



Personal Taxes

Purpose: This Informational Publication includes information on the income and alternative minimum taxes, admissions and dues tax, sales and use taxes, and estate, gift, real estate conveyance, alcoholic beverages, cigarette, motor vehicle fuels, and property taxes.

Income Tax

The Connecticut income tax applies to Connecticut residents, part-year residents, and nonresidents who have income from Connecticut sources. The tax is computed on your **Connecticut taxable income**. See the Connecticut instruction booklets for **Form CT-1040**, *Connecticut Resident Income Tax Return*, and **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*.

Income Tax Return: For calendar year filers, the Connecticut income tax return is due on or before **April 15 of the next calendar year**. If you are not a calendar year filer, your return is due on or before the fifteenth day of the fourth month following the close of your taxable year. If the due date falls on a Saturday, Sunday, or legal holiday, the Connecticut income tax return will be treated as timely if the return is mailed or transmitted on the next business day. You may be required to file an income tax return even if you do not owe any tax. Information on filing requirements is included in all Connecticut income tax instruction booklets. Residents must file Form CT-1040 and nonresidents and part-year residents must file Form CT-1040NR/PY.

Income Subject to Tax: Generally, income **included** in your federal adjusted gross income is subject to Connecticut income tax and income **excluded** from your federal adjusted gross income is **not** subject to Connecticut income tax. For example, interest from Connecticut state or local bonds is not subject to federal or Connecticut income tax. Likewise, the gain from the sale of your primary residence is subject to Connecticut income tax only to the extent it is subject to federal income tax.

Modifications to Federal Adjusted Gross Income: Certain income is treated differently for Connecticut income tax purposes than it is for federal income tax purposes.

You must make the appropriate modifications to your federal adjusted gross income to compute your Connecticut adjusted gross income (AGI) if you have:

- Social security benefits;
- Refunds of state and local income taxes;
- Interest or dividend income from U.S. government obligations, for example, U.S. Savings Bonds or Treasury Notes;
- Interest income from bonds issued by another state;
- Gain or loss on the sale of Connecticut state and local government bonds;
- Interest, dividends, or capital gain earned on contributions to accounts established for a designated beneficiary under the Connecticut Homecare Option Program for the Elderly;
- Contributions to a Connecticut Higher Education Trust (CHET) account or accounts;
- Retirement pay from the U.S. government to a retired member of the armed forces of the United States, the National Guard, or to a beneficiary receiving survivor benefits under an option or election made by a deceased retired military member;
- Domestic production activity deduction allowed under Internal Revenue Code (IRC) §199; **or**
- Any other allowable addition or subtraction modification.

Allowable modifications are explained in the instruction booklets for Form CT-1040 or Form CT-1040NR/PY. See the section for *Schedule 1*.

Filing Status Options: The Connecticut filing status options are single, filing jointly for federal and Connecticut, filing jointly for Connecticut only, filing separately for federal and Connecticut, filing

separately for Connecticut only, head of household, and qualifying widow(er) with dependent child.

Any reference in this publication to filing jointly includes filing jointly for federal and Connecticut and filing jointly for Connecticut only. Likewise, filing separately includes filing separately for federal and Connecticut and filing separately for Connecticut only.

Tax Rate: The rate of tax for Connecticut taxable income for single filers and taxpayers filing separately is:

- 3% on the first \$10,000;
- 5% of the excess over \$10,000, but not over \$500,000; **and**
- 6.5% of the excess over \$500,000.

The rate of tax for Connecticut taxable income for head of household filers is:

- 3% on the first \$16,000;
- 5% of the excess over \$16,000, but not over \$800,000; **and**
- 6.5% of the excess over \$800,000.

The rate of tax for Connecticut taxable income for taxpayers filing jointly and qualifying widow(er) with dependent child is:

- 3% on the first \$20,000;
- 5% of the excess over \$20,000, but not over \$1,000,000; **and**
- 6.5% of the excess over \$1,000,000.

Taxable Income: To compute your Connecticut taxable income, subtract your personal exemption from Connecticut AGI. If your Connecticut AGI is less than or equal to the maximum personal exemption amount for your filing status, you do not owe any Connecticut income tax.

Maximum personal exemption amounts are:

\$12,000 filing separately

For every \$1,000 (or part of \$1,000) of Connecticut AGI over \$24,000, the personal exemption amount is reduced by \$1,000.

