



General Assembly

Substitute Bill No. 451

February Session, 2016

* SB00451FIN__040116__ *

AN ACT CONCERNING STATE TAX ADMINISTRATION.

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

1 Section 1. Section 12-39o of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2017*):

3 (a) For purposes of this section, "license" means (1) any license
4 issued by the commissioner pursuant to the provisions of chapter 214,
5 (2) any license issued by the commissioner pursuant to the provisions
6 of section 12-330b, or (3) a seller's permit issued by the commissioner
7 pursuant to section 12-409.

8 (b) Prior to issuing or renewing the license of any person, the
9 commissioner may determine whether such person has failed to file
10 any returns required to be filed with the commissioner by such person.
11 If the commissioner determines that such person has failed to file any
12 required returns, the commissioner shall not issue a license to, or
13 renew the license of, such person until such person files all
14 outstanding returns or makes an arrangement satisfactory to the
15 commissioner to file all outstanding returns.

16 [(b)] (c) Prior to issuing or renewing the license of any person, the
17 commissioner may determine whether such person owes taxes to this
18 state, which taxes are finally due and payable and with respect to

19 which any administrative or judicial remedies, or both, have been
20 exhausted or have lapsed. If the commissioner determines that such
21 person owes such taxes, the commissioner shall not issue a license to,
22 or renew the license of, such person, until such person pays such taxes,
23 or makes an arrangement satisfactory to the commissioner to pay such
24 taxes.

25 Sec. 2. Subsection (a) of section 12-263m of the 2016 supplement to
26 the general statutes is repealed and the following is substituted in lieu
27 thereof (*Effective October 1, 2016, and applicable to calendar quarters*
28 *commencing on or after October 1, 2016*):

29 (a) As used in this section: (1) "Eligible dry cleaning establishment"
30 means any place of business engaged in the cleaning of clothing or
31 other fabrics using tetrachlorethylene, Stoddard solvent or other
32 chemicals, [or any place of business that accepts clothing or other
33 fabrics to be cleaned by another establishment using such chemicals,]
34 (2) "gross receipts at retail" means the total amount accruing from dry
35 cleaning services, [at retail,] valued in money, without any deduction
36 for the cost of the materials used, labor or service cost or any other
37 expense, and (3) "eligible applicant" means (A) a business owner or
38 operator of an eligible dry cleaning establishment, or (B) an owner of
39 property that is or that was occupied by an eligible dry cleaning
40 establishment.

41 Sec. 3. Section 12-330i of the general statutes is repealed and the
42 following is substituted in lieu thereof (*Effective October 1, 2016*):

43 (a) Each distributor and each unclassified importer shall keep
44 complete and accurate records of all tobacco products manufactured,
45 produced, purchased and sold. Such records shall be of such kind and
46 in such form as the commissioner may prescribe and shall be [safely
47 preserved] maintained on the premises where such tobacco products
48 are possessed, stored or sold for three years [in such manner as to
49 ensure permanency and accessibility] and shall be available at all times
50 for inspection by the commissioner and [his] the commissioner's

51 authorized agents. The commissioner and [his] the commissioner's
52 authorized agents may examine the books, papers and records of any
53 distributor or unclassified importer in this state for the purpose of
54 determining whether the tax imposed by this chapter has been fully
55 paid, and may investigate and examine the stock of tobacco products
56 in or upon any premises where such tobacco products are possessed,
57 stored or sold for the purpose of determining whether the provisions
58 of this chapter are being obeyed. If, after an examination of the
59 invoices, books and records of a licensed distributor or unclassified
60 importer, or if, from any other information obtained by him or his
61 authorized agents, the commissioner determines that the report of any
62 licensed distributor or licensed unclassified importer is incorrect, [he]
63 the commissioner shall thereupon assess the deficiency in tax. Such
64 amount shall bear interest at the rate of one per cent per month or
65 fraction thereof from the date when the original tax was due and
66 payable. When it appears that any part of the deficiency for which a
67 deficiency assessment is made is due to negligence or intentional
68 disregard of the provisions of this chapter or regulations promulgated
69 thereunder, there shall be imposed a penalty equal to ten per cent of
70 the amount of such deficiency assessment, or fifty dollars, whichever is
71 greater. When it appears that any part of the deficiency for which a
72 deficiency assessment is made is due to fraud or intent to evade the
73 provisions of this chapter or regulations promulgated thereunder,
74 there shall be imposed a penalty equal to twenty-five per cent of the
75 amount of such deficiency assessment. No taxpayer shall be subject to
76 more than one penalty under this subsection in relation to the same tax
77 period. The amount of any tax, penalty or interest due and unpaid
78 under the provisions of this chapter may be collected under the
79 provisions of section 12-35. The warrant therein provided for shall be
80 signed by the commissioner or his authorized agent. The amount of
81 any such tax, penalty and interest shall be a lien, from the last day of
82 the month next preceding the due date of such tax until discharged by
83 payment, against all real estate of the taxpayer within the state, and a
84 certificate of such lien signed by the commissioner may be filed for
85 record in the office of the clerk of any town in which such real estate is

