar year for which the
325 annual determination is being made.

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

331 (B) A payer that is a weekly remitter shall pay over to the
332 department the tax required to be deducted and withheld from
333 nonpayroll amounts under this chapter on or before the Wednesday
334 next succeeding the weekly period during which the nonpayroll
335 amounts from which the tax was required to be deducted and
336 withheld were paid to payees.

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

342 (B) A payer that is a monthly remitter shall pay over to the
343 department the tax required to be deducted and withheld from

344 nonpayroll amounts under this chapter on or before the fifteenth day
345 of the month next succeeding the month during which the nonpayroll
346 amounts from which the tax was required to be deducted and
347 withheld were paid to payees.

348 (5) (A) An employer that is a quarterly remitter shall pay over to the
349 department the tax required to be deducted and withheld from wages
350 under this chapter on or before the last day of the month next
351 succeeding the quarterly period during which the wages from which
352 the tax was required to be deducted and withheld were paid to
353 employees.

354 (B) A payer that is a quarterly remitter shall pay over to the
355 department the tax required to be deducted and withheld from
356 nonpayroll amounts under this chapter on or before the last day of the
357 month next succeeding the quarterly period during which the
358 nonpayroll amounts from which the tax was required to be deducted
359 and withheld were paid to payees.

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

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

369 (d) The amount of tax required to be deducted and withheld and
370 paid over to the commissioner under this chapter, when so deducted
371 and withheld, shall be held to be a special fund in trust for the state.
372 No employee or other person shall have any right of action against the
373 employer in respect to any moneys deducted and withheld from
374 wages and paid over to the commissioner in compliance or in intended
375 compliance with this chapter.

376 (e) (1) If an employer required to deduct and withhold tax under
377 this chapter from the wages of employees and to pay over to the
378 commissioner the taxes so required to be deducted and withheld sells
379 out the employer's business or stock of goods or quits the employer's
380 business, such employer's successors or assigns shall withhold a
381 sufficient portion of the purchase price to cover the amount of such
382 taxes, and any interest and penalties thereon, due and unpaid, as of the
383 time of such sale or quitting of the business, until the employer
384 produces a receipt from the commissioner showing that the taxes,
385 interest and penalties have been paid or a certificate indicating that no
386 such taxes are due.

387 (2) If the purchaser of a business or stock of goods fails to withhold
388 a portion of the purchase price as required, the purchaser shall be
389 personally liable for the payment of the amount required to be
390 withheld by the purchaser, to the extent of the purchase price, valued
391 in money. Not later than sixty days after the latest of the dates
392 specified in subdivision (3) of this subsection, the commissioner shall
393 either issue a certificate indicating that no taxes are due or mail notice
394 to the purchaser in the manner provided in section 12-728 of the
395 amount that must be paid as a condition of issuing the certificate.
396 Failure of the commissioner to mail the notice shall release the
397 purchaser from any further obligation to withhold a portion of the
398 purchase price as provided in this subsection. The period within which
399 the obligation of the successor may be enforced shall begin when the
400 employer sells out the employer's business or stock of goods or quits
401 the business or when the assessment against the employer becomes
402 final, whichever event occurs later.

403 (3) For purposes of subdivision (2) of this subsection, the latest of
404 the following dates shall apply:

405 (A) The date that the commissioner receives a written request from
406 the purchaser for a certificate;

407 (B) The date of the sale or quitting of the business; or

408 (C) The date that the employer's records are made available to the
409 commissioner for audit.

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

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

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

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

417 (4) "Nonpayroll amounts" includes (A) gambling winnings, other
418 than Connecticut lottery winnings, that are paid to a resident, or to a
419 person receiving payment on behalf of a resident, and that are subject
420 to federal income tax withholding; (B) Connecticut lottery winnings
421 that are required to be reported by the Connecticut Lottery
422 Corporation to the Internal Revenue Service, whether or not subject to
423 federal income tax withholding, whether paid to a resident,
424 nonresident or a part-year resident, and whether paid to an individual,
425 trust or estate; (C) pension and annuity distributions, where the
426 recipient is a resident individual and has requested that tax be
427 deducted and withheld under this chapter; (D) military retired pay,
428 where the payee is a resident individual and has requested that tax be
429 deducted and withheld under this chapter; (E) unemployment
430 compensation, where the recipient has requested that tax be deducted
431 and withheld under this chapter; and (F) payments made to an athlete
432 or entertainer, where the payments are not wages for federal income
433 tax withholding purposes and where the commissioner requires the
434 payer to deduct and withhold tax under this chapter;