\$13,000 single filers (for 2010 through 2011 taxable years)

For every \$1,000 (or part of \$1,000) of Connecticut AGI over \$26,000, the personal exemption amount is reduced by \$1,000.

\$19,000 head of household

For every \$1,000 (or part of \$1,000) of Connecticut AGI over \$38,000, the personal exemption amount is reduced by \$1,000.

\$24,000 filing jointly or qualifying widow(er) with dependent child

For every \$1,000 (or part of \$1,000) of Connecticut AGI over \$48,000, the personal exemption amount is reduced by \$1,000.

Computing Your Income Tax: The example below shows how to compute the income tax liability for a resident couple filing jointly. The tax is rounded to the nearest whole dollar.

CT AGI	\$45,000
Personal exemption	<u>-24,000</u>
CT taxable income	\$21,000

Calculation of Tax

Income taxable at 3%	\$20,000
Tax rate (.03)	<u>x .03</u>
Tax	\$600

Income taxable at 5%	\$1,000
Tax rate (.05)	<u>x .05</u>
Tax	\$50

Total tax \$650

Personal tax credit

Total tax of \$650 x 15% from Table C in the Form CT-1040 Connecticut resident income tax instructions booklet (\$98)

Tax due before subtracting any property tax credit **\$552**

Property Tax Credit: A property tax credit is also available to resident individuals for property taxes paid to a Connecticut political subdivision on a primary residence, a motor vehicle, or both. Generally, this credit is allowed for property tax bills first becoming **due** during a taxable year and **paid** during the taxable year. The maximum property tax credit is \$500 per return for the 2010 taxable year. Depending on the amount of property taxes you paid to a Connecticut municipality and your Connecticut AGI, the property tax credit may be reduced or you may not be eligible for a credit. The amount of credit is reduced by 10% for each \$10,000 or fraction of \$10,000 increase in Connecticut AGI. The property tax credit AGI limitation of is \$56,500 for any taxpayer who files as single for the 2010 and 2011 taxable years.

Spouses or civil union partners who file a joint Connecticut income tax return may include property tax bills for which each spouse is individually or jointly liable. If you are claiming a property tax credit, you must complete and attach the property tax schedule to your return or the DRS will disallow your credit.

See **Informational Publication 2010(23)**, *Q & A: Income Tax Credit for Property Taxes Paid to a Connecticut Political Subdivision*.

Credit for Income Taxes Paid to a Qualifying Jurisdiction: If you are a **resident** of Connecticut and any part of your income was taxed by a **qualifying jurisdiction** or if you are a **part-year resident** of Connecticut and any part of your income earned during the residency portion of your taxable year was taxed by a **qualifying jurisdiction**, you may be able to claim a credit against your Connecticut income tax liability for qualifying income tax payments you made. See the current year instruction booklets for Form CT-1040 and Form CT-1040NR/PY.

Estimated Income Tax Filing Requirements: You must make estimated Connecticut income tax payments if your Connecticut income tax due after tax credits minus Connecticut income tax withheld is **\$1,000 or more** and you expect your Connecticut income tax withheld to be less than your required annual payment. Estimated payments are generally made in four equal installments: April 15, June 15, September 15 of the current year, and January 15 of the following year.

However, if your income varies throughout the year, you may be able to reduce or eliminate the amount of one or more estimated payments by using the annualized installment method. See **Informational Publication 2010(27)**, *Estimated Connecticut Income Taxes*, and **Informational Publication 2010(28)**, *A Guide to Calculating Your Annualized Estimated Income Tax Installments and Worksheet CT-1040 AES*.

Alternative Minimum Tax

The Connecticut alternative minimum tax is a tax imposed on certain individuals, estates, and trusts in addition to the regular Connecticut income tax. Taxpayers who are subject to and required to pay the federal alternative minimum tax are subject to the Connecticut alternative minimum tax.

The **Connecticut alternative minimum tax** is the lesser of:

- 19% of your adjusted federal alternative minimum tax; **or**
- 5.5% of your adjusted federal alternative minimum taxable income.

The tax must be reported on **Form CT-6251**, *Connecticut Alternative Minimum Tax Return—Individuals*. See **Informational Publication 2005(31)**, *Q & A: The Connecticut Alternative Minimum Tax*.

