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# What's New

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## Due Date – April 17, 2012

**The 2011 Connecticut income tax return (and payments) will be considered timely if filed on Tuesday, April 17, 2012.** In 2012, the due date for filing a Connecticut income tax return (April 15) falls on a Sunday and Monday is a legal holiday (Emancipation Day). Therefore, for filing purposes the next business day is **Tuesday, April 17, 2012**.

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## Return Envelopes Removed

In an effort to reduce costs, return envelopes are no longer provided in the income tax books. *Where to File*, on Page 12, lists the proper mailing address for returns with refunds or returns with payments.

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## Refunds Issued by Debit Card

In an effort to reduce costs and provide alternative refund access to taxpayers, DRS may issue debit cards for income tax refunds not designated for direct deposit. The debit cards will provide taxpayers with immediate access to their funds through ATMs, qualified debit card purchases, and teller assisted withdrawals. A PIN protected security authentication and activation process will be required. Instructions for activation and use of the debit cards will be provided to all cardholders.

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## Property Tax Credit

For taxable years beginning on or after January 1, 2011, the maximum property tax credit is reduced from \$500 to \$300. The maximum property tax credit is phased out based on the taxpayer's filing status and the taxpayer's Connecticut adjusted gross income (AGI). The phase-out rate was increased from 10% to 15% for every \$10,000 in additional Connecticut AGI over \$56,500 for taxpayers filing as single; for every \$5,000 in additional Connecticut AGI over \$50,250 for married taxpayers filing separately; for every \$10,000 in additional Connecticut AGI over \$78,500 for taxpayers filing as head of household; and for every \$10,000 in additional Connecticut AGI over \$100,500 for taxpayers filing a joint return.

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## Earned Income Tax Credit

For taxable years beginning on or after January 1, 2011, a Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year. Complete **Schedule CT-EITC**, *Connecticut Earned Income Tax Credit*, to claim the CT EITC.

The amount of the CT EITC is 30% of the earned income credit claimed and allowed on the federal income tax return for the same taxable year.

If the CT EITC exceeds the taxpayer's Connecticut income tax liability, the excess is considered an overpayment and will be refunded without interest.

## Connecticut Form 1099-G

Connecticut taxpayers who itemize their deductions for federal income tax purposes and wish to obtain their Connecticut Form 1099-G information may do so by visiting the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) and selecting *What's My 1099-G Amount?* Paper copies of the Connecticut Form 1099-G are no longer mailed to taxpayers.

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## DRS Regional Offices Reopened

The following DRS field offices are scheduled to reopen in 2012 to provide personal assistance to taxpayers:

- **Bridgeport** 10 Middle St
- **Norwich** 401 West Thames St, Building #700
- **Waterbury** 55 West Main St, Suite 100

All calls are answered at our Customer Service Center in Hartford, not at the field offices.

Free personal taxpayer assistance and forms are available by visiting our offices. Walk-in assistance at all DRS locations is available Monday through Friday, 8:30 a.m. to 4:30 p.m. (arrive by 4:00 p.m.). Directions to DRS offices are available using the DRS phone menu or by visiting the DRS website. If you require special accommodations, please advise the DRS representative.

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## Income Tax Rates

For taxable years beginning on or after January 1, 2011, individuals are subject to the following rates if their filing status is:

### Single or filing separately

At a 3% rate on the first \$10,000 of Connecticut taxable income; at a rate of 5% on the excess over \$10,000, but not over \$50,000; at a rate of 5.5% on the excess over \$50,000, but not over \$100,000; at a rate of 6% on the excess over \$100,000, but not over \$200,000; at a rate of 6.5% on the excess over \$200,000, but not over \$250,000; and at a rate of 6.7% on the excess over \$250,000.

### Head of household

At a 3% rate on the first \$16,000 of Connecticut taxable income; at a rate of 5% on the excess over \$16,000, but not over \$80,000; at a rate of 5.5% on the excess over \$80,000, but not over \$160,000; at a rate of 6% on the excess over \$160,000, but not over \$320,000; at a rate of 6.5% on the excess over \$320,000, but not over \$400,000; and at a rate of 6.7% on the excess over \$400,000.

### Filing jointly or qualifying widow(er)

At a 3% rate on the first \$20,000 of Connecticut taxable income; at a rate of 5% on the excess over \$20,000, but not over \$100,000; at a rate of 5.5% on the excess over \$100,000, but not over \$200,000; at a rate of 6% on the excess over \$200,000, but not over \$400,000; at a rate of 6.5% on the excess over \$400,000, but not over \$500,000; and at a rate of 6.7% on the excess over \$500,000.

The flat income tax rate for trusts and estates was increased to 6.7%.

