



General Assembly

January Session, 2019

Raised Bill No. 1090

LCO No. 5678



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION.

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

1 Section 1. Section 12-39h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Notwithstanding any instructions by the payor to the contrary, any
4 partial payment against any tax outstanding shall be applied by the
5 Commissioner of Revenue Services first to any penalties unless a
6 waiver of penalty has been requested and approved in accordance
7 with the general statutes, and (1) for periods ending on or after July 1,
8 2018, and prior to December 31, 2019, any amount in excess of such
9 penalty shall be applied first to such tax and then to the interest on
10 such tax, and (2) for periods ending on and after December 31, 2019,
11 any amount in excess of such penalty shall be applied first to interest
12 on such tax and then to the tax.

13 Sec. 2. Subsection (b) of section 12-687 of the general statutes is

14 repealed and the following is substituted in lieu thereof (*Effective from*
15 *passage*):

16 (b) Where any tax payment is required to be made by electronic
17 funds transfer, such payment shall be treated as a tax payment not
18 made in a timely manner if the electronic funds transfer for the amount
19 of the tax payment is not initiated on or before the due date thereof.
20 [Any] (1) For periods ending prior to December 31, 2019, any tax
21 payment treated under this subsection as a tax payment not made in a
22 timely manner shall be subject to interest in accordance with the
23 applicable provisions of the general statutes, and a penalty that shall
24 be equal to two per cent of the tax payment required to be made by
25 electronic funds transfer, if such failure to pay by electronic funds
26 transfer is for not more than five days, five per cent of the tax payment
27 required to be made by electronic funds transfer, if such failure to pay
28 by electronic funds transfer is for more than five days but not more
29 than fifteen days, and ten per cent of the tax payment required to be
30 made by electronic funds transfer, if such failure to pay by electronic
31 funds transfer is for more than fifteen days; and (2) for periods ending
32 on and after December 31, 2019, any tax payment treated under this
33 subsection as a tax payment not made in a timely manner shall be
34 subject to interest and penalty in accordance with the applicable
35 provisions of the general statutes.

36 Sec. 3. (NEW) (*Effective July 1, 2019, and applicable to refund claims*
37 *received on or after July 1, 2019*) Notwithstanding any other provision of
38 law, no refund shall be made to a person of tax collected from a
39 customer of such person until the person has established to the
40 satisfaction of the Commissioner of Revenue Services that the amount
41 of tax for which the refund is being claimed has been or will be repaid
42 to the customer.

43 Sec. 4. Subdivision (2) of subsection (e) of section 12-391 of the
44 general statutes is repealed and the following is substituted in lieu
45 thereof (*Effective from passage*):

46 (2) (A) For a nonresident estate, the state shall have the power to
 47 levy the estate tax upon all real property situated in this state and
 48 tangible personal property having an actual situs in this state.

49 (B) For real property and tangible personal property owned by a
 50 pass-through entity, the entity shall be disregarded for estate tax
 51 purposes and such property shall be treated as personally owned by
 52 the decedent if (i) the entity does not actively carry on a business for
 53 the purpose of profit and gain, (ii) the ownership of the property by
 54 the entity was not for a valid business purpose, or (iii) the property
 55 was acquired by other than a bona fide sale for full and adequate
 56 consideration and the decedent retained a power with respect to or
 57 interest in the property that would bring the real property situated in
 58 this state or the tangible personal property having an actual situs in the
 59 state within the decedent's federal gross estate. For purposes of this
 60 subparagraph, "pass-through entity" means a partnership or an S
 61 corporation, as those terms are defined in section 12-699, or a single
 62 member limited liability company that is disregarded for federal
 63 income tax purposes.

64 (C) The state is permitted to calculate the estate tax and levy said tax
 65 to the fullest extent permitted by the Constitution of the United States.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-39h
Sec. 2	<i>from passage</i>	12-687(b)
Sec. 3	<i>July 1, 2019, and applicable to refund claims received on or after July 1, 2019</i>	New section
Sec. 4	<i>from passage</i>	12-391(e)(2)

Statement of Purpose:

To implement the Department of Revenue Services' recommendations for tax administration.

[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.]