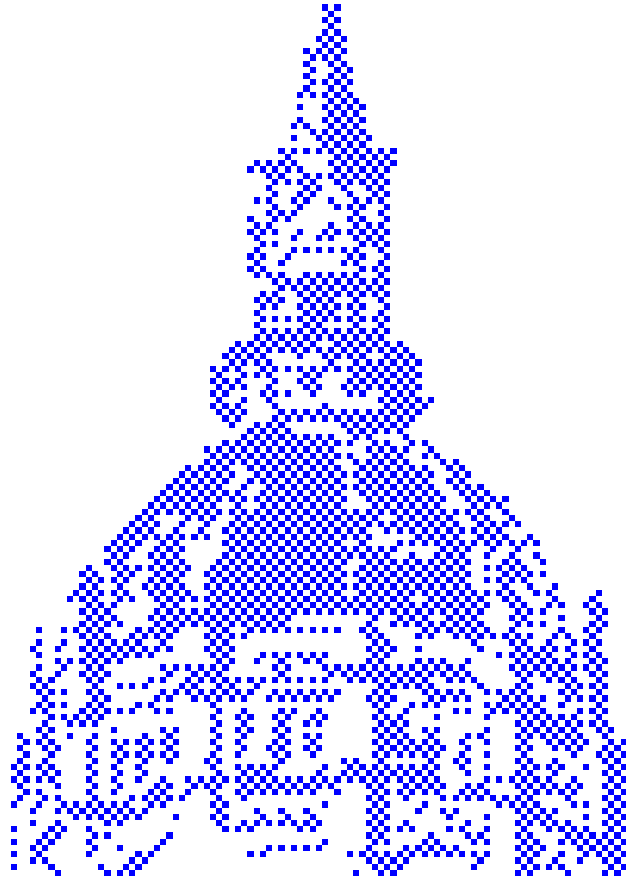




ACTS AFFECTING TAXES



2015-R-0175

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NOTICE TO READERS

This report provides highlights of new laws affecting taxes enacted during the 2015 regular and special legislative sessions. It does not include vetoed acts.

Not all provisions of the acts are included here. Complete summaries of all 2015 public acts are available on OLR's webpage: <http://cga.ct.gov/olr/olrsums.asp>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: <http://www.cga.ct.gov>.

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CORPORATION INCOME TAX

Combined Reporting

Beginning with the 2016 income year, a new law requires companies that are members of a corporate group of related entities to determine their Connecticut corporation tax liability based on the entire group's net income or capital base. Under prior law, a company doing business in Connecticut that is part of a larger group determined its Connecticut net income separately but could file a combined return under certain circumstances.

([PA 15-244](#), §§ 138-163, as amended by [PA 15-5, June Special Session](#), §§ 139-153, effective January 1, 2016 and applicable to income years beginning on or after that date)

Corporation Business Tax Report

The budget act requires the Department of Revenue Services (DRS) commissioner, by February 1, 2016, to (1) review the impact of alternative apportionment and income sourcing methods for corporation business tax purposes on Connecticut businesses and (2) provide any recommendations to the Finance, Revenue and Bonding Committee.

([PA 15-244](#), § 219, effective upon passage)

Net Operating Loss (NOL)

Beginning with the 2015 income year, a new law generally limits the amount of NOL a corporation may carry forward to the lesser of (1) 50% of net income, or for companies with taxable income in other states, 50% of the net income apportioned to Connecticut, and (2) the excess of NOL over the NOL being carried forward from prior income years.

It provides an alternative limit for corporations that are part of a combined group with more than \$6 billion in unused NOLs from tax years prior to 2013. It allows them annually to carry forward NOLs that equal their net income for each tax year beginning in 2017 until they have applied 50% of their pre-2015 NOLs, after which they are subject to the limits described above. Groups meeting the NOL threshold must decide whether to apply the alternative limit before the deadline for filing their 2015 tax returns.

([PA 15-244](#), § 87, as amended by [PA 15-5, June Special Session](#), § 482, effective upon passage)

Surcharge

A new law (1) extends the 20% corporation income tax surcharge for two additional years to the 2016 and 2017 income years and (2) imposes a temporary 10% surcharge for the 2018 income year.