Sales and Use Taxes

A 6% tax is imposed on the sale or rental of most goods and the sale of certain services. However, there are exemptions such as food, all purchases made in the supplemental nutrition assistance program, yarn, utility charges for residential property, household fuel, prescription drugs, compact fluorescent light bulbs, certain nonprescription drugs, clothing under \$50, newspapers, magazines by subscription, materials for noncommercial sewing used to make clothing, and Internet access services. Computer and data processing services are taxable at 1%.

When the seller of goods or provider of taxable services does not collect sales tax, the buyer must pay use tax at the same rate as the sales tax. If you purchase goods from mail order, catalog companies, or over the Internet and have the goods shipped to Connecticut, you must pay Connecticut use tax if you did not pay Connecticut sales tax. If you purchase goods at out-of-state locations for use in Connecticut and the tax paid is less than the Connecticut tax, you must pay the difference between the Connecticut tax and the tax paid in the other state. If all the items purchased and brought into Connecticut at one time total \$25 or less, you do not have to pay Connecticut use tax. The \$25 exemption does not apply to items shipped or mailed to you.

You pay the use tax for purchases you made during the prior calendar year on your Connecticut income tax return or on **Form OP-186**, *Connecticut Individual Use Tax Return*, on or before April 15. See **Informational Publication 2009(33)**, *Q & A on the Connecticut Individual Use Tax*.

Estate Tax

The *Connecticut taxable estate* is the sum of:

- A. The total value of the decedent's federal gross estate less allowable deductions other than the deduction for state death taxes paid under IRC §2058; **and**
- B. The aggregate amount of Connecticut taxable gifts made by the decedent during his or her lifetime for all calendar years beginning on or after January 1, 2005.

For estates of decedents dying on or after January 1, 2005, but before January 1, 2010: Resident and nonresident estates are liable for the Connecticut estate tax if the amount of the Connecticut taxable estate is more than \$2 million. If the Connecticut taxable estate exceeds \$2 million, Connecticut estate tax is payable on the total amount including the first \$2 million. A resident estate is an estate of a decedent who at the time of death was domiciled in Connecticut.

For estates of decedents dying on or after January 1, 2010: Resident and nonresident estates are liable for the Connecticut estate tax if the amount of the Connecticut taxable estate is more than \$3.5 million. Connecticut estate tax is payable only on the amount of the Connecticut taxable estate that exceeds \$3.5 million.

If Connecticut estate and gift tax is due, the estate must file **Form CT-706/709**, *Connecticut Estate and Gift Tax Return*, with DRS. A copy of Form CT-706/709 must also be filed with the appropriate Connecticut probate court.

If Connecticut estate and gift tax is not due, the estate must file **Form CT-706 NT**, *Connecticut Estate Tax Return (For Nontaxable Estates)*, with the Connecticut probate court for the district in which the decedent resided at the date of death or, if the decedent died as a nonresident of Connecticut, with the Connecticut probate court for the district in which the decedent's real property or tangible personal property is located.

See **Special Notice 2005(10)**, *2005 Legislation Repealing the Succession Tax and Amending the Connecticut Gift Tax and the Connecticut Estate Tax*, **Special Notice 2006(5)**, *2006 Legislation and Other Developments Affecting the Connecticut Estate and Gift Taxes*, and **Special Notice 2009(8)**, *2009 Legislative Changes Affecting the Connecticut Estate Tax and the Connecticut Gift Tax*.

Gift Tax

If you made a gift, you may be required to file federal Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, and Form CT-706/709.

The Connecticut gift tax applies to Connecticut taxable gifts, which are federal taxable gifts made by a resident or nonresident of Connecticut on or after January 1, 2005:

- For a donor who is a Connecticut resident, the taxable gifts include real property or tangible personal property located in Connecticut as well as intangible personal property wherever located; **and**
- For a donor who is a nonresident of Connecticut, the taxable gifts include only real property or tangible personal property located in Connecticut.

A Connecticut gift tax return must be filed to report all Connecticut taxable gifts made in any calendar year on or after January 1, 2005, even though Connecticut gift tax may not be due.

For gifts made on or after January 1, 2005, but before January 1, 2010: Connecticut gift tax is payable only when the aggregate amount of all Connecticut taxable gifts made by the donor on or after January 1, 2005, exceeds \$2 million. Once the \$2 million threshold is exceeded, Connecticut gift tax is payable on the aggregate amount of Connecticut taxable gifts including the first \$2 million.

