OFA BILL ANALYSIS

sHB 5914

AN ACT MAKING CERTAIN AMENDMENTS AND CORRECTIONS TO THE PERSONAL INCOME, GIFT, SALES AND USE, MOTOR VEHICLE FUELS AND CORPORATION BUSINESS TAXES AND THE ECONOMIC RECOVERY FUND ENACTED OR AMENDED IN 1991

SUMMARY: Section 1 deletes obsolete language and clarifies the definition of nonresident and part-year resident income subject to the Personal Income Tax.

Section 2 clarifies the definitions of Connecticut adjusted gross income for individuals and Connecticut fiduciary adjustment for trusts and estates with respect to capital gain, interest and dividend income. It also (1) requires the add-back of lump sum distributions to beneficiaries, (2) the add-back of any Connecticut income tax deductible in computing federal AGI, (3) limits moving expense exclusion to the federally-deductible amount, (4) disallows the deduction of expenses connected with income which is exempt from Connecticut taxation and (5) allows deduction of expenses connected with income which is exempt from federal taxation but taxable for Connecticut purposes.

Section 5 (1) does not allow taxpayers to claim a credit for income taxes paid to other states in excess of their Connecticut income tax liability, (2) requires a Connecticut taxpayer who files an amended income tax return with another state to also file it with this state, (3) does not allow taxpayers to claim a federal income tax credit for Canadian provincial income tax and a Connecticut Income Tax credit for the same tax and (4) does not allow a taxpayer to claim a credit for taxes paid in another state on their Connectiuct tax return if they are claiming a credit for Connecticut income tax payments in the other state.

Section 16 changes the percentage of estimated tax payment for nonwithheld income due under the Income Tax as follows: First estimated payment - from 25% to 22.5%; Second estimated payment - from 50% to 45%; Third estimated payment - from 75% to 67.5%; Fourth estimated payment - from 100% to 90%.

Section 21 allows the Commissioner to adopt regulations allowing taxpayers to submit returns on electronic media.

Section 22 applies the interest rate of 1.25% to tax underpayments due to mathematical errors.

Section 23 allows taxpayers to request a refund of state income tax after the normal three-year period has expired if they have filed a corrected federal income tax return.

In addition, Sections 3, 4, 6 to 15, 17 to 20, 24 to 26 and 39 make technical changes, correct errors and omissions, and conform the statutory language to current practice for the Personal Income Tax.

Sections 27 to 31 make technical corrections to the Sales Tax.

Sections 32 and 33 make technical corrections to the Motor Fuels Tax.

Section 34 makes technical corrections to the Capital Gains, Interest and Dividends Tax.

Sections 35 and 36 make technical corrections to language pertaining to the Economic Recovery Fund and Notes.

Sections 37 and 38 make technical corrections to the Gift Tax.

EFFECTIVE DATE: Upon passage and applicable to 1992 income years and thereafter.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 29 Nay 10

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