([PA 15-244](#), §§ 83 & 84, as amended by [PA 15-5, June Special Session](#), § 139,

effective January 1, 2016, and applicable to income years beginning on or after that date)

Tax Credit Limit

The legislature reduced, from 70% to 50.01%, the amount of corporation tax liability a business may reduce through the use of tax credits, beginning with the 2015 income year.

([PA 15-244](#), § 88, effective upon passage)

HOSPITAL TAX

Tax Credit Limit

For calendar quarters beginning on or after July 1, 2015, the budget act imposes a 50.01% limit on the amount of hospital tax liability that hospitals may reduce by using tax credits.

([PA 15-244](#), § 89, effective July 1, 2015)

Updated Rate and Base

The legislature (1) increased the hospital tax rate from 5.5% of inpatient revenues and 3.83% of outpatient revenues to 6% of all net patient revenues and (2) updated the base year for the tax from 2009 to 2013 total net patient revenues.

([PA 15-244](#), § 56 (reflected in health provider tax revenue estimates), effective July 1, 2015)

INCOME TAX

Achieving a Better Life Experience (ABLE) Program

A new law requires the state treasurer to (1) establish a qualified ABLE program, as permitted by federal law, and (2) administer individual ABLE accounts to encourage and help eligible individuals and families save private funds to pay for qualifying expenses related to disability or blindness. It establishes the Connecticut ABLE Trust to receive and hold funds intended for ABLE accounts. It exempts money in the trust and interest earnings on it from state and local taxation while in the trust and requires the treasurer to ensure that funds are kept exempt from federal taxation pursuant to federal law.

([PA 15-80](#), effective October 1, 2015)

Delay in Scheduled Income Tax Reductions for Single Filers

The legislature delayed scheduled income tax reductions for single filers by one year. It did so by delaying, to the 2016 tax year, increases in (1) adjusted gross income (AGI) exempt from the tax and (2) income thresholds for phasing out personal exemptions and credits.

([PA 15-244](#), §§ 67 & 68, effective upon passage and applicable to tax years beginning on or after January 1, 2015)

Earned Income Tax Credit (EITC)

The budget act delays by two years the scheduled increase in the EITC. Under prior law, the EITC was scheduled

to increase to 30% for the 2015 tax year. The new law instead maintains it at 27.5% for two more years, through the 2016 tax year.

([PA 15-244](#), § 69, effective upon passage and applicable to tax years beginning on or after January 1, 2015)

Military Retirement Income

The legislature fully exempted federally taxable military retirement pay from the state income tax. Prior law exempted 50% of this retirement pay.

The exemption applies to federal retirement pay for retired members of the U.S. Army, Navy, Air Force, Marine Corps, Coast Guard, and Army and Air National Guard.

([PA 15-244](#), § 65, effective upon passage and applicable to tax years beginning on or after January 1, 2015)

Property Tax Credit Reduction

Beginning in the 2016 income year, the budget act reduces, from \$300 to \$200, the maximum property tax credit against the personal income tax. It also reduces, in two steps, the AGI threshold at which the maximum property tax credit starts to phase out.

([PA 15-244](#), § 70, effective July 1, 2015, and applicable to income years commencing on or after January 1, 2015)

Rate Increases

A new law increases marginal income tax rates for those with taxable incomes

of more than (1) \$500,000 for joint filers, (2) \$250,000 for single filers and married people filing separately, and (3) \$400,000 for heads of household. It does so by increasing the 6.7% marginal tax rate to 6.9% and adding a seventh, higher-income tax bracket subject to a 6.99% marginal tax rate. The 6.99% tax rate applies to those with taxable incomes of more than (1) \$1 million for joint filers, (2) \$500,000 for single filers and married people filing separately, and (3) \$800,000 for heads of household.

It increases the flat income tax rate for trusts and estates from 6.7% to 6.99%. It also establishes new benefit recapture schedules to reflect the new marginal rates and income bracket.

The new law also exempts individuals from interest assessments due to an underpayment in estimated income tax created by the rate increases.

