

Tax Law Update

Crumbie Law Group

Winter 2015

Connecticut Tax Update

Department of Revenue Service Initiatives

2015 Developments

So far this year, only a few key issues from DRS have reached the public. Among them are:

Electronic Filing. Electronic filing requirements continue to expand. It appears from the December 2014 Instructions to Form CT-941 HHE that persons with domestic

and for annual filers, whose returns are now due January 20, 2016.

Tax Gap. The \$75 million state budget shortfall has been set at the doorstep of DRS by the legislature. DRS is now accessing a 1099-K data base to identify

The 1099-K program was legislated into being in 2008 and rolled out in 2011. Its real purpose is to track online sales. The Form 1099-K does not record refunds, charge backs or sales expenses.

employees will also now need to file electronically even where there is no withholding.

Sales and Use Tax Return

Due Dates. The due date for SUT returns has been moved up to the 20th of the month. The change goes into effect for monthly filers in January, 2015, with their returns now due February 20. It goes into effect for quarterly filers in Q1 with returns now due April 20

merchants which accept credit cards whose payments are processed by credit card companies which file Form 1099-K. DRS plans to levy against the amounts due to the merchants from the processors for amounts the merchants owe to the DRS. The Department has stated it will send a warning letter to those merchants affected.

Unitary Return?

•••

Connecticut is in the minority nationwide and alone in New England in that it requires separate returns for corporate business taxes. Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, New Jersey, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee and Virginia are the other states presently using separate corporate income tax returns. Since 2006, Massachusetts, Michigan, New York, Texas, Vermont and West Virginia have all adopted combined reporting. Rhode Island adopted combined reporting effective January 1, 2015, leaving Connecticut the only New England state without unitary corporate reporting.

Dan M. Smolnik
Attorney at Law
dsmolnik@crumbielaw.com

The information in this newsletter is not intended as legal or tax advice and is provided to illustrate general principles only.

Crumbie Law Group
100 Pearl Street
Hartford, Connecticut 06103
203.725.0025