86 situated, provided no such lien shall be effective as against any bona
87 fide purchaser or qualified encumbrancer of any interest in any such
88 property. When any tax with respect to which a lien has been recorded
89 under the provisions of this section has been satisfied, the
90 commissioner, upon request of any interested party, shall issue a
91 certificate discharging such lien, which certificate shall be recorded in
92 the same office in which the lien is recorded. Any action for the
93 foreclosure of such lien shall be brought by the Attorney General in the
94 name of the state in the superior court for the judicial district in which
95 the property subject to such lien is situated, or, if such property is
96 located in two or more judicial districts, in the superior court for any
97 one such judicial district, and the court may limit the time for
98 redemption or order the sale of such property or make such other or
99 further decree as it judges equitable.

100 (b) Except in the case of a wilfully false or fraudulent return with
101 intent to evade the tax, no assessment of additional tax with respect to
102 any return shall be made after the expiration of more than three years
103 from the date of the filing of such return or from the original due date
104 of such return, whichever is later. If no return has been filed as
105 provided in this chapter the commissioner may make such return at
106 any time thereafter, according to the best information obtainable and
107 according to the form prescribed. To the tax imposed upon the basis of
108 such return, there shall be added an amount equal to ten per cent of
109 such tax, or fifty dollars, whichever is greater. The tax shall bear
110 interest at the rate of one per cent per month or fraction thereof from
111 the due date of such tax to the date of payment. If prior to the
112 expiration of the period prescribed in this section for the assessment of
113 additional tax, a taxpayer has consented in writing that such period
114 may be extended, the amount of such additional tax due may be
115 determined at any time within such extended period. Any such
116 extended period may be further extended by consent in writing before
117 the expiration of such extended period.

118 (c) If, upon request by the commissioner or the commissioner's

119 authorized agent, any distributor or unclassified importer fails to
120 immediately produce or immediately provide electronic access to the
121 records prescribed in subsection (a) of this section, said distributor or
122 unclassified importer shall be subject to a civil penalty of one thousand
123 dollars per day until such time as the records are produced or
124 electronic access is provided to the commissioner. The commissioner
125 may waive all or any part of the penalties provided for in this
126 subsection if it is proven to the commissioner's satisfaction that the
127 failure to immediately produce the requested records was due to
128 reasonable cause.

129 Sec. 4. Subsection (c) of section 12-409 of the general statutes is
130 repealed and the following is substituted in lieu thereof (*Effective from*
131 *passage*):

132 (c) At the time of making an application the applicant shall pay to
133 the Commissioner of Revenue Services a permit fee of one hundred
134 dollars for each permit. Any permit issued on or after July 1, 1985, but
135 prior to October 1, 2003, shall expire biennially on the anniversary date
136 of the issuance of such permit unless renewed in accordance with such
137 procedure and application form as prescribed by the commissioner.
138 Any permit issued on or after October 1, 2003, and prior to January 1,
139 2017, shall expire on the fifth anniversary date of the issuance of such
140 permit unless renewed in accordance with such procedure and
141 application form as prescribed by the commissioner. Any permit
142 issued on or after January 1, 2017, shall expire biennially on the
143 anniversary date of the issuance of such permit unless renewed in
144 accordance with such procedure and application form as prescribed by
145 the commissioner.