([PA 15-244](#), § 66 and [PA 15-5, June Special Session](#), § 435, effective upon passage and applicable to tax years beginning on or after January 1, 2015)

INSURANCE PREMIUM TAX

Tax Credit Limit

The legislature extended, to 2015 and 2016, the temporary limit on the maximum insurance premium tax liability that an insurer may offset through tax credits. The limit is part of a structure that, by law, (1) classifies insurance premium tax credits into three types, (2) specifies the order in which an insurer must apply the three credit types to

offset liability, and (3) establishes the maximum liability that an insurer can offset by claiming one or more of these types of credits.

([PA 15-244](#), § 85, effective upon passage and applicable to calendar years starting on or after January 1, 2015)

MISCELLANEOUS TAX CHANGES

Admissions Tax Exemption

A new law exempts from the admissions tax Atlantic League professional baseball games played at Bridgeport's Harbor Yard Ballpark from July 1, 2015 to June 30, 2017.

([PA 15-184](#), § 11, and [PA 15-244](#), § 216, effective July 1, 2015)

Ambulatory Surgical Center Tax

The legislature imposed a 6% gross receipts tax on Department of Public Health-licensed and Medicare-certified ambulatory surgical centers. These centers perform surgery and related services on patients that take less than a day and do not require hospitalization. It excluded from the tax any portion of a center's gross receipts that constitutes the (1) first \$1 million of its gross receipts for the applicable fiscal year and (2) net patient revenue of a hospital that is subject to the hospital tax.

([PA 15-244](#), § 172, as amended by [PA 15-5, June Special Session](#), § 130, effective October 1, 2015)

Budget Reserve Fund

The legislature established a mechanism for diverting projected surpluses in certain tax revenues to the Budget Reserve (i.e. "Rainy Day") Fund (BRF). It established a (1) formula and process for calculating the revenue diversion and (2) Restricted Grants Fund to hold the diverted funds until after the close of General Fund accounts each fiscal year, at which point they transfer to the BRF.

([PA 15-244](#), §§ 164-169, as amended by [PA 15-5, June Special Session](#), § 481, effective July 1, 2019)

Cigarette Tax Increase

The budget act increases the cigarette tax in two steps, from (1) \$3.40 to \$3.65 per pack on October 1, 2015 and (2) \$3.65 to \$3.90 per pack on July 1, 2016. It imposes a 25-cent "floor tax" on each pack of cigarettes that dealers and distributors have in their inventories at the earlier of the close of business or 11:59 p.m. on (1) September 30, 2015 and (2) June 30, 2016.

([PA 15-244](#), §§ 176-180, the (1) cigarette tax increases are effective October 1, 2015 and July 1, 2016, as appropriate, and are applicable to sales occurring on or after those dates, and (2) floor tax takes effect upon passage)

Dry Cleaning Establishment Surcharge

By law, dry cleaning businesses must register with the DRS commissioner and

pay a 1% surcharge on their dry cleaning retail gross receipts. A new law imposes a \$1,000 penalty each time they fail to register and prohibits them from providing dry cleaning services until they register. The commissioner may not waive the penalty.

Beginning in 2015, dry cleaning businesses must also renew their registrations, annually by October 1, as the commissioner specifies. He must send a "nonrenewal notice" to each business that fails to renew its registration, and those that fail to renew within 45 days of the notice face a \$200 penalty, which the commissioner may impose once during any registration period.

([PA 15-5, June Special Session](#), § 154, effective July 1, 2015)

Estate and Gift Tax Cap

The budget act caps at \$20 million the maximum amount of (1) estate tax imposed on the estates of residents and nonresidents who die on or after January 1, 2016 and (2) gift tax imposed on taxable gifts donors make on or after January 1, 2016.

([PA 15-244](#), §§ 174 & 175, effective upon passage and applicable to estates of decedents who die on or after January 1, 2016 and gifts made on or after January 1, 2015)

Petroleum Products Gross Earnings Tax Revenue

Transferred to Special Transportation Fund (STF)

Prior law required a specified amount of petroleum products gross earnings tax revenue to be deposited in the STF each fiscal year. Beginning July 1, 2015, the budget act instead directs all such revenue to the STF. It requires the comptroller to deposit the revenue for calendar quarters ending on or after September 30, 2015.

