

Substitute Senate Bill No. 638

Public Act No. 06-159

AN ACT ENABLING THE DEPARTMENT OF REVENUE SERVICES TO PROCESS RETURNS MORE EFFICIENTLY.

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

Section 1. Subsection (c) of section 10-228b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2006*):

(c) Such applications may be submitted to the Commissioner of Revenue Services on an ongoing basis. The commissioner shall review each application and shall, not later than thirty days following its receipt, approve or disapprove the application. The decision of the commissioner to approve or disapprove an application pursuant to the provisions of this section shall be in writing and, if the commissioner approves the proposal, the commissioner shall state the maximum credit allowable to the business firm. [A copy of the decision shall be attached to the tax return of the business firm upon which the tax credit granted pursuant to this section is claimed.]

Sec. 2. Subsection (j) of section 10-416 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2006*):

(j) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) to (i), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit voucher. [Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.] The commission shall provide a copy of the voucher to the Commissioner of Revenue Services upon the request of said commissioner.

Sec. 3. Subsection (a) of section 12-7b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(a) The Commissioner of Revenue Services shall, annually on or before the thirty-first day of December, submit to the legislative Office of Fiscal Analysis a report concerning certain state tax data, applicable with respect to the state fiscal year ending on the thirtieth day of June immediately preceding, as follows: [(a)]

(1) Sales and use tax data, including [(1)] (A) gross receipts subject to sales tax, stated separately in relation to sales of [(A)] (i) any tangible personal property, [(B)] (ii) the leasing or rental of tangible personal property, and [(C)] (iii) the rendering of any services subject to said tax, [(2)] (B) total revenue loss related to each of the separate provisions for exemption under chapter 219, and [(3)] (C) total amount of tax collected with respect to each of the industrial classifications included in the Standard Industrial Classification Code in current use for purposes of certain statistical data by the Commissioner of Revenue Services; [(b) corporation]

(2) Corporation business tax data, including [(1)] (A) total net income and total net income apportioned to Connecticut for the most current income years with respect to which final data is available at the time of each such report, [(2)] (B) amount of depreciation not allowed as a deduction in determining net income for purposes of said tax, [(3)] (C) operating loss carry-overs, [(4)] (D) credits and refunds, separately stated, for overpayments of taxes due in prior years and to be applicable to the most current income years with respect to which final data is available at the time of each such report, [(5)] (E) number of accounts and total corporation tax attributable to determination in accordance with [(A)] (i) net income tax base, [(B)] and (ii) the minimum tax base provisions under section 12-219, as amended, [and (C) S corporation filings and (6)] and (F) total corporation tax attributable to each of the industrial classifications included in the Standard Industrial Classification Code in current use for purposes of certain statistical data by the Commissioner of Revenue Services; [(c) succession and transfer]

(3) Estate and gift tax data, including [(1)] total taxes collected and the number of taxpayers, [under each of the classes of beneficiaries as described in section 12-344 and (2) the total value of the net taxable estates with respect to each of said classes of beneficiaries; (d) personal] separately stated with respect to the estate tax and the gift tax;

(4) Personal income tax data, including [(1)] (A) all components of and adjustments to federal gross income, federal adjusted gross income and federal taxable income, separately stated, of Connecticut taxpayers, sorted into ten-thousand-dollar increments of federal adjusted gross income up to and including one hundred thousand dollars, into twenty-five-thousand-dollar increments of federal adjusted gross income from over one hundred thousand dollars up to and including two hundred thousand dollars and into one increment over two hundred thousand dollars of federal adjusted gross income, as derived from federal income tax returns, and [(2)] (B) all components of and adjustments to Connecticut adjusted gross income and Connecticut taxable income, separately stated, of Connecticut taxpayers, sorted into ten-thousand-dollar increments of Connecticut adjusted gross income up to and including one hundred thousand dollars, into twenty-five-thousand-dollar increments of Connecticut adjusted gross income from over one hundred thousand dollars up to and including two hundred thousand dollars and into one increment over two hundred thousand dollars of Connecticut adjusted gross income, as derived from state personal income tax returns; [(e) admissions, cabaret]

(5) Admissions and dues tax data, including the number of taxpayers and the total amount of tax collected, stated separately with respect to each of the taxes imposed under chapter 225; [(f) real]

(6) Real estate conveyance tax data, including [(1)] (A) the number of taxable transfers and the total amount of revenue, and [(2)] (B) the amount of revenue attributable to categories of purchase price for such transfers of real estate, as follows: [(A)] (i) Under thirty thousand dollars, [(B)] (ii) brackets of ten thousand dollars each from thirty thousand dollars up to two hundred thousand dollars, and [(C)] (iii) two hundred thousand dollars and over; [(g) data] and

(7) Data applicable to any state tax not included in subdivisions [(a) to (f)] (1) to (6), inclusive, of this [section] subsection, including totals applicable to each such tax for [(1)] (A) number of taxpayers, [(2)] (B) payments in accordance with applicable penalty provisions for delinquency, and [(3)] (C) taxes collected which became due in the preceding fiscal year.

Sec. 4. Subsection (b) of section 12-15 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(b) The commissioner may disclose (1) returns or return information to (A) an authorized representative of another state agency or office, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any state law is being violated, or (B) an authorized representative of an agency or office of the United States, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any federal law is being violated, provided no such agency or office shall disclose such returns or return information, other than in a judicial or administrative proceeding to which such agency or office is a party pertaining to the enforcement of state or federal law, as the case may be, in a form which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer except that the names and addresses of jurors or potential jurors and the fact that the names were derived from the list of taxpayers pursuant to chapter 884 may be disclosed by the judicial branch; (2) returns or return information to the Auditors of Public Accounts, when required in the course of duty under chapter 23; (3) returns or return information to tax officers of another state or of a Canadian province or of a political subdivision of such other state or province or of the District of Columbia or to any officer of the United States Treasury Department or the United States Department of Health and Human Services, authorized for such purpose in accordance with an agreement between this state and such other state, province, political subdivision, the District of Columbia or department, respectively, when required in the administration of taxes imposed under the laws of such other state, province, political subdivision, the District of Columbia or the United States, respectively, and when a reciprocal arrangement exists; (4) returns or return information in any action, case or proceeding in any court of competent jurisdiction, when the commissioner or any other state department or agency is a party, and when such information is directly involved in such action, case or proceeding; (5) returns or return information to a taxpayer or its authorized representative, upon written request for a return filed by or return information on such taxpayer; (6) returns or return information to a successor, receiver, trustee, executor, administrator, assignee, guardian or guarantor of a taxpayer, when such