146 Sec. 5. Subsection (a) of section 12-727 of the general statutes is
147 repealed and the following is substituted in lieu thereof (*Effective from*
148 *passage and applicable to taxable years commencing on or after January 1,*
149 *2016*):

150 (a) [The Commissioner of Revenue Services may adopt regulations

151 requiring returns] Returns of information [to] shall be made and filed
152 on or before the last day of [February] January each year by any person
153 making payment or crediting in [any] the previous calendar year
154 amounts of six hundred dollars or more, or ten dollars or more in the
155 case of interest or dividends, to any person who may be subject to the
156 tax imposed under this chapter. Such returns may be required of any
157 person, including lessees or mortgagors of real or personal property,
158 fiduciaries, employers, and all officers and employees of this state, or
159 of any municipal corporation or political subdivision of this state,
160 having the control, receipt, custody, disposal or payment of dividends,
161 interest, rents, salaries, wages, premiums, annuities, compensations,
162 remunerations, pensions, gambling winnings, emoluments or other
163 fixed or determinable gains, profits or income, except interest coupons
164 payable to bearer. A duplicate of the statement as to tax withheld on
165 wages, required to be furnished by an employer to an employee, shall
166 constitute the return of information required to be made under this
167 section with respect to such wages. [The commissioner may adopt
168 regulations providing standards for determining which returns must
169 be filed on magnetic media or in other machine-readable form.]

170 Sec. 6. Subsection (b) of section 12-15 of the general statutes is
171 repealed and the following is substituted in lieu thereof (*Effective from*
172 *passage*):

173 (b) The commissioner may disclose (1) returns or return information
174 to (A) an authorized representative of another state agency or office,
175 upon written request by the head of such agency or office, when
176 required in the course of duty or when there is reasonable cause to
177 believe that any state law is being violated, or (B) an authorized
178 representative of an agency or office of the United States, upon written
179 request by the head of such agency or office, when required in the
180 course of duty or when there is reasonable cause to believe that any
181 federal law is being violated, provided no such agency or office shall
182 disclose such returns or return information, other than in a judicial or
183 administrative proceeding to which such agency or office is a party

184 pertaining to the enforcement of state or federal law, as the case may
185 be, in a form which can be associated with, or otherwise identify,
186 directly or indirectly, a particular taxpayer except that the names and
187 addresses of jurors or potential jurors and the fact that the names were
188 derived from the list of taxpayers pursuant to chapter 884 may be
189 disclosed by the Judicial Branch; (2) returns or return information to
190 the Auditors of Public Accounts, when required in the course of duty
191 under chapter 23; (3) returns or return information to tax officers of
192 another state or of a Canadian province or of a political subdivision of
193 such other state or province or of the District of Columbia or to any
194 officer of the United States Treasury Department or the United States
195 Department of Health and Human Services, authorized for such
196 purpose in accordance with an agreement between this state and such
197 other state, province, political subdivision, the District of Columbia or
198 department, respectively, when required in the administration of taxes
199 imposed under the laws of such other state, province, political
200 subdivision, the District of Columbia or the United States, respectively,
201 and when a reciprocal arrangement exists; (4) returns or return
202 information in any action, case or proceeding in any court of
203 competent jurisdiction, when the commissioner or any other state
204 department or agency is a party, and when such information is directly
205 involved in such action, case or proceeding; (5) returns or return
206 information to a taxpayer or its authorized representative, upon
207 written request for a return filed by or return information on such
208 taxpayer; (6) returns or return information to a successor, receiver,
209 trustee, executor, administrator, assignee, guardian or guarantor of a
210 taxpayer, when such person establishes, to the satisfaction of the
211 commissioner, that such person has a material interest which will be
212 affected by information contained in such returns or return
213 information; (7) information to the assessor or an authorized
214 representative of the chief executive officer of a Connecticut
215 municipality, when the information disclosed is limited to (A) a list of
216 real or personal property that is or may be subject to property taxes in
217 such municipality, or (B) a list containing the name of each person who
218 is issued any license, permit or certificate which is required, under the

219 provisions of this title, to be conspicuously displayed and whose
220 address is in such municipality; (8) real estate conveyance tax return
221 information or controlling interest transfer tax return information to
222 the town clerk or an authorized representative of the chief executive
223 officer of a Connecticut municipality to which the information relates;
224 (9) estate tax returns and estate tax return information to the Probate
225 Court Administrator or to the court of probate for the district within
226 which a decedent resided at the date of the decedent's death, or within
227 which the commissioner contends that a decedent resided at the date
228 of the decedent's death or, if a decedent died a nonresident of this
229 state, in the court of probate for the district within which real estate or
230 tangible personal property of the decedent is situated, or within which
231 the commissioner contends that real estate or tangible personal
232 property of the decedent is situated; (10) returns or return information
233 to the (A) Secretary of the Office of Policy and Management for
234 purposes of subsection (b) of section 12-7a, and (B) Office of Fiscal
235 Analysis for purposes of, and subject to the provisions of, subdivision
236 (2) of subsection (f) of section 12-7b; (11) return information to the Jury
237 Administrator, when the information disclosed is limited to the names,
238 addresses, federal Social Security numbers and dates of birth, if
239 available, of residents of this state, as defined in subdivision (1) of
240 subsection (a) of section 12-701; (12) [pursuant to regulations adopted
241 by the commissioner,] returns or return information to any person to
242 the extent necessary in connection with the processing, storage,
243 transmission or reproduction of such returns or return information,
244 and the programming, maintenance, repair, testing or procurement of
245 equipment, or the providing of other services, for purposes of tax
246 administration; (13) without written request and unless the
247 commissioner determines that disclosure would identify a confidential
248 informant or seriously impair a civil or criminal tax investigation,
249 returns and return information which may constitute evidence of a
250 violation of any civil or criminal law of this state or the United States to
251 the extent necessary to apprise the head of such agency or office
252 charged with the responsibility of enforcing such law, in which event
253 the head of such agency or office may disclose such return information