([PA 15-244](#), §§ 91 & 92, effective July 1, 2015)

Rental Surcharge

The legislature made several changes to the rental surcharge on car, truck, and machinery rentals, including:

1. limiting the rental companies subject to the surcharge to people or businesses generating at least 51% of their total annual revenue from rentals, excluding retail or wholesale rental equipment sales, and
2. expanding the machinery rentals subject to the surcharge to cover (a) all equipment a rental company owns, rather than just heavy construction, mining, and forestry equipment without an operator, and (b) rentals for less than 365 days, or an undefined period under an open-ended contract, rather than rentals for 30 days or less.

([PA 15-244](#), § 107, effective July 1, 2015)

Steel Point Special Taxing District

The legislature gave Bridgeport's Steel Point Special Taxing District five additional years to obtain state funds and issue bonds to finance infrastructure improvements. It extends, from June 30, 2015 to June 30, 2020, the deadline by which the Department of Economic and Community Development and Connecticut Innovations, Inc. may provide up to \$40 million in financial assistance under their existing programs to develop and improve property in Bridgeport.

([PA 15-184](#), §§ 8 & 9, effective upon passage)

PROPERTY TAX

Applying Property Tax Payments

A new law (1) requires municipalities to follow a taxpayer's written instructions specifying the property or properties to which a specific tax payment should be applied and (2) eliminates the requirement that tax collectors apply property tax payments to recording fees related to a taxpayer's delinquency.

([PA 15-156](#), § 1, effective October 1, 2015)

Class I Property Tax Abatement

For assessment years starting on and after October 1, 2015, a new law allows municipalities to abate up to 100% of the property taxes due for any tax year for a Class I renewable energy source subject to a specified type of power purchase agreement.

([PA 15-5, June Special Session](#), § 104, effective upon passage)

Electronic Property Tax Payments

A new law specifies that tax payments made through a municipal electronic payment service are timely, and thus not subject to interest charges, if they are made within the payment's statutory deadline, as is currently the case with postmarked envelopes.

([PA 15-156](#), § 2, effective October 1, 2015)

Health System Property

A new law generally imposes property tax on (1) real property that a "health system" acquires on or after October 1, 2015 that is subject to the tax at the time of the acquisition and (2) any personal property related to health care services delivered at the property. It applies to acquiring health systems that had, for the 2013 fiscal year (ending September 30, 2013), at least \$1.5 billion in net patient revenue from facilities located in the state.

It also validates, for property tax purposes, the acts and proceedings of any municipality's officers and officials concerning the tax treatment of health system property on the 2014 grand list and prior lists. It requires the municipality to continue to tax or exempt such property, as applicable, in subsequent tax years.

Lastly, the new law expands the types of projects that qualify for fixed property

tax assessments to include property improvements used by or on behalf of health systems.

([PA 15-5, June Special Session](#), §§ 238 & 239, effective upon passage; the provision subjecting certain health system property to property taxes is applicable to assessment years beginning on or after October 1, 2015)

Land Value Taxation Pilot Program

The legislature extended to December 31, 2015, the statutory deadline for municipalities to participate in the land value taxation pilot program, under which they can tax land at a higher rate than buildings instead of taxing both of them at the same rate.

([PA 15-184](#), § 7, effective upon passage)

Motor Vehicle Property Tax Mill Rates

Beginning with the October 1, 2015 grand list, the budget act allows municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at (1) 32 mills for the 2015 assessment year and (2) 29.36 mills for the 2016 assessment year and thereafter.

([PA 15-244](#), §§ 206 & 208, effective October 1, 2015, and applicable to assessment years beginning on or after that date)

Natural Gas Expansion Property Tax Abatement

A new law allows municipalities to abate up to 100% of a gas company's annual personal property taxes, for up to 25 years, to facilitate natural gas expansion projects.

([PA 15-5, June Special Session](#), § 106, effective July 1, 2015 and applicable to assessment years commencing on or after October 1, 2015)

Payment in Lieu of Taxes (PILOT) Programs

Beginning in FY 17, the budget act restructures the state's PILOT programs by establishing minimum annual reimbursement rates and a new method for disbursing the grants when appropriations are not enough to fund the full grant amounts.