person establishes, to the satisfaction of the commissioner, that such person has a material interest which will be affected by information contained in such returns or return information; (7) information to the assessor or an authorized representative of the chief executive officer of a Connecticut municipality, when the information disclosed is limited to (A) a list of real or personal property that is or may be subject to property taxes in such municipality, or (B) a list containing the name of each person who is issued any license, permit or certificate which is required, under the provisions of this title, to be conspicuously displayed and whose address is in such municipality; (8) real estate conveyance tax return information or controlling interest transfer tax return information to the town clerk or an authorized representative of the chief executive officer of a Connecticut municipality to which the information relates; (9) estate tax returns and estate tax return information to the Probate Court Administrator or to the court of probate for the district within which a decedent resided at the date of the decedent's death, or within which the commissioner contends that a decedent resided at the date of the decedent's death or, if a decedent died a nonresident of this state, in the court of probate for the district within which real estate or tangible personal property of the decedent is situated, or within which the commissioner contends that real estate or tangible personal property of the decedent is situated; (10) returns or return information to the [\(A\) Secretary of the Office of Policy and Management for purposes of subsection \(b\) of section 12-7a, and \(B\) Office of Fiscal Analysis for purposes of, and subject to the provisions of, subdivision \(2\) of subsection \(f\) of section 12-7b, as amended by this act](#); (11) return information to the Jury Administrator, when the information disclosed is limited to the names, addresses, federal Social Security numbers and dates of birth, if available, of residents of this state, as defined in subdivision (1) of subsection (a) of section 12-701, [as amended](#); (12) pursuant to regulations adopted by the commissioner, returns or return information to any person to the extent necessary in connection with the processing, storage, transmission or reproduction of such returns or return information, and the programming, maintenance, repair, testing or procurement of equipment, or the providing of other services, for purposes of tax administration; (13) without written request and unless the commissioner determines that disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation, returns and return information which may constitute evidence of a violation of any civil or criminal law of this state or the United States to the extent necessary to apprise the head of such agency or office charged with the

responsibility of enforcing such law, in which event the head of such agency or office may disclose such return information to officers and employees of such agency or office to the extent necessary to enforce such law; (14) names and addresses of operators, as defined in section 12-407, [as amended](#), to tourism districts, as defined in section 10-397; (15) names of each licensed dealer, as defined in section 12-285, and the location of the premises covered by the dealer's license; (16) to a tobacco product manufacturer that places funds into escrow pursuant to the provisions of subsection (a) of section 4-28i, return information of a distributor licensed under the provisions of chapter 214 or chapter 214a, provided the information disclosed is limited to information relating to such manufacturer's sales to consumers within this state, whether directly or through a distributor, dealer or similar intermediary or intermediaries, of cigarettes, as defined in section 4-28h, and further provided there is reasonable cause to believe that such manufacturer is not in compliance with section 4-28i; (17) returns, which shall not include a copy of the return filed with the commissioner, or return information for purposes of section 12-217z, [as amended](#); and (18) returns or return information to the State Elections Enforcement Commission, upon written request by said commission, when necessary to investigate suspected violations of state election laws.

Sec. 5. Subsections (b) and (c) of section 12-719 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2006*):

(b) (1) With respect to each of its nonresident partners, each partnership doing business in this state or having income derived from or connected with sources within this state shall, for each taxable year, [either timely file with the commissioner a group return, as provided in subdivision (2) of this subsection, or] make payment to the commissioner as provided in subdivision [(3)] [\(2\)](#) of this subsection.

[(2) (A) (i) A partnership with two or more qualified electing nonresident partners for a taxable year may file a group return. A group return under this subdivision shall be considered a group of separate returns and shall satisfy the filing requirements otherwise separately imposed on each qualified electing nonresident partner included in the group return by this chapter.

(ii) Nothing in this subdivision shall be construed as precluding the commissioner, in his or her sole discretion, from requiring the filing of a separate tax return under this chapter by a qualified electing nonresident partner.

(iii) Nothing in this subdivision shall be construed as excusing a partner on whose behalf income tax has been paid under this subdivision by a partnership from the obligation to file his or her own separate tax return under this chapter if the conditions enumerated in subparagraph (B) of this subdivision are not met by such partner. In such event, such partner shall receive credit for the income tax paid under this subdivision by the partnership on his or her behalf, provided no overpayment attributable to such tax having been paid at the highest marginal tax rate in effect under section 12-700 for the taxable year shall be refunded or credited to the partner.

(B) As used in this subsection, a "qualified electing nonresident partner" means a partner who meets all of the following conditions: (i) The partner was a nonresident individual for the entire taxable year; (ii) the partner did not maintain a permanent place of abode in Connecticut at any time during the taxable year; (iii) the only source of income derived from or connected with Connecticut sources of the partner, or the partner and his or her spouse if a joint federal income tax return is or shall be made, is from one or more pass-through entities, as defined in subparagraph (C) of subdivision (3) of this subsection; (iv) the partner waives the right to claim any Connecticut personal exemption under section 12-702 and any Connecticut personal credit under section 12-703; (v) the partner does not have Connecticut alternative minimum tax liability under section 12-700a for the taxable year; (vi) the partner has the same taxable year as the other qualified electing nonresident partners; and (vii) the partner elects to be included in a group return by completing and delivering to the partnership a form prescribed by the commissioner for such purpose prior to the filing of the group return by the partnership. By making such election, which shall be binding upon the partner's heirs, representatives, assigns, successors, executors and administrators, the partner expressly consents to personal jurisdiction in Connecticut for Connecticut income tax purposes and waives his or her right to request, on his or her own behalf or with others making such election, an extension of time to pay Connecticut income tax. A qualified electing nonresident partner may neither revoke an election after delivering to the

partnership an election form nor make an election after the fifteenth day of the fourth month following the close of such partner's taxable year. The election form shall be maintained on file by the partnership and shall be subject to inspection by the department.

(C) A partnership filing a group return on behalf of its qualified electing nonresident partners shall show the exact name and address of the partnership as shown on its informational return under section 12-726, the taxable year of the partnership and the taxable year of the qualified electing nonresident partners. A group return shall be signed by a partner having the authority to act as an agent for all qualified electing nonresident partners. The election form, as described in subparagraph (B) of this subdivision, shall constitute written evidence of such authority and of the election by the partner to be included in the group return. The due date of the group return is the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident partners. In addition, the partnership shall include with the group return a schedule showing each qualified electing nonresident partner's name and address; Social Security number; distributive share of such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter; distributive share of any modification described in section 12-701 which relates to an item of such partnership's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter; income tax under this chapter, as computed by multiplying the partner's distributive share of (i) such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, to the extent derived from or connected with sources within this state, and (ii) any modification described in section 12-701 which relates to an item of such partnership's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, by the highest marginal tax rate in effect under section 12-700 for the taxable year; and estimated tax paid, if any, under section 12-722. As required by the commissioner, the partnership as agent for the qualified electing nonresident partners shall make the payments of tax, estimated tax, additions to tax, interest and penalties otherwise required to be paid by such partners.