254 to officers and employees of such agency or office to the extent
255 necessary to enforce such law; (14) names and addresses of operators,
256 as defined in section 12-407, to tourism districts, as defined in section
257 10-397; (15) names of each licensed dealer, as defined in section 12-285,
258 and the location of the premises covered by the dealer's license; (16) to
259 a tobacco product manufacturer that places funds into escrow
260 pursuant to the provisions of subsection (a) of section 4-28i, return
261 information of a distributor licensed under the provisions of chapter
262 214 or chapter 214a, provided the information disclosed is limited to
263 information relating to such manufacturer's sales to consumers within
264 this state, whether directly or through a distributor, dealer or similar
265 intermediary or intermediaries, of cigarettes, as defined in section 4-
266 28h, and further provided there is reasonable cause to believe that such
267 manufacturer is not in compliance with section 4-28i; (17) returns,
268 which shall not include a copy of the return filed with the
269 commissioner, or return information for purposes of section 12-217z;
270 (18) returns or return information to the State Elections Enforcement
271 Commission, upon written request by said commission, when
272 necessary to investigate suspected violations of state election laws; and
273 (19) returns or return information for purposes of, and subject to the
274 conditions of, subsection (e) of section 5-240.

275 Sec. 7. Section 12-80b of the general statutes is repealed and the
276 following is substituted in lieu thereof (*Effective from passage*):

277 (a) (1) Each taxpayer described in subsection (a) of section 12-80a
278 that owns tangible personal property used both to render
279 telecommunications service subject to tax under chapter 219 and to
280 render community antenna television service or a certified competitive
281 video service subject to tax under said chapter 219, shall have part of
282 such property taxed as provided in said section 12-80a and part of such
283 property exempt from property tax in accordance with section 12-268j.

284 (2) The portion of such property to be taxed [as provided in section
285 12-80a and the portion exempt under section 12-268j shall be
286 computed, as provided in regulations adopted by the Commissioner of

287 Revenue Services in accordance with the provisions of chapter 54] on
288 the basis of the taxpayer's gross receipts from rendering
289 telecommunications service or a certified competitive video service, as
290 defined in chapter 219, and from rendering community antenna
291 television service, as defined in said chapter 219, or on some other
292 basis permitted under [such] regulations that may be adopted by the
293 commissioner in accordance with the provisions of chapter 54.

294 (b) (1) Each taxpayer not described in subsection (a) of section 12-
295 80a that owns tangible personal property used both to render
296 telecommunications service subject to tax under chapter 219 and to
297 render community antenna television service or a certified competitive
298 video service subject to tax under said chapter 219 shall have part of
299 such property taxed as provided in this chapter, without regard to said
300 section 12-80a, and part of such property exempt from property tax in
301 accordance with section 12-268j.

302 (2) The portion of such property to be taxed as provided in this
303 chapter, without regard to section 12-80a and the portion exempt
304 under section 12-268j shall be computed [, as provided in regulations
305 adopted by the Commissioner of Revenue Services in accordance with
306 the provisions of chapter 54,] on the basis of the taxpayer's gross
307 receipts from rendering telecommunications service, as defined in
308 chapter 219, and from rendering community antenna television service
309 or a certified competitive video service, as defined in said chapter 219,
310 or on some other basis permitted under [such] regulations that may be
311 adopted by the commissioner in accordance with the provisions of
312 chapter 54.

313 (c) For purposes of this section, "assessment year" means the
314 assessment year under this chapter.

315 (d) For purposes of this section, "community antenna television
316 service" shall include service provided by a holder of a certificate of
317 cable franchise authority pursuant to section 16-331p.

