

Dear Form CT-1120SI Filer:

Recent legislation increased the Connecticut income tax rate on composite income tax payments made by S corporations on behalf of their nonresident shareholders included on the composite return from 4.5% to 5%. This increase is applicable to taxable years beginning on or after January 1, 2003.

Any individual required to make a Connecticut estimated income tax payment in June 2003 is required to pay an amount that is adjusted for the new rate. The required annual payment is the **lesser** of:

- 90% of the income tax shown on the 2003 Connecticut income tax return; **or**
- 100% of the income tax shown on the 2002 Connecticut income tax return, if a 2002 Connecticut income tax return was filed that covered a 12-month period, recalculated by using the “catch-up” income tax rate of 5.25% for the June 15, 2003 payment.

To determine the amount of the June 15, 2003 payment, an S corporation is required to multiply the income derived from or connected with sources within Connecticut for each nonresident shareholder included on **Form CT-1120SI, Connecticut S Corporation Information and Composite Income Tax Return**, by 5.25%. This will allow the S corporation to “catch-up” for the previous months where the 2003 estimated Connecticut income tax was calculated using the old 4.5% tax rate. To determine the amount of the September 15, 2003 and January 15, 2004 payments, the S corporation is required to multiply the income derived from or connected with sources within Connecticut for each nonresident shareholder included on the composite return by 5%. See **Informational Publication 2003(10), Q & A on Connecticut Income and Withholding Tax Changes Effective January 1, 2003**, for additional information.

For answers to questions on how to make estimated income tax payments, or on completing **Form CT-1120SI**, call the Department of Revenue Services, Taxpayer Services Division, Monday through Friday at: 1-800-382-9463 (in-state) or 860-297-5962 (from anywhere). Connecticut tax forms are available on our Web site: [www.drs.state.ct.us](http://www.drs.state.ct.us) or from our Forms Unit at: 860-297-4753. TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day, 7 days a week by calling 860-297-4911.

Sincerely,



Pam Law  
Commissioner