(D) The provisions of this subdivision shall also apply to a trust or estate with two or more qualified electing nonresident beneficiaries, and wherever reference is made in this subdivision to a partnership and its partners, such reference shall be construed as including a trust or estate and the beneficiaries thereof.]

[(3)] [\(2\)](#) (A) Any payment under this subdivision shall be in an amount equal to the highest marginal tax rate in effect under section 12-700 for the taxable year multiplied by the subject partner's distributive share of (i) such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter, and (ii) any modification described in section 12-701, [as amended](#), which relates to an item of such partnership's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter. Any amount paid by a partnership to this state with respect to any taxable year pursuant to this subdivision shall be considered to be a payment by the partner on account of the income tax imposed on the partner for such taxable year pursuant to this chapter. A partnership shall not be liable to, and shall be entitled to recover a payment made pursuant to this subdivision from, the partner on whose behalf the payment was made. Any [estimated tax installment shall be made on or before the due date of such installment pursuant to section 12-722, and any other] payment for a taxable year shall be made on or before the date the annual return for such taxable year is required to be filed pursuant to section 12-726, [as amended by this act](#). The partnership shall furnish, on a form prescribed by the commissioner, to each partner on whose behalf payment was made under this subdivision no later than the fifteenth day of the [third] [fourth](#) month following the close of the partnership's taxable year a record of the amount of the tax paid on behalf of such partner by the partnership with respect to the taxable year.

[\(B\) \(i\) If income from one or more pass-through entities, as defined in subparagraph \(D\) of this subdivision, is the only source of income derived from or connected with Connecticut sources of a partner, or the partner and his or her spouse if a joint federal income tax return is or shall be made, the filing by the partnership of an annual return pursuant to section 12-726, as amended by this act, and the payment by the partnership on behalf of the](#)

partner of the tax prescribed under subparagraph (A) of this subdivision shall satisfy the filing and payment requirements otherwise separately imposed on the partner by this chapter. The commissioner may make any deficiency assessment against, at the commissioner's sole discretion, either the partnership or the partner, provided any such assessment against the partner shall be limited to the partner's share thereof. Except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the partnership's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment to either the partnership or the partner, in the commissioner's sole discretion. Except as otherwise provided in section 12-732, any such overpayment shall be refunded or credited not later than three years from the due date of the partnership's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

(ii) If income from one or more pass-through entities, as defined in subparagraph (D) of this subdivision, is not the only source of income derived from or connected with Connecticut sources of a partner, or the partner and his or her spouse if a joint federal income tax return is or shall be made, nothing in this subdivision shall be construed as excusing the partner from the obligation to file his or her own separate tax return under this chapter. In such event, the partner shall receive credit for the income tax paid under this subdivision by the partnership on his or her behalf. The commissioner may make any deficiency assessment that is related to the partner's share of partnership items against either, in the commissioner's sole discretion, the partnership or the partner. If the commissioner chooses to make any deficiency assessment against the partnership, then, except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the partnership's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment that is related to the partner's share of partnership items to either, in the commissioner's sole discretion, the partnership or the partner. If the commissioner chooses to refund or credit any overpayment to the partnership, then, except as otherwise provided in section 12-732, any such

overpayment shall be refunded or credited not later than three years from the due date of the partnership's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

[(B)] (C) Notwithstanding any provision of subparagraph (A) of this subdivision, a partnership shall not be required to make a payment on account of the income tax imposed on a partner for a taxable year pursuant to this chapter if (i) the partner's distributive share of partnership income, to the extent derived from or connected with sources within this state, as reflected on the partnership's annual return for the taxable year under section 12-726, as amended by this act, is less than one thousand dollars; (ii) the department has determined by regulation, ruling or instruction that the partner's income is not subject to the provisions of this subdivision; [(iii) the partner has elected to be included in a group return being filed by the partnership under subdivision (2) of this subsection; or (iv)] or (iii) the partnership is a publicly traded partnership, as defined in Section 7704(b) of the Internal Revenue Code, that is treated as a partnership for federal income tax purposes and that has agreed to file the annual return pursuant to section 12-726, as amended by this act, and to report therewith the name, address, Social Security number or federal employer identification number, and other information required by the department concerning each unitholder whose distributive share of partnership income, to the extent derived from or connected with sources within this state, as reflected on such annual return, is more than five hundred dollars.

[(C)] (D) If a member of a pass-through entity, referred to in this subparagraph as an "upper-tier pass-through entity", is itself a pass-through entity, the member, referred to in this subparagraph as a "lower-tier pass-through entity", shall be subject to the same requirements to make payment, on behalf of its members, of the income tax imposed on those members pursuant to this chapter that apply to the upper-tier pass-through entity under this subdivision. The department shall apply the income tax paid by the upper-tier pass-through entity, on behalf of the lower-tier pass-through entity, to the income tax required to be paid by the lower-tier pass-through entity, on behalf of its members. For purposes of this subdivision, "pass-through entity" means an S corporation, general partnership, limited

partnership, limited liability partnership or limited liability company that is treated as a partnership for federal income tax purposes; and "member" means a shareholder of an S corporation, a partner in a general partnership, a limited partnership, or a limited liability partnership and a member of a limited liability company that is treated as a partnership for federal income tax purposes.

(E) For purposes of section 12-740, a nonresident individual who is a member of a pass-through entity, as defined in subparagraph (D) of this subdivision, shall not be required to file an income tax return under this chapter for a taxable year if, for such taxable year, the only source of income derived from or connected with Connecticut sources of such member, or the member and his or her spouse if a joint federal income tax return is or shall be made, is from one or more pass-through entities, and the sum of such income derived from or connected with Connecticut sources from such one or more pass-through entities is less than one thousand dollars.

(c) (1) With respect to each of its nonresident shareholders, each S corporation doing business in this state or having income derived from or connected with sources within this state shall, for each taxable year, [either timely file with the commissioner a group return on behalf of its qualified electing nonresident shareholders, as provided in subdivision (2) of this subsection, or] make payment to the commissioner as provided in subdivision [(3)] (2) of this subsection.

[(2) (A) (i) An S corporation with two or more qualified electing nonresident shareholders for a taxable year may file a group return. A group return under this subdivision shall be considered a group of separate returns and shall satisfy the filing requirements otherwise separately imposed on each qualified electing nonresident shareholder included in the group return by this chapter.

(ii) Nothing in this subdivision shall be construed as precluding the commissioner, in his or her sole discretion, from requiring the filing of a separate tax return under this chapter by a qualified electing nonresident shareholder.

