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SPECIAL NOTICE

2013 Legislative Changes Affecting the Corporation Business Tax

20% Surtax Extended to 2014 and 2015 Income Years: The 20% surtax on the net income base and capital base portions of the corporation business tax has been extended to income years 2014 and 2015.

The surtax does not apply to any company whose tax is equal to \$250. Any company whose gross income is less than \$100 million is exempt from this surtax unless it files as part of a Connecticut combined corporation business tax return or as part of a Connecticut unitary return. The surtax is calculated without regard to any credit that may be applied against the corporation business tax.

Conn. Gen. Stat. §12-214, as amended by 2013 Conn. Pub. Acts 184, §73; Conn. Gen. Stat. §12-219, as amended by 2013 Conn. Pub. Acts 184, §74.

Apprenticeship Training Tax Credit: Beginning in income year 2015, the calculation of the Apprenticeship Training Tax Credit for manufacturing trades is adjusted. The tax credit allowed per apprentice is now the lesser of:

- \$6 per hour multiplied by the total number of: 1) hours worked by the apprentice during the first half of a two-year qualifying apprenticeship training program, or 2) hours worked by the apprentice during the first three-quarters of a four-year qualifying apprenticeship training program;
- 50% of the total wages paid to the apprentice during the: 1) first half of a two-year qualifying apprenticeship training program, or 2) first three-quarters of a four year qualifying apprenticeship training program;
or
- \$7,500.

Conn. Gen. Stat. §12-217g, as amended by 2013 Conn. Pub. Acts 265, §1.

Donation of Open Space Tax Credit & Donation of Land for Educational Use Tax Credit: Beginning in income year 2013, a tax credit for the donation of land for educational may be claimed under Conn. Gen. Stat. §12-217dd (the Donation of Open Space Tax Credit).

Previously, a credit for such a donation was allowed under Conn. Gen. Stat. §12-217ff (Donation of Land for Educational Use Tax Credit). Effective for donations made after January 1, 2013, no credits may be claimed under 12-217ff. However, any unutilized credits claimed under 12-217ff in income years prior to 2013 may be carried forward and utilized up to 15 years after they were claimed.

Conn. Gen. Stat. §12-217dd, as amended by 2013 Conn. Pub. Acts 232, §8; Conn. Gen. Stat. §12-217ff, as amended by 2013 Conn. Pub. Acts 232, §9.

Film Production Infrastructure Tax Credit: The Film Production Infrastructure Tax Credit is amended to allow taxpayers to claim the all or part of the tax credit in the income year when the expenditures were made for the infrastructure project or in the three succeeding income years. The time period to claim this tax credit is consistent with the time periods to claim the Film Production and Digital Animation Tax Credits.

Conn. Gen. Stat. §12-217kk, as amended by 2013 Conn. Pub. Acts 232, §10.

Film Production Tax Credit: For the period July 1, 2013 through June 30, 2015, tax credit vouchers may only be issued for motion pictures that were designated as state-certified qualified productions prior to July 1, 2013.

Notwithstanding this restriction, for the period July 1, 2014 through June 30, 2015, tax credit vouchers may be issued for motion pictures for which 25% or more

of the principal photography shooting days are in this state at a facility that receives not less than \$25 million in private investment and opens for business on or after July 1, 2013.

Conn. Gen. Stat. §12-217jj, as amended by 2013 Conn. Pub. Acts 247, §129 and 2013 Conn. Pub. Acts 184, §75.

Historic Homes Rehabilitation Tax Credit:

Effective July 1, 2015 and applicable beginning in income year 2015, the following aspects of the Historic Homes Rehabilitation Tax Credit are amended:

- The requirement that a historic home be located in a targeted area in order to be eligible for the tax credit is removed;
- The responsibility of managing this program is transferred to the Department of Economic and Community Development;
- The minimum amount of qualified rehabilitation expenditures that an owner must make to be eligible for a tax credit voucher is reduced to \$15,000; and
- The maximum amount of credit per dwelling is increased to \$50,000 for owners that are nonprofit corporations.

Conn. Gen. Stat. §10-416, as amended by 2013 Conn. Pub. Acts 266, §1.

Job Expansion Tax Credit: Under the prior law, taxpayers could claim this credit in the income year that a new employee, qualifying employee or veteran employee was hired and, if eligible, the next two income years. The new legislation provides that, on or after January 1, 2014, the Commissioner of Economic and Community Development has the discretion to approve the second or third year credit for new employees for whom a credit has previously been granted based on whether doing so is consistent with the state's economic development priorities. The new legislation does not change the approval process of this credit for qualifying or veteran employees for the second or third years.

The new legislation also changes the cap on the job expansion tax credit from \$20 million per year to \$40 million over the job expansion tax credit program's duration.

Conn. Gen. Stat. §12-217pp, as amended by 2013 Conn. Pub. Acts 232, §11.

Nonincremental Research and Development Expenses Tax Credit: In computing the amount of allowable Nonincremental Research and Development Expenses Tax Credit, a taxpayer is no longer required to reduce its otherwise qualifying expenses by the amount of excess grants to institutions of higher education for which credit was allowed under the Research and Development Tax Credit for Grants to Institutions of Higher Education.

As noted below, the Research and Development Tax Credit for Grants to Institutions of Higher Education was repealed.

Conn. Gen. Stat. §12-217n, as amended by 2013 Conn. Pub. Acts 232, §13.

Repeal of Tax Credits: The following tax credits have been repealed:

- Displaced Electrical Worker Tax Credit
Conn. Gen. Stat. §12-217bb, repealed by 2013 Conn. Pub. Acts 232, §18.
 - Displaced Worker Tax Credit
Conn. Gen. Stat. §12-217hh, repealed by 2013 Conn. Pub. Acts 232, §18.
 - Hiring Incentive Tax Credit
Conn. Gen. Stat. §12-217y, repealed by 2013 Conn. Pub. Acts 232, §18 and 2013 Conn. Pub. Acts 140, §22.
 - Research and Development Tax Credit for Grants to Institutions of Higher Education
Conn. Gen. Stat. §12-217l, repealed by 2013 Conn. Pub. Acts 232, §18.
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Effect on Other Documents: The Department is in the process of identifying those documents affected by the legislative changes described herein, and will update those publications as soon as practicable.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue Services (DRS).

For Further 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.

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 *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.