For gifts made on or after January 1, 2010: Connecticut gift tax is payable only when the aggregate amount of all Connecticut taxable gifts made by the donor on or after January 1, 2005, exceeds \$3.5 million. Once the \$3.5 million threshold is exceeded, Connecticut gift tax is payable only on the amount of Connecticut taxable gifts that exceeds \$3.5 million.

A credit is allowed for Connecticut gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005. However, the credit **cannot** exceed the amount of the Connecticut gift tax.

See SN 2005(10), SN 2006(5), and SN 2009(8).

Local Real Estate and Personal Property Taxes

State law governs the manner in which a city or town assessor determines property assessments and the procedures tax collectors use to collect property taxes. State law also authorizes property tax exemptions, credits, and abatements. For more information on property tax, write to Office of Policy and Management, Intergovernmental Policy Division, 450 Capitol Avenue, Mail Stop 54 GSU, Hartford CT 06106-1379, or visit the website of the Office of Policy and Management at www.ct.gov/OPM and select *Intergovernmental* from the *Offices & Divisions* pull down menu. Scroll down to *Intergovernmental Affairs Unit* and select *Statutes Relating to Assessment and Taxation*. You may also obtain specific information from a city or town assessor.

October 1 is the assessment date for all municipalities. All owners of personal property, other than registered motor vehicles, must file a declaration with the assessor on or before **November 1**.

Homeowner/Renter Tax Credit: An annual property tax credit or rent rebate is available to residents age 65 or older or to a surviving spouse age 50 or older who meet certain residence and income requirements.

Regardless of age, a totally and permanently disabled person is also eligible for the tax credit or rent rebate if he or she meets the requirements. Contact the assessor in your town or city for details and forms.

Veteran Exemption: A variable, annual tax exemption on the assessed value of an owner-occupied dwelling or on a motor vehicle is available to any qualified veteran or surviving spouse. Contact the assessor in your town or city for details and forms.

Real Estate Conveyance Tax

A state and municipal real estate conveyance tax is imposed on deeds conveying an interest in realty where the consideration for the interest in property equals or exceeds \$2,000. A deed for no consideration or less than \$2,000 in consideration is not taxable for real estate conveyance tax but may be subject to gift tax or gift tax filing requirements.

The following deeds are exempt from the state real estate conveyance tax, but subject to the municipal real estate conveyance tax: a deed conveying the principal residence of any person receiving property

tax benefits for the elderly; **and** deeds transferring realty in enterprise zones, enterprise corridor zones, and entertainment districts. For deeds that are exempt from both the state real estate conveyance tax and the municipal real estate conveyance tax, see **Form OP-236I**, *Line Instructions for the OP-236, Real Estate Conveyance Tax Return*.

The state tax rate on the consideration received for the real estate is as follows:

Type of Real Estate	Rate
Unimproved land	0.5%
Residential property (other than residential dwelling)	0.5%
Nonresidential property (other than unimproved land)	1.0%
Residential dwelling (portion not exceeding \$800,000)	0.5%
Residential dwelling (portion exceeding \$800,000)	1.0%
Property conveyed by a delinquent mortgagor*	0.5%

* If mortgage payments are delinquent for six months or more and property is conveyed to a financial institution.

The grantor/seller conveying the property pays the state and municipal taxes. The grantor/seller must present separate checks, one payable to the town clerk and one payable to the Commissioner of Revenue Services, in payment of the municipal and state real estate conveyance taxes at the time the deed is presented for recording.

Succession Tax

The succession tax remains in effect for estates of all decedents dying prior to January 1, 2005.

Room Occupancy Tax

A room occupancy tax of 12% applies to the rental of rooms in a hotel or lodging house for 30 consecutive days or less. See **Policy Statement 2003(1)**, *Application of Sales and Use Taxes and the Room Occupancy Tax to the Hotel and Motel Industry*.

Alcoholic Beverages Tax, Cigarette Taxes, and Tobacco Products Tax

Alcoholic beverages tax, cigarette taxes, and tobacco products tax are included in the retail price of the items. In addition, 6% sales and use taxes apply at the time of sale.