(iii) Nothing in this subdivision shall be construed as excusing a shareholder on whose behalf income tax has been paid under this subdivision by an S corporation from the obligation to file his or her own separate tax return

under this chapter if the conditions enumerated in subparagraph (B) of this subdivision are not met by the shareholder. In such event, the shareholder shall receive credit for the income tax paid under this subdivision by the S corporation on his or her behalf, provided no overpayment attributable to such tax having been paid at the highest marginal tax rate in effect under section 12-700 for the taxable year shall be refunded or credited to the shareholder.

(B) As used in this subsection, "qualified electing nonresident shareholder" means a shareholder who meets all of the following conditions: (i) The shareholder was a nonresident individual for the entire taxable year; (ii) the shareholder did not maintain a permanent place of abode in Connecticut at any time during the taxable year; (iii) the only source of income derived from or connected with Connecticut sources of the shareholder, or the shareholder and his or her spouse if a joint federal income tax return is or shall be made, is from one or more pass-through entities, as defined in subparagraph (C) of subdivision (3) of subsection (b) of this section; (iv) the shareholder waives the right to claim any Connecticut personal exemption under section 12-702 and any Connecticut personal credit under section 12-703; (v) the shareholder does not have Connecticut alternative minimum tax liability under section 12-700a for the taxable year; (vi) the shareholder has the same taxable year as the other qualified electing nonresident shareholders; and (vii) the shareholder elects to be included in a group return by completing and delivering to the S corporation an election form prescribed by the commissioner for such purpose prior to the filing of the group return by the S corporation. By making such election, which shall be binding upon the shareholder's heirs, representatives, assigns, successors, executors and administrators, the shareholder expressly consents to personal jurisdiction in Connecticut for Connecticut income tax purposes and waives his or her right to request, on his or her own behalf or with others making such election, an extension of time to pay Connecticut income tax. A qualified electing nonresident shareholder may neither revoke an election after delivering to the S corporation an election form nor make an election after the fifteenth day of the fourth month following the close of such shareholder's taxable year. The election form shall be maintained on file by the S corporation and shall be subject to inspection by the department.

(C) An S corporation filing a group return on behalf of its qualified electing nonresident shareholders shall show the exact name and address of the S corporation as shown on its informational return under section 12-726, the taxable year of the S corporation and the taxable year of the qualified electing nonresident shareholders. A group return shall be signed by a shareholder having the authority to act as an agent for all qualified electing nonresident shareholders. The election form, as described in subparagraph (B) of this subdivision, shall constitute written evidence of such authority and of the election by the shareholder to be included in the group return. The due date of the group return is the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident shareholders. In addition, the S corporation shall include with the group return a schedule showing each qualified electing nonresident shareholder's name and address; Social Security number; pro rata share of such S corporation's separately and nonseparately computed items, as described in Section 1366 of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter; pro rata share of any modification described in section 12-701 which relates to an item of such S corporation's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter; income tax under this chapter, as computed by multiplying the shareholder's pro rata share of (i) such S corporation's separately and nonseparately computed items, as described in Section 1366 of the Internal Revenue Code, to the extent derived from or connected with sources within this state, and (ii) any modification described in section 12-701 which relates to an item of such S corporation's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, by the highest marginal tax rate in effect under section 12-700 for the taxable year; and estimated tax paid, if any, under section 12-722. As required by the commissioner, the S corporation as agent for the qualified electing nonresident shareholders shall make the payments of tax, estimated tax, additions to tax, interest and penalties otherwise required to be paid by such shareholders.]

[(3)] [\(2\)](#) (A) Any payment under this subdivision shall be in an amount equal to the highest marginal tax rate in effect under section 12-700 for the taxable year multiplied by the subject shareholder's pro rata share of (i) such S corporation's separately and nonseparately computed items, as described in Section 1366 of the Internal Revenue Code, to the extent derived from or

connected with sources within this state, as determined under this chapter, and (ii) any modification described in section 12-701, [as amended](#), which relates to an item of such S corporation's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter. Any amount paid by an S corporation to this state with respect to any taxable year pursuant to this subdivision shall be considered to be a payment by the shareholder on account of the income tax imposed on the shareholder for such taxable year pursuant to this chapter. An S corporation shall not be liable to, and shall be entitled to recover a payment made pursuant to this subdivision from, the shareholder on whose behalf the payment was made. Any [estimated tax installment shall be made on or before the due date of such installment pursuant to section 12-722, and any other] payment for a taxable year shall be made at or before the date the annual return for such taxable year is required to be filed pursuant to section 12-726, [as amended by this act](#). The S corporation shall furnish, on a form prescribed by the department, to each shareholder on whose behalf payment was made under this subdivision no later than the fifteenth day of the [third] [fourth](#) month following the close of the S corporation's taxable year a record of the amount of the tax paid on behalf of such shareholder by the S corporation with respect to the taxable year.

[\(B\) \(i\) If income from one or more pass-through entities, as defined in subparagraph \(D\) of this subdivision, is the only source of income derived from or connected with Connecticut sources of a shareholder, or the shareholder and his or her spouse if a joint federal income tax return is or shall be made, the filing by the S corporation of an annual return pursuant to section 12-726, as amended by this act, and the payment by the S corporation on behalf of the shareholder of the tax prescribed under subparagraph \(A\) of this subdivision shall satisfy the filing and payment requirements otherwise separately imposed on the shareholder by this chapter. The commissioner may make any deficiency assessment against, at the commissioner's sole discretion, either the S corporation or the shareholder, provided any such assessment against the shareholder shall be limited to the shareholder's share thereof. Except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the S corporation's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment to either the S corporation or the shareholder, in](#)

the commissioner's sole discretion. Except as otherwise provided in section 12-732, any such overpayment shall be refunded or credited not later than three years from the due date of the S corporation's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

(ii) If income from one or more pass-through entities, as defined in subparagraph (D) of subdivision (2) of subsection (b) of this section, is not the only source of income derived from or connected with Connecticut sources of a shareholder, or the shareholder and his or her spouse if a joint federal income tax return is or shall be made, nothing in this subdivision shall be construed as excusing the shareholder from the obligation to file his or her own separate tax return under this chapter. In such event, the shareholder shall receive credit for the income tax paid under this subdivision by the S corporation on his or her behalf. The commissioner may make any deficiency assessment that is related to the shareholder's share of S corporation items against either, in the commissioner's sole discretion, the S corporation or the shareholder. If the commissioner chooses to make any deficiency assessment against the S corporation, then, except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the S corporation's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment that is related to the shareholder's share of S corporation items to either, in the commissioner's sole discretion, the S corporation or the shareholder. If the commissioner chooses to refund or credit any overpayment to the S corporation, then, except as otherwise provided in section 12-732, any such overpayment shall be refunded or credited not later than three years from the due date of the S corporation's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

[(B)] (C) Notwithstanding the provisions of subparagraph (A) of this subdivision, an S corporation shall not be required to make a payment on account of the income tax imposed on a shareholder for a taxable year pursuant to this chapter if (i) the shareholder's distributive share of S

corporation income, to the extent derived from or connected with sources within this state, as reflected on the S corporation's annual return for the taxable year under section 12-726, is less than one thousand dollars; or (ii) the department has determined by regulation, ruling or instruction that the shareholder's income is not subject to the provisions of this subdivision. [; or (iii) the shareholder has elected to be included in a group return being filed by the S corporation under subdivision (2) of this subsection.]