([PA 15-244](#), §§ 183-205, most provisions are effective July 1, 2016)

PILOTs for Moderate-Income Housing Projects

A new law prohibits municipalities, until June 30, 2016, from requiring housing authorities for moderate-income projects to make PILOTs unless the projects receive federal funds for these expenses.

([PA 15-5, June Special Session](#), § 495, effective upon passage)

Property Tax Base Revenue Sharing Program

The budget act authorizes regional councils of government to establish a property tax base revenue sharing program under which the municipalities in their planning regions (1) tax commercial and industrial property at a composite mill rate, based in part on the average mill rate in their regions, and (2) share up to 20% of the property tax revenue generated by the growth in their commercial and industrial property tax bases since 2013.

([PA 15-244](#), §§ 211-215, effective October 1, 2015, and applicable to assessment years beginning on or after that date)

Property Tax Statements

The budget act requires municipal tax collectors to include, as part of property tax bills, a statement informing taxpayers of a new spending cap on municipalities.

The spending cap is part of a new municipal revenue sharing grant program, funded through the Municipal Revenue Sharing Account (MRSA). Under the program, municipalities that increase expenditures by more than 2.5% over the previous fiscal year receive a reduced grant amount.

([PA 15-244](#), § 209, effective October 1, 2017 and applicable to assessment years beginning on or after October 1, 2017)

Student Housing

A new law generally subjects to property taxes residential real property held by or on behalf of a private nonprofit higher education institution that is intended for or used as student housing. The new law applies to any house or building, or portion thereof, rented, leased, or hired out to be occupied as a home or residence for one or more students, but excludes certain dormitories.

([PA 15-5](#), [June Special Session](#), § 241, effective upon passage and applicable to assessment years beginning on or after October 1, 2015)

Tax Increment Financing Districts

A new law allows municipalities, through their legislative bodies, to establish a tax increment district (generally known as a tax increment financing (TIF) district) to finance economic development projects in eligible areas. It allows a municipality to finance projects in the district by (1) designating all or part of the new or incremental real property tax revenue generated in the district for repayment of costs incurred to fund the projects; (2) imposing assessments on real property in the district benefiting from certain public improvements (i.e., benefit assessments); and (3) issuing bonds backed by these revenue streams to pay project costs.

([PA 15-57](#), effective October 1, 2015)

Tax Sales

The legislature made several changes in the municipal tax sale statutes, including:

1. specifying that state and municipal tax liens against a delinquent taxpayer have precedence or priority over any claim against the taxpayer by a party who redeems (i.e., buys back) a property following a tax sale;
2. extending the redemption period following a tax sale to cover the period from the tax sale notice's publication through the sale date; and
3. requiring municipalities to retain any interest that accrues on excess tax sale proceeds.

([PA 15-156](#), §§ 5 & 6, effective October 1, 2015)

Veterans' Farmer Tax Exemptions

A new law creates a tax incentive to encourage certain veterans to start a farming business. It does this by relaxing the conditions eligible veterans must meet to qualify for a sales and use tax exemption permit for personal property used exclusively in commercial agricultural production.

([PA 15-117](#), effective upon passage)

SALES AND USE TAX

Car Wash Services

A new law subjects car wash services to the sales and use tax.

([PA 15-244](#), § 75, as amended by [PA 15-5, June Special Session](#), § 136, effective July 1, 2015 and applicable to sales occurring on or after July 1, 2015 and sales of services billed to customers for a period that includes July 1, 2015)

Clothing and Footwear

The legislature eliminated the sales and use tax exemption for clothing and footwear costing less than \$50, previously scheduled to take effect on July 1, 2015. It also limited the exemption for clothing and footwear during the "sales-tax-free-week" to items costing less than \$100, rather than \$300.