435 (5) "Reported liability" means, in the case of an employer, the
436 liability for the tax required to be deducted and withheld under this
437 chapter, as shown on the employer's withholding tax returns for the
438 four quarterly periods within the twelve-month look-back period, and,

439 in the case of a payer, the liability for the tax required to be deducted
440 and withheld under this chapter, as shown on the payer's withholding
441 tax return for the look-back calendar year;

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

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

449 (8) "Seasonal employer" means an employer that regularly in the
450 same one or more quarterly periods of each calendar year pays no
451 wages to employees;

452 (9) "Household employee" means an employee whose services of a
453 household nature in or about a private home of an employer constitute
454 domestic service in a private home of the employer, as the phrase is
455 used in Section 3121(a)(7) of the Internal Revenue Code or in
456 regulations adopted thereunder;

457 (10) "Household employer" means an employer of a household
458 employee;

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

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

463 Sec. 7. Subsection (b) of section 12-733 of the general statutes is
464 repealed and the following is substituted in lieu thereof (*Effective from*
465 *passage and applicable to taxable years commencing on or after January 1,*
466 *2011*):

467 (b) (1) If the taxpayer omits from Connecticut adjusted gross

468 income, in the case of an individual, or from Connecticut taxable
469 income, in the case of a trust or estate, an amount properly includable
470 therein which is in excess of twenty-five per cent of the amount of
471 Connecticut adjusted gross income or Connecticut taxable income, as
472 the case may be, stated in the return, a notice of a proposed deficiency
473 assessment may be mailed to the taxpayer [within] not later than six
474 years after the date on which the return is filed. For purposes of this
475 [subsection] subdivision, there shall not be taken into account any
476 amount which is omitted in the return if such amount is disclosed in
477 the return, or in a statement attached to the return, in a manner
478 adequate to apprise the Commissioner of Revenue Services of the
479 nature and the amount of such item.

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

497 (3) If an employer, as defined in section 12-707, as amended by this
498 act, omits from Connecticut wages an amount properly includable that
499 is in excess of twenty-five per cent of the amount of Connecticut wages
500 stated in the Connecticut withholding tax return required under
501 section 12-707, as amended by this act, a notice of a proposed

502 deficiency assessment may be mailed to the employer not later than six
503 years after the date on which the return is filed. For purposes of this
504 subdivision, there shall not be taken into account any amount which is
505 omitted in the return if such amount is disclosed in the return, or in a
506 statement attached to the return, in a manner adequate to apprise the
507 commissioner of the nature and the amount of such item.

508 (4) If a pass-through entity, as defined in subparagraph (D) of
509 subdivision (2) of subsection (b) of section 12-719, omits from the
510 Connecticut adjusted gross income derived from or connected with
511 sources within Connecticut of any nonresident individual who is a
512 member of such pass-through entity an amount properly includable
513 therein which is in excess of twenty-five per cent of the amount of
514 Connecticut adjusted gross income derived from or connected with
515 sources within Connecticut stated in the return, a notice of a proposed
516 deficiency assessment may be mailed to the taxpayer 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 Sec. 8. Subdivision (80) of section 12-412 of the general statutes is
523 repealed and the following is substituted in lieu thereof (*Effective from*
524 *passage and applicable to all open tax periods*):

525 (80) (A) Sales and the storage, use or other consumption of special
526 equipment installed in a motor vehicle for the exclusive use of a person
527 with physical disabilities and repair or replacement parts for such
528 equipment, whether such repair or replacement parts are purchased
529 separately or in conjunction with such equipment, and whether such
530 parts continue the original function or enhance the functionality of
531 such equipment.

532 (B) When a motor vehicle in which special equipment exclusively
533 for the use of a person with physical disabilities has previously been

534 installed is sold by a licensed motor vehicle dealer for use by a person
535 with physical disabilities, the taxes imposed by this chapter shall not
536 apply to the portion of the sales price attributable to such equipment.
537 Unless established otherwise, the portion of the sales price attributable
538 to the motor vehicle shall be deemed to be the value determined
539 pursuant to subsection (b) of section 12-431, as amended by this act.