[(C)] (D) For purposes of this subdivision, the provisions of [subparagraph (C)] subparagraphs (D) and (E) of subdivision [(3)] (2) of subsection (b) of this section apply.

Sec. 6. Section 12-726 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2006*):

(a) Each partnership having any income derived from or connected with sources within this state, determined in accordance with the provisions of this chapter, shall make a return for the taxable year setting forth all items of income, gain, loss and deduction, and the name, address and Social Security or federal employer identification number of each partner, whether or not a resident of this state, the amount of each partner's distributive share of (1) such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, (2) any modification described in section 12-701, as amended, which relates to an item of such partnership's income, gain, loss or deduction, (3) such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter, and (4) any modification described in section 12-701, as amended, which relates to an item of such partnership's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter, and such other pertinent information as the Commissioner of Revenue Services may prescribe by regulations and instructions. Such return shall be filed on or before the fifteenth day of the fourth month following the close of each taxable year. The partnership shall, on or before the day on which such return is filed, furnish to each person who was a partner during the taxable year a copy of such information as shown on the return. [The partnership shall attach to its return a list showing the name and Social Security number

of each partner included in a group return under subdivision (2) of subsection (b) of section 12-719 for the taxable year within or with which the taxable year of the partnership ends.]

(b) Each S corporation having any income derived from or connected with sources within this state, determined in accordance with the provisions of this chapter, shall make a return for the taxable year setting forth all items of income, gain, loss and deduction, and the name, address and Social Security or federal employer identification number of each shareholder, whether or not a resident of this state, the amount of each shareholder's pro rata share of (1) such S corporation's separately and nonseparately computed items, as described in Section 1366 of the Internal Revenue Code, (2) any modification described in section 12-701, [as amended](#), which relates to an item of such S corporation's income, gain, loss or deduction, (3) such S corporation's separately and nonseparately computed items, as described in Section 1366 of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter, and (4) any modification described in section 12-701, [as amended](#), which relates to an item of such S corporation's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter, and such other pertinent information as the Commissioner of Revenue Services may prescribe by regulations and instructions. Such return shall be filed on or before the fifteenth day of the fourth month following the close of each taxable year. The S corporation shall, on or before the day on which such return is filed, furnish to each person who was a shareholder during the taxable year a copy of such information as shown on the return. [The S corporation shall attach to its return a list showing the name and Social Security number of each shareholder included in a group return under subdivision (2) of subsection (c) of section 12-719 for the taxable year within or with which the taxable year of the S corporation ends.]

Sec. 7. Subsection (f) of section 12-217e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2006*):

(f) [Any taxpayer claiming the credit allowed by this section shall submit to the Commissioner of Revenue Services a copy of the applicable eligibility certificate with his tax return in each income year for which a deduction is claimed.] [The Commissioner of Economic and Community Development](#)

shall, upon request, provide a copy of the applicable eligibility certificate to the Commissioner of Revenue Services.

Sec. 8. Subsections (e) and (f) of section 12-217n of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2006*):

(e) In addition to the wage base test set forth in subsection (f) of this section, any aerospace company or in the case of a combined return, any combined group including an aerospace company, shall be subject to this subsection for any income year commencing on or after January 1, 1993, and prior to January 1, 1996. For purposes of this subsection, an aerospace company is any taxpayer, whether or not included in a combined return, engaged principally in the aerospace industry whose research and development expenses during each of the income years beginning on or after January 1, 1990, 1991 and 1992, respectively, exceeded two hundred million dollars. No aerospace company, or in the case of a combined return, a combined group including an aerospace company, shall be allowed any credit under this section for any income year to which this subsection applies in which the aggregate transfers by an aerospace company, if any, of historical economic base functions outside of this state, other than to a location outside the United States, since January 1, 1993, through the end of such income year, have materially reduced the historical economic base functions in this state. For purposes of this subsection, the historical economic base functions shall be those economic base functions conducted by an aerospace company, which need not be all economic base functions of the aerospace company, in this state on January 1, 1993, whose continuance in this state, as determined by the commissioner in his discretion, will further the policies set forth in section 32-221. Such historical economic base functions shall be set forth in a binding memorandum of understanding between the commissioner and an aerospace company that may be entered into at any time prior to the expiration of the first income year to which this subsection applies, with sufficient specificity to allow the commissioner and the aerospace company to determine in all income years subject to this subsection whether there has been such a reduction in said historical economic base functions. As a prerequisite to the allowance of any credit otherwise allowable under this section for any income year to which this subsection applies, each aerospace company shall obtain a certificate of eligibility issued by the commissioner to the aerospace company

for such income year. The aerospace company shall [within]not later than sixty days [of] after the close of each income year to which this subsection applies certify to the commissioner that there has been no such aggregate material reduction in the historical economic base functions in this state for the income year just completed that otherwise has not been offset as provided below. Within sixty days thereafter, the commissioner shall review the certification and, if the commissioner determines that there has been no such net aggregate material reduction in the historical economic base functions in this state, the commissioner shall issue a certificate of eligibility for said income year. The following shall not constitute a material reduction in the historical economic base functions in this state: (1) A reduction of not more than two per cent of the historical economic base functions; (2) transfer of an historical economic base function to a person in this state; (3) transfer of a historical economic base function outside of the United States; or (4) reductions in historical economic base functions attributable to reductions in volume, productivity improvements or the discontinuance of operations due to obsolescence or the like. Any transfers that may otherwise be counted in determining if a material reduction occurred may be offset to the extent economic base functions listed in, or comparable to those listed in, the memorandum of understanding are increased in this state, transferred into this state, or established in this state. Any such increase, transfer or establishment made during an income year, or subsequent to such income year but prior to the filing of the return for such income year, shall be effective for such income year and all income years thereafter. The commissioner may issue or reissue a certificate of eligibility for the applicable income year following any such offset. [The aerospace company, or in the case of a combined return including an aerospace company, the combined group, shall include its certificate of eligibility and memorandum of understanding with its corporation business tax return for any applicable income year. Information provided under this subsection and subsection (f) of this section shall be treated as provided in subsection (k) of section 32-11a.] The commissioner shall, upon request, provide a copy of the certificate of eligibility and memorandum of understanding to the Commissioner of Revenue Services.