## Phase-Out of the 3% Rate

For taxable years beginning on or after January 1, 2011, the amount to which the 3% rate applies is reduced depending on the individual's filing status and Connecticut AGI thresholds as follows:

### Single

The amount to which the 3% tax rate applies is reduced by \$1,000 for each \$5,000 (or part of \$5,000) by which the taxpayer's Connecticut AGI exceeds \$56,500.

### Filing separately

The amount to which the 3% tax rate applies is reduced by \$1,000 for each \$2,500 (or part of \$2,500) by which the taxpayer's Connecticut AGI exceeds \$50,250.

### Head of household

The amount to which the 3% tax rate applies is reduced by \$1,600 for each \$4,000 (or part of \$4,000) by which the taxpayer's Connecticut AGI exceeds \$78,500.

### Filing jointly or qualifying widow(er)

The amount to which the 3% tax rate applies is reduced by \$2,000 for each \$5,000 (or part of \$5,000) by which the taxpayer's Connecticut AGI exceeds \$100,500.

The amount not taxed at the 3% rate is taxed at the 5% rate.

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## Tax Recapture for Taxpayers with Higher Adjusted Gross Income

For taxable years beginning on or after January 1, 2011, a taxpayer whose Connecticut adjusted gross income (AGI) exceeds the income thresholds specified below, in addition to computing his or her Connecticut income tax liability using the applicable tax rates, and in addition to applying the 3% phase-out provision, is required to add to the tax otherwise computed, the following recapture amount of tax as follows.

### Single or filing separately

\$75 for each \$5,000 (or part of \$5,000) by which the taxpayer's Connecticut AGI exceeds \$200,000. The maximum recapture amount is \$2,250.

### Head of household

\$120 for each \$8,000 (or part of \$8,000) by which the taxpayer's Connecticut AGI exceeds \$320,000. The maximum recapture amount is \$3,600.

### Filing jointly or qualifying widow(er)

\$150 for each \$10,000 (or part of \$10,000) by which the taxpayer's Connecticut AGI exceeds \$400,000. The maximum recapture amount is \$4,500.

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## Connecticut Lottery Winners who are Delinquent Taxpayers

DRS is required to provide to the Connecticut Lottery Corporation a list of delinquent taxpayers who have an unpaid tax liability, including penalties and interest, more than 30 days old, from the date on which the taxes were due, that is not the subject of a timely administrative appeal to DRS or a timely-filed appeal pending before any court.

On or after January 1, 2012, the Connecticut Lottery Corporation will check the name of any person who submits a lottery claim of \$5,000 or more against the delinquent taxpayer list provided by DRS. If there is a match, the Connecticut Lottery Corporation will deduct and withhold from the lottery prize payment payable to that person the amount of the tax liability specified on the delinquent taxpayer list.

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## Additional Residence Information Required on Form CT-1040

A taxpayer is required to enter the city or town of residence and zip code if it is different from his or her mailing address.

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## Use Tax

Use tax is due when taxable purchases are made but Connecticut sales tax is not paid. The general use tax rate for purchases made on or before June 30, 2011, is 6%. For purchases made on or after July 1, 2011, the general use tax rate is 6.35%. However, the following items are subject to a 7% use tax rate: Most motor vehicles exceeding \$50,000; a vessel exceeding \$100,000; each piece of jewelry exceeding \$5,000; each piece of clothing or pair of footwear exceeding \$1,000; a handbag, luggage, umbrella, wallet, or watch exceeding \$1,000. See *Schedule 4 - Individual Use Tax* on Page 31; *Q&A About the Connecticut Individual Use Tax*, on Page 5; and **Informational Publication 2011(15)**, *Q&A on the Connecticut Individual Use Tax*.

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## Interest on Underpayment of Estimated Income Tax for 2011

For 2011, DRS recognizes that despite good faith efforts there may be situations where taxpayers will be under withheld due to 2011 legislative changes affecting the Connecticut income tax. Employers and taxpayers who find themselves under withheld because of the temporary "catch-up" withholding requirements will not be held liable for any associated interest and/or penalty on underpayment of estimated income tax for 2011.

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## 2012 Income Tax Withholding

**For Taxable Year 2012:** If you made changes to your withholding in 2011, please be advised that your employer will continue to withhold the amount of Connecticut income tax that you requested unless you provide your employer with a new **Form CT-W4**, *Employee's Withholding Certificate*.

Therefore, as the "catch-up" withholding requirements for 2011 **do not** apply in 2012, employees who changed their withholding must check with their respective payroll offices or departments to determine the date by which they must submit a new Form CT-W4 in order for said form to be effective by January 1, 2012.

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## Angel Investor Tax Credit

Effective October 27, 2011, the minimum cash investment required to qualify for the angel investor tax credit was reduced from \$100,000 to \$25,000. See *Angel Investor Tax Credit*, on Page 16. (Connecticut Public Act 11-1, §29, October Special Session, amended Conn. Gen. Stat. §12-704d(b))