



General Assembly

February Session, 2014

**Raised Bill No. 367**

LCO No. 1999



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE GIFT AND ESTATE TAX.***

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

1 Section 1. Subsections (c) and (d) of section 12-391 of the 2014  
2 supplement to the general statutes are repealed and the following is  
3 substituted in lieu thereof (*Effective from passage and applicable to estates*  
4 *of decedents dying on or after January 1, 2015*):

5 (c) For purposes of this section:

6 (1) (A) "Connecticut taxable estate" means, with respect to the  
7 estates of decedents dying on or after January 1, 2005, but prior to  
8 January 1, 2010, (i) the gross estate less allowable deductions, as  
9 determined under Chapter 11 of the Internal Revenue Code, plus (ii)  
10 the aggregate amount of all Connecticut taxable gifts, as defined in  
11 section 12-643, made by the decedent for all calendar years beginning  
12 on or after January 1, 2005, but prior to January 1, 2010. The deduction  
13 for state death taxes paid under Section 2058 of said code shall be  
14 disregarded.

15 (B) "Connecticut taxable estate" means, with respect to the estates of  
16 decedents dying on or after January 1, 2010, but prior to January 1,  
17 2015, (i) the gross estate less allowable deductions, as determined  
18 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate  
19 amount of all Connecticut taxable gifts, as defined in section 12-643,  
20 made by the decedent for all calendar years beginning on or after  
21 January 1, 2005. The deduction for state death taxes paid under Section  
22 2058 of said code shall be disregarded.

23 (C) "Connecticut taxable estate" means, with respect to the estates of  
24 decedents dying on or after January 1, 2015, (i) the gross estate less  
25 allowable deductions, as determined under Chapter 11 of the Internal  
26 Revenue Code, plus (ii) the aggregate amount of all Connecticut  
27 taxable gifts, as defined in section 12-643, made by the decedent for all  
28 calendar years beginning on or after January 1, 2005, other than  
29 Connecticut taxable gifts that are includible in the gross estate of the  
30 decedent, plus (iii) the amount of any tax paid to this state pursuant to  
31 section 12-642 by the decedent or the decedent's estate on any gift  
32 made by the decedent or the decedent's spouse during the three-year  
33 period preceding the date of the decedent's death. The deduction for  
34 state death taxes paid under Section 2058 of the Internal Revenue Code  
35 shall be disregarded.

36 (2) "Internal Revenue Code" means the Internal Revenue Code of  
37 1986, or any subsequent corresponding internal revenue code of the  
38 United States, as from time to time amended, except in the event of  
39 repeal of the federal estate tax, then all references to the Internal  
40 Revenue Code in this section shall mean the Internal Revenue Code as  
41 in force on the day prior to the effective date of such repeal.

42 (3) "Gross estate" means the gross estate, for federal estate tax  
43 purposes.

44 (d) (1) (A) With respect to the estates of decedents who die on or  
45 after January 1, 2005, but prior to January 1, 2010, a tax is imposed

46 upon the transfer of the estate of each person who at the time of death  
47 was a resident of this state. The amount of the tax shall be determined  
48 using the schedule in subsection (g) of this section. A credit shall be  
49 allowed against such tax for any taxes paid to this state pursuant to  
50 section 12-642 for Connecticut taxable gifts made on or after January 1,  
51 2005, but prior to January 1, 2010.

52 (B) With respect to the estates of decedents who die on or after  
53 January 1, 2010, but prior to January 1, 2015, a tax is imposed upon the  
54 transfer of the estate of each person who at the time of death was a  
55 resident of this state. The amount of the tax shall be determined using  
56 the schedule in subsection (g) of this section. A credit shall be allowed  
57 against such tax for any taxes paid to this state pursuant to section 12-  
58 642 for Connecticut taxable gifts made on or after January 1, 2005,  
59 provided such credit shall not exceed the amount of tax imposed by  
60 this section.

61 (C) With respect to the estates of decedents who die on or after  
62 January 1, 2015, a tax is imposed upon the transfer of the estate of each  
63 person who at the time of death was a resident of this state. The  
64 amount of the tax shall be determined using the schedule in subsection  
65 (g) of this section. A credit shall be allowed against such tax for (i) any  
66 taxes paid to this state pursuant to section 12-642 for Connecticut  
67 taxable gifts made on or after January 1, 2005, and (ii) any taxes paid  
68 by the decedent's spouse to this state pursuant to section 12-642 for  
69 Connecticut taxable gifts made by the decedent on or after January 1,  
70 2005, that are includible in the gross estate of the decedent, provided  
71 such credit shall not exceed the amount of tax imposed by this section.

72 (2) If real or tangible personal property of such decedent is located  
73 outside of this state, the amount of tax due under this section shall be  
74 reduced by an amount computed by multiplying the tax otherwise due  
75 pursuant to subdivision (1) of this subsection, without regard to the  
76 credit allowed for any taxes paid to this state pursuant to section 12-  
77 642, by a fraction, [(i)] (A) the numerator of which is the value of that

78 part of the decedent's gross estate attributable to real or tangible  
79 personal property located outside of the state, and [(ii)] (B) the  
80 denominator of which is the value of the decedent's gross estate.

81 (3) For a resident estate, the state shall have the power to levy the  
82 estate tax upon real property situated in this state, tangible personal  
83 property having an actual situs in this state and intangible personal  
84 property included in the gross estate of the decedent, regardless of  
85 where it is located. The state is permitted to calculate the estate tax and  
86 levy said tax to the fullest extent permitted by the Constitution of the  
87 United States.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to estates of decedents dying on or after January 1, 2015</i>	12-391(c) and (d)

**Statement of Purpose:**

To parallel the Internal Revenue Code by excluding gifts otherwise includible in the gross estate of the decedent from taxation under the estate tax, by including in the taxable estate any gift taxes paid within three years of death (for which a credit is allowed), and including a credit for gift taxes paid by the decedent's spouse on gifts made by the decedent that are then includible in the decedent's estate.

*[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.]*