(f) The tentative credit allowable to the taxpayer, or in the case of a combined return, the combined group, that pays or incurs research and development expenses in excess of two hundred million dollars for the income year shall be

reduced for any income year in which the workforce reductions, if any, exceed the percentages set forth below. For purposes of this subsection, workforce reductions shall be reductions of the historical Connecticut wage base of the taxpayer, or in the case of a combined return, the combined group, as a result of the transfer outside of this state, other than to a location outside the United States, of work done by employees of the taxpayer, or in the case of a combined return, the combined group. Such reduction in the tentative credit shall be as follows: (1) If the historical Connecticut wage base for the income year is so reduced by not more than two per cent, the tentative credit allowable for the income year shall not be reduced; (2) if the historical Connecticut wage base for the income year is so reduced by more than two per cent but not more than three per cent, the tentative credit allowable for the income year shall be reduced by ten per cent; (3) if the historical Connecticut wage base for the income year is so reduced by more than three per cent but not more than four per cent, the tentative credit allowable for the income year shall be reduced by twenty per cent; (4) if the historical Connecticut wage base for the income year is so reduced by more than four per cent but not more than five per cent, the tentative credit allowable for the income year shall be reduced by forty per cent; (5) if the historical Connecticut wage base for the income year is so reduced by more than five per cent but not more than six per cent, the tentative credit allowable for the income year shall be reduced by seventy per cent; and (6) if the historical Connecticut wage base for the income year is so reduced by more than six per cent, no credit for the income year shall be allowed. The Connecticut wage base for any income year shall be the total wages assigned to Connecticut for such income year under section 12-218 excluding wages paid to the ten most highly-compensated executives of the taxpayer, or in the case of a combined return, the combined group, and any compensation that does not subject the recipient thereof to federal income tax thereon in said income year. The historical Connecticut wage base shall be the Connecticut wage base for the third full income year immediately preceding the current income year; provided the historical Connecticut wage base for the first three income years commencing on or after January 1, 1993, shall be the Connecticut wage base for May 1993, converted to an annual basis. The following shall not constitute a workforce reduction for any income year: (A) A reduction of wages attributable to the transfer of work done by a taxpayer, or in the case of a combined return, by the combined group, in this state to a party in this state; (B) a reduction of wages attributable to the transfer of work done by a taxpayer, or in the case of

a combined return, by the combined group, outside the United States; or (C) a reduction in wages attributable to reductions in volume, productivity improvements or the discontinuance of operations due to obsolescence or the like. Solely for purposes of determining whether the allowable credit is to be reduced under this subsection for any income year, the Connecticut wages attributable to any new jobs or jobs moved into this state by the taxpayer, or in the case of a combined return, the combined group, during such income year or subsequent to such income year but prior to the filing of the return for such income year shall be an offset to any workforce reduction of a taxpayer, or in the case of a combined return, the combined group, for said income year. A new job shall be a job that did not exist in the business of a taxpayer, or in the case of a combined return, a member of the combined group, in this state at the end of the income year just completed. Notwithstanding subsection (g) of this section, a taxpayer may elect for any income year to separately compute its allowable tentative credit under this subsection for any one or more business units that had gross revenues for such income year in excess of one hundred million dollars. Any taxpayer subject to this subsection shall [within] [not later than](#) sixty days [of] [after](#) the close of each income year certify to the commissioner whether or not there has been any workforce reduction for the income year just completed, the amount thereof, and any offsets thereto as provided above. [Within] [Not later than](#) sixty days thereafter, the commissioner shall review the certification and, if the commissioner determines that there has been no more than a six per cent workforce reduction, net of any such offsets, the commissioner shall issue a certificate of eligibility stating the amount of net workforce reduction so determined for said income year, if any. The commissioner shall not issue a certificate of eligibility for any income year in which the commissioner determines that there has been more than a six per cent net workforce reduction. [The taxpayer, or in the case of a combined return, the combined group, shall file such a certificate of eligibility with any return on which a credit subject to this subsection is claimed.] [The commissioner shall, upon request, provide a copy of the certificate of eligibility to the Commissioner of Revenue Services.](#)

Sec. 9. Subsection (d) of section 12-217p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2006*):

(d) [Any business firm claiming the credit allowed by this section shall submit documentation to the Commissioner of Revenue Services that the revolving loan fund complies with written procedures for revolving loan funds established by the Connecticut Housing Finance Authority under subsection (c) of this section.] The Connecticut Housing Finance Authority shall, upon request, provide written confirmation to the Commissioner of Revenue Services that an employer revolving loan fund complies with the written procedures established pursuant to subsection (c) of this section.

Sec. 10. Subsection (d) of section 12-217t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2006*):

(d) In the case of leased electronic data processing equipment, the lessee, not the lessor, shall be entitled to claim the credit allowed pursuant to this section if the lease by its terms or operation imposes on the lessee the cost of the personal property taxes on such equipment, provided the lessor and lessee may elect, in writing, that the lessor may claim the credit provided by this section. [Such election shall be attached to the tax return filed by the lessor on which such credit is claimed.] The lessor shall provide a copy of such election to the Commissioner of Revenue Services, upon the request of said commissioner.

Sec. 11. Subsection (j) of section 12-217u of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2006*):

(j) [Any taxpayer claiming a credit allowed under this section shall submit to the Commissioner of Revenue Services a copy of the certificate of eligibility with its tax return for each income year for which the credit is claimed.] The commissioner shall, upon request, provide a copy of the certificate of eligibility to the Commissioner of Revenue Services.

Sec. 12. Section 12-256 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2006, and applicable to quarterly periods commencing on and after said date*):

[(a) Each person carrying on an express business on railroads, and each person conducting a telegraph or cable business shall pay an annual tax upon

the gross earnings from (1) the routes in this state in the case of any person carrying on such an express business, and (2) the lines in this state in the case of any person conducting a telegraph or cable business, provided in the case of a person conducting a telegraph business the tax imposed under this section shall only be applicable with respect to a person conducting such business, and the services offered by such person, subject to tax under this section on January 1, 1986. No deduction shall be allowed from such gross earnings from operations for commissions, rebates or other payments, except such refunds as arise from errors or overcharges. Each such person shall, on or before April first, annually, render to the Commissioner of Revenue Services a return signed by the treasurer, or the person performing the duties of treasurer, or an authorized agent or officer of the business or system operated by such person, on forms prescribed or furnished by the commissioner specifying: The name and location within this state of such business or system or, if it has no location within this state, where such business or system is located; the total amount of gross earnings subject to the tax imposed under this section for the year ending the thirty-first day of December next preceding or for each lesser period of consecutive time during such year, each such year or period being in this chapter and chapter 212a called a "tax year", in which business or operations were carried on in this state; the total miles of railway routes which each of the persons doing an express business was entitled to operate under contracts with railroad companies and the number of miles of such railway routes within this state on the first day and on the last day of the tax year; the total miles of wires operated by each of the persons conducting a telegraph or cable business and the total miles of such wires operated within this state on the first day and on the last day of the tax year.]