540 Sec. 9. Section 12-431 of the general statutes is repealed and the
541 following is substituted in lieu thereof (*Effective from passage and*
542 *applicable to all open tax periods*):

543 (a) (1) Except as otherwise provided in subdivision (2) or (3) of this
544 subsection, in case of the purchase of any motor vehicle, snowmobile,
545 vessel or aircraft other than from a licensed motor vehicle dealer or
546 licensed motor vehicle lessor, a snowmobile dealer, a licensed marine
547 dealer or a retailer of aircraft, respectively, the receipts therefrom shall
548 not be included in the measure of the sales tax, but the purchaser
549 thereof shall pay a use tax on the total purchase price thereof to the
550 Commissioner of Revenue Services, as provided in section 12-411, in
551 the case of tangible personal property purchased from a retailer, and,
552 in the case of motor vehicles, vessels and snowmobiles, before
553 obtaining an original or transferal registration, in accordance with
554 regulations prescribed by the Commissioner of Revenue Services and
555 on forms approved by the Commissioner of Revenue Services and the
556 Commissioner of Motor Vehicles, and, in the case of aircraft, before
557 obtaining an original or transferal registration, in accordance with
558 regulations prescribed by the Commissioner of Revenue Services and
559 on forms approved by the Commissioner of Revenue Services and the
560 Commissioner of Transportation.

561 (2) No use tax shall be payable in cases of purchase (A) when the
562 purchaser is the spouse, mother, father, brother, sister or child of the
563 seller, (B) when a motor vehicle or vessel is sold in connection with the
564 organization, reorganization or liquidation of an incorporated
565 business, provided the last taxable sale or use of the motor vehicle or
566 vessel was subjected to a tax imposed by this chapter and the

567 purchaser is the incorporated business or a stockholder thereof, (C)
568 when a motor vehicle is sold in connection with the organization or
569 termination of a partnership or limited liability company, provided the
570 last taxable sale or use of the motor vehicle was subjected to a tax
571 imposed by this chapter and the purchaser is the partnership or
572 limited liability company, as the case may be, or a partner or member,
573 thereof, as the case may be, or (D) when a motor vehicle which has
574 been declared a total loss pursuant to the provisions of section 14-16c is
575 rebuilt for sale or use, provided the purchaser was subjected to the tax
576 imposed by this chapter for the last taxable sale of said vehicle.

577 (3) When a motor vehicle in which special equipment has
578 previously been installed exclusively for the use of a person with
579 physical disabilities is sold for use by a person with physical
580 disabilities, the purchaser shall pay a use tax on the total purchase
581 price of the vehicle, less the portion of such price attributable to such
582 special equipment. Unless established otherwise, the portion of the
583 purchase price attributable to the motor vehicle shall be deemed to be
584 the value determined pursuant to subsection (b) of this section.

585 (b) In order to determine the total purchase price of a motor vehicle
586 for the purposes of this section, the commissioner shall, by regulation,
587 adopt by reference a book of valuations, for various purposes, of motor
588 vehicles published by a nationally recognized organization. The
589 commissioner shall, by regulation, determine which of the various
590 valuations of motor vehicles contained in any such book is appropriate
591 for the purposes of this section and such value shall, regardless of the
592 value placed on the motor vehicle at the time of the purchase by the
593 parties to such transaction, be presumed to be the total purchase price
594 of such motor vehicle for the purposes of this section unless the
595 purchaser can prove to the satisfaction of the commissioner that such
596 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>	12-35f(b)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	12-216a
Sec. 4	<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. 5	<i>July 1, 2011, and applicable to tax periods ending on or after said date</i>	12-686(a)(3)
Sec. 6	<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. 7	<i>from passage and applicable to taxable years commencing on or after January 1, 2011</i>	12-733(b)
Sec. 8	<i>from passage and applicable to all open tax periods</i>	12-412(80)
Sec. 9	<i>from passage and applicable to all open tax periods</i>	12-431

FIN *Joint Favorable Subst.*

APP *Joint Favorable*