The tax for alcoholic beverages that is imposed on licensed distributors is:

Alcoholic Beverage	Per Wine Gallon
Distilled liquor	\$4.50
Fortified and sparkling wines	\$1.50
Still wines	\$0.60
Still wines (from licensed farm winery)	\$0.15
Beer (\$3.00 per half barrel, \$1.50 per quarter barrel)	\$0.20
Liquor coolers	\$2.05

Alcohol in excess of 100 proof is taxed at \$4.50 per **proof gallon**. Most alcoholic cider is taxed at the beer rate.

You may legally bring into Connecticut up to four gallons of alcoholic beverages you bought or were given outside Connecticut. **Bringing alcoholic beverages into Connecticut** means personally carrying them into Connecticut or transporting them into Connecticut in a motor vehicle you are driving, or if you are returning by air, rail, bus, or water to Connecticut, placing them in your luggage being returned with you to Connecticut. Bringing alcoholic beverages into Connecticut does not include having alcoholic beverages shipped to you.

You **need** a permit to bring up to five gallons of alcoholic beverages into Connecticut when not personally carrying them. You will owe Connecticut use tax and Connecticut alcoholic beverages tax on the alcoholic beverages brought into the state. To report and pay Connecticut use tax and Connecticut alcoholic beverages tax, you must file **Form S&BT, Alcoholic Beverage Tax—Payment of Taxes Due on the Importation of Alcoholic Beverages**, along with either **Form BT-100, Alcoholic Beverage Tax—Application for Permission to Import Into Connecticut Alcoholic Beverages From Within the United States for Personal Consumption**, or **Form BT-101, Alcoholic Beverage Tax—Application for Permission to Import Into Connecticut Alcoholic Beverages From Outside the United States for Personal Consumption**, with DRS.

See **Informational Publication 2000(15), Bringing or Importing Alcoholic Beverages Into Connecticut**.

Under certain conditions, the direct shipment of wine to consumers and retailers in Connecticut may be authorized. See **Special Notice 2005(6), 2005 Legislation Affecting the Direct Shipment of Wine to State Residents**.

In Connecticut, the tax on cigarettes is \$3 per pack of 20 cigarettes, while the tax on most tobacco products excluding cigarettes is 27.5% of the wholesale sales price. The tax on snuff tobacco product is 55¢ per ounce.

Admissions and Dues Tax

The **dues tax** is a 10% tax levied on dues and initiation fees of a social, athletic, or sporting club either owned or operated by its members. The club is exempt from the dues tax if the annual dues of every member and any initiation fee are each \$100 or less.

Lawn bowling clubs are exempt from dues tax. See **Informational Publication 2003(11), Q & A: The Dues Tax**.

A 10% **admissions tax** applies to admission charges to any place of amusement, entertainment, or recreation. Charges over \$5 to motion picture shows are subject to 6% admissions tax.

Certain venues are specifically exempt from admissions tax. Productions featuring live entertainment by actors or musicians at nonprofit theaters and playhouses exempt under IRC §501 are exempt from the tax. Also exempt from the tax are admission charges of \$5 or less to motion picture shows and admission charges to carnivals, amusement rides, and cabaret establishments.

Motor Vehicle Fuels Tax

A tax is imposed on motor vehicle fuels used to propel motor vehicles on public roads and highways. The rate on gasoline or gasohol is 25¢ per gallon and the rate for diesel fuel is 39.6¢ per gallon.

Motor Vehicle Registration Fees

The Connecticut Department of Motor Vehicles (DMV) issues certificates of registration for motor vehicles and driver's licenses. For fee information, call the DMV at 1-800-842-8222 (Connecticut calls

outside the Greater Hartford calling area only) or 860-263-5700 (from anywhere) or visit the DMV website at www.ct.gov/dmv and select *Fees*.

Boat Registration Fees

There is an annual registration fee for boats in lieu of a local property tax. For fee information, call the DMV at 1-800-842-8222 (Connecticut calls outside the Greater Hartford calling area only) or 860-263-5700 (from anywhere) or visit the DMV website at www.ct.gov/dmv and select *Fees*.

Effect on Other Documents: This Informational Publication modifies and supersedes **Informational Publication 2009(25)**, *Personal Taxes*.

Effect of This Document: An Informational Publication issued by DRS addresses frequently-asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

For More Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

IP 2010(25)
Multiple
Personal Taxes
Issued: 01/18/2011

Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the *TSC* to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *e-alerts* from the left navigation bar.