[(b)] (a) For purposes of this [subsection] [section](#), "quarterly period" means a period of three calendar months commencing on the first day of January, April, July or October and ending on the last day of March, June, September or December, respectively.

(b) Each person operating a community antenna television system under chapter 289 and each person operating a business that provides one-way transmission to subscribers of video programming by satellite shall pay a quarterly tax upon the gross earnings from (1) the lines, facilities, apparatus and auxiliary equipment in this state used for operating a community antenna

television system, or (2) the transmission to subscribers in this state of video programming by satellite, as the case may be. No deduction shall be allowed from such gross earnings for operations related to commissions, rebates or other payments, except such refunds as arise from errors or overcharges. On or before the last day of the month next succeeding each quarterly period, each such person shall render to the commissioner a return on forms prescribed or furnished by the commissioner, signed by the person performing the duties of treasurer or an authorized agent or officer of the system operated by such person, which return shall include information regarding the name and location within this state of such system and the total amount of gross earnings derived from such operations and such other facts as the commissioner may require for the purpose of making any computation required by this chapter. [This section shall not affect returns and taxes due on April 1, 2003, under the provisions of this section prior to February 28, 2003. For any tax due for the period September 1, 2003, to January 1, 2004, in the case of any person operating a business that provides one-way transmission to subscribers of video programming by satellite, said period shall be treated as a quarterly period for purposes of this subsection.]

Sec. 13. Section 12-258 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2006, and applicable to quarterly periods commencing on and after said date*):

(a) Each person included in section 12-256, as amended by this act, shall be taxed upon the amount of the gross earnings in each [tax year or quarterly period, as the case may be, from the lines, routes, or] quarterly period from the lines, facilities, apparatus and auxiliary equipment operated by it in this state, or from the transmission of video programming by satellite to this state, as the case may be, at the rates provided in this section.

(b) Gross earnings for any [tax year or] quarterly period, for the purposes of assessment and taxation, shall be as follows: In the case of a person carrying on the business wholly within the limits of this state, the entire amount of the gross earnings subject to the tax imposed under section 12-256, as amended by this act; in the case of a person also carrying on the business outside of this state, a portion of the entire amount of the gross earnings subject to the tax imposed under section 12-256, as amended by this act, apportioned to this state as follows: [In the case of a person carrying on an express business on railroads, such portion of the gross earnings of such person from the railway

routes operated by it as is represented by the ratio of the total number of miles of railway routes in this state which such person was entitled to operate under contracts with railroad companies on the first day and on the last day of such tax year to the total number of miles of such railway routes within and without this state on said dates; in the case of a person conducting telegraph or cable business, such portion of the total gross earnings from the lines operated by it as is represented by the ratio of the total number of miles of wires operated by such person within this state on the first day and on the last day of such tax year to the total number of miles of wires operated by such person both within and without this state on said dates; in] (1) In the case of a person operating a community antenna television system, such portion of the total gross earnings from the lines, facilities, apparatus and auxiliary equipment operated by it as is represented by the total number of miles of lines operated by such person within this state on the first day and on the last day of such quarterly period to the total number of miles of lines operated by such person both within and without the state on said dates; and (2) in the case of a person operating a business that provides one-way transmission to subscribers of video programming by satellite, such portion of the total gross earnings from the transmission to subscribers in this state as is represented by the total number of subscribers served by such person within this state on the first day and on the last day of such quarterly period to the total number of subscribers served by such person both within and without the state on said dates.

(c) The rates of tax on the gross earnings as determined in this section shall be as follows: (1) Persons [carrying on an express business, two per cent of such gross earnings; (2) persons conducting a telegraph or cable business, four and one-half per cent of such gross earnings; (3) persons] operating a community antenna television system, [and persons operating a business that provides one-way transmission to subscribers of video programming by satellite,] five per cent of such gross earnings, reduced by any assessments made pursuant to section 16-49 which are attributable to the year in which such tax is assessed; and (2) persons operating a business that provides one-way transmission to subscribers of video programming by satellite, five per cent of such gross earnings.

Sec. 14. Section 12-284b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "S corporation" means any corporation which is an S corporation for federal income tax purposes and which is [required to file an annual report with the Secretary of the State as provided in section 33-617] either (A) a domestic S corporation, or (B) a foreign S corporation that is required to obtain a certificate of authority from the Secretary of the State before transacting business in this state, whether or not it has obtained such a certificate;

(2) ["limited liability company" or "LLC"] "Limited liability company" means any limited liability company which is, for federal income tax purposes, either treated as a partnership, if it has two or more members, or disregarded as an entity separate from its owner, if it has a single member, and which is [required to file an annual report with the Secretary of the State as provided in section 34-112] either (A) a domestic limited liability company, or (B) a foreign limited liability company that is required to register with the Secretary of the State before transacting business in this state, whether or not it has so registered;

(3) ["limited liability partnership" or "LLP"] "Limited liability partnership" means any limited liability partnership which is [required to file an annual report with the Secretary of the State as provided in section 34-413] either (A) a domestic limited liability partnership, or (B) a foreign limited liability partnership that is required to file a certificate of authority with the Secretary of the State before transacting business in this state, whether or not it has filed such certificate;

(4) ["limited partnership" or "LP"] "Limited partnership" means any limited partnership which is [required to file an annual report with the Secretary of the State as provided in section 34-38n] either (A) a domestic limited partnership, or (B) a foreign limited partnership that is required under chapter 610 to register with the Secretary of the State before transacting business in this state, whether or not it has so registered; [and]

(5) ["taxable year"] "Taxable year" means taxable year, for federal income tax purposes;

(6) "Affected business entity" means any S corporation, limited liability company, limited liability partnership or limited partnership;

(7) "Domestic S corporation", "domestic limited liability company", "domestic limited liability partnership" or "domestic limited partnership" means any such corporation, company or partnership that is formed under the laws of this state; and

(8) "Foreign S corporation", "foreign limited liability company", "foreign limited liability partnership" or "foreign limited partnership" means any such corporation, company or partnership that is not a domestic corporation, company or partnership.

