



25 Sigourney Street Ste 2  
Hartford CT 06106-5032

SPECIAL NOTICE

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## 2013 Legislative Changes Affecting the Income Tax

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**Earned Income Tax Credit:** For the taxable year beginning on January 1, 2013, the amount of the Connecticut Earned Income Tax Credit that a Connecticut resident taxpayer may claim is decreased to 25% of the earned income tax credit claimed and allowed on the federal return.

For the taxable year beginning on January 1, 2014, the amount increases to 27.5%. For taxable years beginning January 1, 2015, the amount increases to 30%.

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**Income Tax Fraud:** Beginning October 1, 2013, income tax fraud is a class D felony, which carries a fine of not more than \$5,000, imprisonment for not more than five years, or both.

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**Job Expansion Tax Credit Program:** Under the prior law, taxpayers could claim this credit in the taxable year that a new employee, qualifying employee, or veteran employee was hired and, if eligible, the next two taxable years.

The new legislation states that on or after January 1, 2014, the Commissioner of Economic and Community Development has the discretion whether or not to approve the second or third year credit for new employees for whom a credit has previously been granted. The decision will be 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 year.

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

**Statutory Authority:** Conn. Gen. Stat. §12-704e, as amended by 2013 Conn. Pub. Acts 184, §83; Conn. Gen. Stat. §12-737(b), as amended by 2013 Conn. Pub. Acts 258, §58; Conn. Gen. Stat. §12-217pp, as amended by 2013 Conn. Pub. Acts 232, §11.

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**Effect on Other Documents:** None.

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**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).

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**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.

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**Forms and Publications:** Visit the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) to download and print Connecticut tax forms and publications.

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**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](http://www.ct.gov/TSC) to file a variety of tax returns, update account information, and make payments online.

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**Effective Date:** January 1, 2013

**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](http://www.ct.gov/DRS) and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.

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