([PA 15-244](#), §§ 71 & 222, effective July 1, 2015)

Exemption for Certain Acute Care Hospitals

A new law makes permanent a sales tax exemption for sales of tangible personal property or services to and by an acute care hospital exclusively for its purposes, operating in the state as a "sole community hospital" as defined by federal law (i.e., Sharon Hospital). The exemption previously applied only for FY 15 through FY 17.

([PA 15-5, June Special Session](#), § 512, effective July 1, 2015)

Luxury Tax Rate Increase

A new law increases, from 7% to 7.75%, the sales and use tax rate on specified luxury items. By law, the rate applies to the full sales price of motor vehicles, jewelry, clothing, and footwear costing more than (1) \$50,000 for motor vehicles, with certain exceptions; (2) \$5,000 for jewelry (real or imitation); and (3) \$1,000 for clothing, footwear, handbags, luggage, umbrellas, wallets, and watches.

([PA 15-244](#), §§ 72 & 73, effective July 1, 2015 and applicable to sales occurring on or after that date)

Regional Planning Incentive Account Diversion

For calendar quarters ending on or after July 1, 2016 and prior to July 1, 2017, the budget act eliminates the requirement that the DRS commissioner deposit a portion of the hotel and rental car taxes into the Regional Planning Incentive Account. By eliminating these required deposits, the act requires that these funds go to the General Fund in FY 17.

([PA 15-244](#), § 74, effective upon passage, and applicable to sales on or after October 1, 2015 and sales of services that are billed to customers for a period that includes October 1, 2015)

Revenue Diversion

A new law requires the DRS commissioner to direct a portion of sales

tax revenue to the STF and MRSA, according to a specified schedule.

([PA 15-244](#), § 74, as amended by [PA 15-5, June Special Session](#), § 132, effective upon passage and applicable to sales occurring on or after October 1, 2015 and sales of services billed to customers for a period that includes October 1, 2015)

Seasonal Parking

The budget act eliminates the sales and use tax exemption for non-metered parking in seasonal lots with 30 or more spaces provided by (1) the state or its political subdivisions; (2) a nonprofit charitable hospital, nursing home, rest home, or residential care home, or certain acute-care for-profit hospitals; or (3) a nonprofit organization exempt from federal income taxes.

([PA 15-244](#), §§ 75 & 77, effective July 1, 2015 and applicable to sales occurring on or after July 1, 2015 and sales of services billed to customers for a period that includes July 1, 2015)

Water Companies

The legislature eliminated the sales and use tax exemptions for goods and services purchased by a water company in maintaining, operating, managing, or controlling a pond, lake, reservoir, stream, well, or distributing plant or system to supply water to at least 50 customers.

([PA 15-244](#), § 222, effective July 1, 2015)

Website Services

Beginning October 1, 2015, a new law expands the types of computer and data processing services subject to the sales and use tax to include the creation, development, hosting, and maintenance of a website.

([PA 15-244](#), § 75, as amended by [PA 15-5, June Special Session](#), §§ 133 & 134, effective October 1, 2015 and applicable to sales occurring on or after October 1, 2015 and sales of services billed to customers for a period that includes October 1, 2015)

TAX ADMINISTRATION AND ENFORCEMENT

Commercial Fishing Exemption

The legislature eliminated the requirement that the DRS commissioner adopt regulations for administering the sales and use tax exemption for vessels, machinery, and equipment used exclusively for commercial fishing.

([PA 15-179](#), effective upon passage)

DRS Administrative Pronouncements

A new law eliminates requirements that the DRS commissioner, after issuing an administrative pronouncement interpreting a tax law, adopt regulations codifying the pronouncement.

([PA 15-5, June Special Session](#), § 122, effective upon passage)

DRS Special Police Agents

Under a new law, the special police agents the Department of Emergency Services and Public Protection commissioner appoints to serve in DRS may operate anywhere within the department, rather than just in its special investigation section.

([PA 15-5, June Special Session](#), § 127, effective upon passage)

Racketeering Activity

The legislature extended the definition of racketeering activity under the Corrupt Organization Racketeering Act to include violations of certain cigarette tax laws (e.g., fraudulent making, uttering, forging, or counterfeiting of cigarette tax stamps or causing or procuring the same to be done and knowing possession of any such false, altered, forged, or counterfeited stamp).

