



General Assembly

February Session, 2014

Raised Bill No. 5297

LCO No. 1356



Referred to Committee on VETERANS' AFFAIRS

Introduced by:
(VA)

AN ACT CONCERNING A DEDUCTION FROM THE INCOME TAX FOR AMOUNTS RECEIVED AS ACTIVE SERVICE PAY.

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

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective from passage and applicable to taxable*
4 *years commencing on or after January 1, 2014*):

5 (B) There shall be subtracted therefrom (i) to the extent properly
6 includable in gross income for federal income tax purposes, any
7 income with respect to which taxation by any state is prohibited by
8 federal law, (ii) to the extent allowable under section 12-718, exempt
9 dividends paid by a regulated investment company, (iii) the amount of
10 any refund or credit for overpayment of income taxes imposed by this
11 state, or any other state of the United States or a political subdivision
12 thereof, or the District of Columbia, to the extent properly includable
13 in gross income for federal income tax purposes, (iv) to the extent
14 properly includable in gross income for federal income tax purposes
15 and not otherwise subtracted from federal adjusted gross income
16 pursuant to clause (x) of this subparagraph in computing Connecticut

17 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
18 extent any additional allowance for depreciation under Section 168(k)
19 of the Internal Revenue Code, as provided by Section 101 of the Job
20 Creation and Worker Assistance Act of 2002, for property placed in
21 service after December 31, 2001, but prior to September 10, 2004, was
22 added to federal adjusted gross income pursuant to subparagraph
23 (A)(ix) of this subdivision in computing Connecticut adjusted gross
24 income for a taxable year ending after December 31, 2001, twenty-five
25 per cent of such additional allowance for depreciation in each of the
26 four succeeding taxable years, (vi) to the extent properly includable in
27 gross income for federal income tax purposes, any interest income
28 from obligations issued by or on behalf of the state of Connecticut, any
29 political subdivision thereof, or public instrumentality, state or local
30 authority, district or similar public entity created under the laws of the
31 state of Connecticut, (vii) to the extent properly includable in
32 determining the net gain or loss from the sale or other disposition of
33 capital assets for federal income tax purposes, any gain from the sale
34 or exchange of obligations issued by or on behalf of the state of
35 Connecticut, any political subdivision thereof, or public
36 instrumentality, state or local authority, district or similar public entity
37 created under the laws of the state of Connecticut, in the income year
38 such gain was recognized, (viii) any interest on indebtedness incurred
39 or continued to purchase or carry obligations or securities the interest
40 on which is subject to tax under this chapter but exempt from federal
41 income tax, to the extent that such interest on indebtedness is not
42 deductible in determining federal adjusted gross income and is
43 attributable to a trade or business carried on by such individual, (ix)
44 ordinary and necessary expenses paid or incurred during the taxable
45 year for the production or collection of income which is subject to
46 taxation under this chapter but exempt from federal income tax, or the
47 management, conservation or maintenance of property held for the
48 production of such income, and the amortizable bond premium for the
49 taxable year on any bond the interest on which is subject to tax under
50 this chapter but exempt from federal income tax, to the extent that
51 such expenses and premiums are not deductible in determining federal

52 adjusted gross income and are attributable to a trade or business
53 carried on by such individual, (x) (I) for a person who files a return
54 under the federal income tax as an unmarried individual whose
55 federal adjusted gross income for such taxable year is less than fifty
56 thousand dollars, or as a married individual filing separately whose
57 federal adjusted gross income for such taxable year is less than fifty
58 thousand dollars, or for a husband and wife who file a return under
59 the federal income tax as married individuals filing jointly whose
60 federal adjusted gross income for such taxable year is less than sixty
61 thousand dollars or a person who files a return under the federal
62 income tax as a head of household whose federal adjusted gross
63 income for such taxable year is less than sixty thousand dollars, an
64 amount equal to the Social Security benefits includable for federal
65 income tax purposes; and (II) for a person who files a return under the
66 federal income tax as an unmarried individual whose federal adjusted
67 gross income for such taxable year is fifty thousand dollars or more, or
68 as a married individual filing separately whose federal adjusted gross
69 income for such taxable year is fifty thousand dollars or more, or for a
70 husband and wife who file a return under the federal income tax as
71 married individuals filing jointly whose federal adjusted gross income
72 from such taxable year is sixty thousand dollars or more or for a
73 person who files a return under the federal income tax as a head of
74 household whose federal adjusted gross income for such taxable year
75 is sixty thousand dollars or more, an amount equal to the difference
76 between the amount of Social Security benefits includable for federal
77 income tax purposes and the lesser of twenty-five per cent of the Social
78 Security benefits received during the taxable year, or twenty-five per
79 cent of the excess described in Section 86(b)(1) of the Internal Revenue
80 Code, (xi) to the extent properly includable in gross income for federal
81 income tax purposes, any amount rebated to a taxpayer pursuant to
82 section 12-746, (xii) to the extent properly includable in the gross
83 income for federal income tax purposes of a designated beneficiary,
84 any distribution to such beneficiary from any qualified state tuition
85 program, as defined in Section 529(b) of the Internal Revenue Code,
86 established and maintained by this state or any official, agency or

87 instrumentality of the state, (xiii) to the extent allowable under section
88 12-701a, contributions to accounts established pursuant to any
89 qualified state tuition program, as defined in Section 529(b) of the
90 Internal Revenue Code, established and maintained by this state or
91 any official, agency or instrumentality of the state, (xiv) to the extent
92 properly includable in gross income for federal income tax purposes,
93 the amount of any Holocaust victims' settlement payment received in
94 the taxable year by a Holocaust victim, (xv) to the extent properly
95 includable in gross income for federal income tax purposes of an
96 account holder, as defined in section 31-51ww, interest earned on
97 funds deposited in the individual development account, as defined in
98 section 31-51ww, of such account holder, (xvi) to the extent properly
99 includable in the gross income for federal income tax purposes of a
100 designated beneficiary, as defined in section 3-123aa, interest,
101 dividends or capital gains earned on contributions to accounts
102 established for the designated beneficiary pursuant to the Connecticut
103 Homecare Option Program for the Elderly established by sections 3-
104 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in
105 gross income for federal income tax purposes, fifty per cent of the
106 income received from the United States government as retirement pay
107 for a retired member of (I) the Armed Forces of the United States, as
108 defined in Section 101 of Title 10 of the United States Code, or (II) the
109 National Guard, as defined in Section 101 of Title 10 of the United
110 States Code, (xviii) to the extent properly includable in gross income
111 for federal income tax purposes for the taxable year, any income from
112 the discharge of indebtedness in connection with any reacquisition,
113 after December 31, 2008, and before January 1, 2011, of an applicable
114 debt instrument or instruments, as those terms are defined in Section
115 108 of the Internal Revenue Code, as amended by Section 1231 of the
116 American Recovery and Reinvestment Act of 2009, to the extent any
117 such income was added to federal adjusted gross income pursuant to
118 subparagraph (A)(x) of this subdivision in computing Connecticut
119 adjusted gross income for a preceding taxable year, [; and] (xix) to the
120 extent not deductible in determining federal adjusted gross income,
121 the amount of any contribution to a manufacturing reinvestment

122 account established pursuant to section 32-9zz in the taxable year that
123 such contribution is made, ~~and (xx) to the extent properly included in~~
124 gross income for federal income tax purposes, an amount equal to the
125 amount received as active service pay pursuant to section 27-61a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-701(a)(20)(B)

VA

Joint Favorable C/R

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