(b) Each limited liability company, limited liability partnership, limited partnership and S corporation shall be liable for the tax imposed by this section for each taxable year or portion thereof that such company, partnership or corporation is an affected business entity. Each affected business entity shall annually, on or before the fifteenth day of the fourth month following the close of its taxable year, pay to the Commissioner of Revenue Services a tax in the amount of two hundred fifty dollars. [With respect to taxable years commencing on or after January 1, 2003, and prior to January 1, 2004, any company subject to the tax imposed in accordance with this subsection shall pay, for each such taxable year, an additional tax in an amount equal to twenty per cent of the tax imposed under this subsection for such taxable year. The additional amount of tax for the taxable year commencing on or after January 1, 2003, shall constitute a part of the tax imposed by the provisions of this subsection and shall become due and be paid, collected and enforced as provided by in this section.]

(c) Upon failure of any [such limited liability company, limited liability partnership, limited partnership or S corporation] affected business entity to pay the tax due under this section within thirty days of the due date, the provisions of section 12-35 shall apply with respect to the enforcement of this section and the collection of such tax. The warrant therein provided for shall be signed by the commissioner or an authorized agent of the commissioner. The amount of any such tax, penalty and interest shall be a lien, from the thirty-first day of December next preceding the due date of such tax until discharged by payment, against all real estate of the taxpayer within the state, and a certificate of such lien signed by the commissioner may be filed for

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

(d) If any [limited liability company, limited liability partnership, limited partnership or S corporation] [affected business entity](#) fails to pay the amount of tax reported to be due on such entity's return within the time specified under the provisions of this section, there shall be imposed a penalty of fifty dollars, which penalty shall be payable to, and recoverable by, the commissioner in the same manner as the tax imposed under this section. Subject to the provisions of section 12-3a, the commissioner may waive all or part of the penalties provided under this section when it is proven to the commissioner's satisfaction that the failure to pay any tax was due to reasonable cause and was not intentional or due to neglect.

(e) If any tax is not paid when due as provided in this section, there shall be added to the amount of the tax interest at the rate of one per cent per month or fraction thereof from the date the tax became due until it is paid.

(f) If the commissioner is satisfied beyond a reasonable doubt that the failure to file a return or to pay the tax was due to reasonable cause and was not intentional or due to neglect, the commissioner may abate or remit the whole or any part of any penalty under this section.

(g) The provisions of sections 12-548 to 12-554, inclusive, and section 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections 12-548 to 12-554, inclusive, and section 12-555a had been incorporated in full into this section

and had expressly referred to the tax under this section, except to the extent that any such provision is inconsistent with a provision of this section.

Sec. 15. Subdivision (2) of subsection (b) of section 12-392 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) Any tax return or other document, including any amended tax return [or affidavit] under section 12-398, [as amended](#), that is required to be filed under this chapter shall be filed, and shall be treated as filed, only if filed with both the Commissioner of Revenue Services and the court of probate for the district within which the decedent resided at the date of his death or, if the decedent died a nonresident of this state, in the court of probate for the district within which real estate or tangible personal property of the decedent is situated. The return shall contain a statement, to be signed under penalty of false statement by the person who is required to make and file the return under this chapter, that the return has been filed with both the Commissioner of Revenue Services and said court of probate.

Sec. 16. Subdivision (6) of subsection (b) of section 12-392 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) The commissioner shall provide notice of any (A) deficiency assessment with respect to the payment of any tax under this chapter, (B) assessment with respect to any failure to make and file a return under this chapter by a person required to file, and (C) tax return or other document, including any amended tax return [or affidavit] under section 12-398, [as amended](#), that is required to be filed under this chapter to the court of probate for the district within which the commissioner contends that the decedent resided at the date of his death or, if the decedent died a nonresident of this state, to the court of probate for the district within which the commissioner contends that real estate or tangible personal property of the decedent is situated.

Sec. 17. Subsection (f) of section 12-436 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(f) Any distributor shipping any alcoholic beverages into any military reservation located within the territorial boundaries of this state shall, [file with the commissioner a duplicate] upon request by the commissioner, provide such commissioner with a copy of the invoice showing the quantities of alcoholic beverages shipped and the classification thereof within the provisions of this chapter.

Sec. 18. Section 12-437 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2006, and applicable to returns for calendar months commencing on or after said date*):

Each distributor shall, on or before the last day of each month, file with the Commissioner of Revenue Services a return [under oath], on forms to be prescribed and furnished by [him] such commissioner and signed under penalty of false statement by its treasurer or an authorized agent or officer, showing, for the preceding calendar month or any portion thereof during which [he] such taxpayer was a distributor: (1) The total number of gallons of each kind of alcoholic beverage set forth in section 12-435 constituting the inventory of the distributor at the beginning of such calendar month or portion thereof; (2) the total number of gallons of each kind of such alcoholic beverage purchased by the distributor during such calendar month or portion thereof; (3) the total number of gallons of each kind of alcoholic beverage set forth in section 12-435 constituting the inventory of the distributor at the end of such calendar month or portion thereof; (4) the total number of gallons of alcoholic beverages disposed of by the distributor during such calendar month or portion thereof; (5) the total number of gallons of each kind of such alcoholic beverage sold by the distributor during such calendar month or portion thereof to another licensed distributor; (6) the total number of gallons of each kind of such alcoholic beverage sold by the distributor during such calendar month, or portion thereof, which, in the course of the sale, was transported outside of the state; (7) the amount of the tax payable for such calendar month or portion thereof, as provided in this chapter; and (8) such additional information as the commissioner requires for the proper administration of this chapter. The Commissioner of Revenue Services shall also prescribe and furnish a different type of form, to be used by brewers and manufacturers, on which returns shall be made to the Commissioner of Revenue Services on or before the last day of each month for the preceding

calendar month or any portion thereof during which the taxpayer is engaged in business as a brewer or manufacturer.

Sec. 19. Section 12-636 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The decision of the Commissioner of Revenue Services to approve or disapprove a proposal pursuant to the provisions of section 12-632 shall be in writing, and, if [he] [said commissioner](#) approves the proposal, [he] [said commissioner](#) shall state the maximum credit allowable to the business firm. [A copy of such decision shall be attached to the tax return of the business firm upon which the tax credit granted pursuant to this chapter is claimed.]

Sec. 20. Subsection (k) of section 32-9t of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(k) [Each taxpayer claiming the credit allowed under this section shall submit to the Commissioner of Revenue Services a copy of the eligibility certificate issued under subsection (h) of this section with its tax return for each taxable year for which a credit is claimed.] [The commissioner shall, upon request, provide a copy of the eligibility certificate issued under subsection \(h\) of this section to the Commissioner of Revenue Services.](#)

Sec. 21. Subsection (h) of section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(h) [Each taxpayer claiming the credit allowed under this section shall submit to the Commissioner of Revenue Services a copy of the eligibility certificate and the certification required under subsection (g) of this section with its tax return for each taxable year for which a credit is claimed.] [The commissioner shall, upon request, provide a copy of the eligibility certificate and the certification required under subsection \(g\) of this section to the Commissioner of Revenue Services.](#)

Approved June 6, 2006