318 Sec. 8. Subsection (b) of section 12-408c of the general statutes is
319 repealed and the following is substituted in lieu thereof (*Effective from*
320 *passage*):

321 (b) (1) Whenever any holder of a permit issued under this
322 subsection purchases from a retailer tangible personal property for use
323 or consumption in carrying on the trade, occupation, business or
324 profession of such person, (A) for the purpose of subsequently
325 transporting it outside this state for use or consumption thereafter
326 solely outside this state or (B) for the purpose of being processed,
327 fabricated or manufactured into, attached to or incorporated into, other
328 tangible personal property to be transported outside this state and
329 thereafter used or consumed solely outside this state, such holder may
330 purchase such property without payment of the taxes otherwise
331 imposed by this chapter on the purchase of such property.

332 (2) The Commissioner of Revenue Services may [pursuant to
333 regulations adopted in accordance with chapter 54] issue a permit to
334 any person carrying on a trade, occupation, business or profession in
335 this state who purchases from a retailer tangible personal property for
336 use or consumption in carrying on such trade, occupation, business or
337 profession, (A) for the purpose of subsequently transporting it outside
338 this state for use or consumption thereafter solely outside this state or
339 (B) for the purpose of being processed, fabricated or manufactured
340 into, attached to or incorporated into, other tangible personal property
341 to be transported outside this state and thereafter used or consumed
342 solely outside this state, if the commissioner determines that the
343 person is carrying on a trade, occupation, business or profession in this
344 state and is filing the returns required to be filed by such person under
345 section 12-414 and that the enforcement of the provisions of this
346 chapter shall not be adversely affected.

347 (3) The permit issued under subdivision (2) of this subsection shall
348 authorize the holder to the extent and in the manner specified [in the
349 regulations adopted under said subdivision (2),] by the commissioner
350 to purchase tangible personal property from a retailer on which the

351 taxes imposed by this chapter shall not be payable. The [regulations
352 adopted under this subsection] commissioner shall require (A) a
353 declaration, prescribed as to form by the commissioner and bearing
354 notice to the effect that false statements made in such declaration are
355 punishable, stating that such property is purchased for a purpose
356 permitted by this subsection, (B) a report to be submitted with, and to
357 be a part of, each return that is required to be filed under section 12-
358 414 by the holder of such permit detailing the persons from whom
359 such tangible personal property was purchased during the period
360 covered by such return, the quantities in which and the dates on which
361 such property was purchased and any other information deemed
362 necessary by the commissioner, and (C) periodic registration, at least
363 annually, for the purpose of the issuance of a permit, including
364 procedures relating to the application for the permit and notice
365 concerning the penalty for misuse of the permit.

366 Sec. 9. Section 12-580 of the general statutes is repealed and the
367 following is substituted in lieu thereof (*Effective from passage*):

368 This chapter shall be administered by the tax collector of the
369 municipality. All forms necessary or convenient for the enforcement of
370 this chapter shall be prescribed by the Commissioner of Revenue
371 Services and shall be printed and furnished by said tax collector. The
372 Commissioner of Revenue Services [shall] may adopt and enforce rules
373 and regulations relating to the administration and enforcement of this
374 chapter.

375 Sec. 10. Subsection (a) of section 12-719 of the general statutes is
376 repealed and the following is substituted in lieu thereof (*Effective from*
377 *passage*):

378 (a) The income tax return required under this chapter shall be filed
379 on or before the fifteenth day of the fourth month following the close
380 of the taxpayer's taxable year. A person required to make and file a
381 return shall, without assessment, notice or demand, pay any tax due
382 thereon to the Commissioner of Revenue Services on or before the date

383 fixed for filing such return, determined without regard to any
 384 extension of time for filing the return. [The commissioner shall
 385 prescribe by regulation the place for filing any return, declaration,
 386 statement or other document required pursuant to this chapter and for
 387 the payment of any tax.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2017</i>	12-39o
Sec. 2	<i>October 1, 2016, and applicable to calendar quarters commencing on or after October 1, 2016</i>	12-263m(a)
Sec. 3	<i>October 1, 2016</i>	12-330i
Sec. 4	<i>from passage</i>	12-409(c)
Sec. 5	<i>from passage and applicable to taxable years commencing on or after January 1, 2016</i>	12-727(a)
Sec. 6	<i>from passage</i>	12-15(b)
Sec. 7	<i>from passage</i>	12-80b
Sec. 8	<i>from passage</i>	12-408c(b)
Sec. 9	<i>from passage</i>	12-580
Sec. 10	<i>from passage</i>	12-719(a)

FIN *Joint Favorable Subst.*