([PA 15-5, June Special Session](#), § 128, effective upon passage)

Relief for Innocent Spouses

The law allows the DRS commissioner to excuse a taxpayer who files a joint tax return from paying taxes, interest, and penalties if his or her spouse (or former spouse) improperly reported or omitted items on their joint tax return (i.e., innocent spouses). A new law eliminates the deadline for taxpayers applying for one of the three types of innocent spouse relief. It also allows, rather than requires, the DRS commissioner to adopt

regulations necessary to carry out the innocent spouse relief provisions.

([PA 15-5, June Special Session](#), §§ 124 & 125, effective upon passage)

Sales and Use Tax Filing and Remittance Deadline

A new law extends the deadline for filing and remitting monthly and quarterly sales and use taxes from the 20th day of the month to the last day of the month following the end of the applicable filing period. Retailers that must remit the tax on a weekly basis must continue to do so as the law or the DRS commissioner requires.

In extending this deadline, the new law also extends the deadline for remitting room occupancy taxes and prepaid wireless E 9-1-1 fees, which are tied to the sales and use tax filing and remittance periods.

([PA 15-5, June Special Session](#), § 137, effective October 1, 2015 and applicable to periods ending on or after December 31, 2015)

Submitting Federal W-2 Forms to DRS

The legislature advanced the deadline by which employers must annually file copies of the federal W-2 and W-3 forms with DRS. Under prior law, employers had to file copies of these forms with DRS, generally by the last day of (1) February, for employers filing paper returns, and (2) March, for employers filing electronic returns. The new law

requires all employers to file them by January 31 each year.

([PA 15-5, June Special Session](#), § 126, effective July 1, 2015)

Tax Incidence Study

The legislature delayed, from December 31, 2016 to February 15, 2017, the deadline by which DRS must submit its next tax incidence report. By law, DRS must biennially submit to the Finance, Revenue and Bonding Committee, and post on the department's website, a report on the overall incidence of the income tax, sales and excise taxes, corporation business tax, and property tax.

([PA 15-5, June Special Session](#), § 124, effective upon passage)

TAX CREDITS AND INCENTIVES

Claiming Film Production Tax Credits

The legislature extended, from four to six years, the time during which an entity may claim film production tax credits that are authorized on July 1, 2015 or later. Under a new law, entities must claim all or part of the credits for which a voucher is issued on or after July 1, 2015 in the year in which the production expenses were incurred or in the next five income years. Under existing law, tax credits authorized before July 1, 2015 must be claimed in the year in which the expenses were incurred or the next three income years.

([PA 15-5, June Special Session](#), § 431, effective upon passage)

Film Production Tax Credit Moratorium

The budget act extends, to FY 16 and FY 17, the temporary moratorium on issuing film and digital media production tax credits for certain motion pictures. Under prior law, the moratorium expired at the end of FY 15.

([PA 15-244](#), § 86, effective upon passage)

First Five Plus Extension

The legislature extended the sunset date for the first five plus economic development program by one year, from June 30, 2015 to June 30, 2016. Under the program, the economic development commissioner can provide loans, tax incentives, and other forms of economic development assistance to businesses committing to create jobs and invest capital within the law's timeframes.

([PA 15-5, June Special Session](#), § 42, effective July 1, 2015)

Insurance Reinvestment Act Program Changes

The budget act (1) increases, from \$200 million to \$350 million, the aggregate cap on Insurance Reinvestment Act tax credits and (2) makes several programmatic changes to the tax credit program.

([PA 15-244](#), § 171, effective July 1, 2015)

Neighborhood Assistance Act (NAA) Tax Credit Cap Increase

The legislature increased, from \$5 million to \$10 million, the annual cap on NAA tax credits, which are available to businesses that contribute to or invest in municipally approved community projects and programs.

([PA 15-5, June Special Session](#), § 446, effective July 1, 2017)

Urban and Industrial Sites Reinvestment Program

A new law increases, from \$800 million to \$950 million, the total amount of business tax credits available under the Urban and Industrial Sites Reinvestment Program.

([PA 15-5, June Special Session](#), § 408, effective July 1, 2015)

RP:cmg