
What's New

Due Date: Washington DC will celebrate Emancipation Day on Friday, April 15, 2011. As a result, any federal return otherwise due on April 15 that is filed (mailed or transmitted) on Monday, April 18, 2011, will be considered timely filed. Connecticut will conform to the federal extended due date. Therefore, Connecticut income tax returns and payments normally due on April 15 will be treated as timely filed if they are filed on April 18, 2011.

Form 1099-G: While 1099-G forms were recently mailed to taxpayers who received state tax refunds in 2010, DRS may furnish Form 1099-G electronically next year. Visit www.ct.gov/DRS later this year for more information about electronically furnished Form 1099-G statements.

New Income Tax Credits: Effective for income years beginning on or after January 1, 2010, new legislation provides for the following credits that are applicable against the income tax.

For more information about additional requirements and limitations to these credits, see **Special Notice 2010(3)**, *2010 Legislative Changes Affecting the Income Tax*, or contact the Department of Economic Development (DECD) or Connecticut Innovations Inc.

Schedule CT-IT Credit: Taxpayers must use **Schedule CT-IT Credit, Income Tax Credit Summary**, to claim the tax credits listed below, as well as the credit for a prior year alternative minimum tax from Form CT-8801, on the 2010 income tax return filed.

Qualified Small Business Job Creation Tax Credit: An employer with less than 50 employees in Connecticut may earn a credit equal to \$200 per month for hiring a new employee after May 6, 2010, who resides in Connecticut. The new employee must be hired to fill a full time job during the income years beginning on or after January 1, 2010, and before January 1, 2013. The tax credit may be used against the tax liability under Chapter 229 or against the tax liability under Chapter 207 or 208 of the Connecticut General Statutes, for the income year in which the new employee is hired, and if eligible, the two immediately succeeding income years. However, this credit cannot be used against an employer's withholding tax liability. Additionally, this credit does not carry forward, is nonrefundable, and, if used against an income tax liability imposed under Chapter 229 of the Connecticut General Statutes, is limited by the amount of the tax. The tax credit is not available for an income year if the new employee was not employed by the employer at the close of that income year. The tax credit is administered by DECD.

Vocational Rehabilitation Job Creation Tax Credit: An employer may earn a credit equal to \$200 per month for hiring a new qualifying employee who is receiving rehabilitation services from the Bureau of Rehabilitation Services within the Department of Social Services or from the Board of Education and Services for the Blind. The new employee must be hired after May 6, 2010, to work at least 20 hours per week for 48 weeks of a calendar year. The tax credit may be used against the tax liability under Chapter 229 or against the tax liability under Chapter 207 or 208 of the Connecticut General Statutes, for the income year in which the new employee is hired, and if eligible, the two immediately succeeding income years. However, this credit cannot be used

against an employer's withholding tax liability. Additionally, this credit does not carry forward, is nonrefundable, and, if used against an income tax liability imposed under Chapter 229 of the Connecticut General Statutes, is limited by the amount of the tax. The tax credit is not available for an income year if the new employee was not employed by the employer at the close of that income year. The tax credit is administered by DECD.

Angel Investor Tax Credit: This tax credit is available to angel investors making a cash investment of not less than \$100,000 in the qualified securities of a Connecticut business. The credit is applicable to taxable years beginning on or after January 1, 2010. However, tax credits cannot be reserved for any investments made on or after July 1, 2014. The allowable credit is 25% of the cash investment, cannot exceed \$250,000, cannot exceed the amount of the income tax imposed under Chapter 229 of the Connecticut General Statutes for the taxable year, and cannot be used against the withholding tax liability imposed by Conn. Gen. Stat. §12-707.

The credit must be claimed in the taxable year in which the investment is made. Any tax credit claimed but not applied against the income tax liability may be carried forward for the five immediately succeeding taxable years until the full credit has been applied. The credit is not transferable. The tax credit is administered by Connecticut Innovations, Inc.

These three tax credits may be claimed by the shareholders or partners of an S corporation or an entity treated as a partnership for federal income tax purposes. If the entity is a single member limited liability company that is disregarded as an entity separate from its owner, the tax credit may be claimed by the limited liability company owner provided the owner is a person subject to Connecticut income tax.

Amending Connecticut Income Tax Returns: Effective for taxable years commencing on or after January 1, 2010, if a Connecticut taxpayer files an amended federal income tax return with the Internal Revenue Service (IRS) or other competent authority, the taxpayer is required to file an amended Connecticut income tax return on or before the date that is 90 days after the final determination date on the amended return by the IRS or other competent authority.

If a Connecticut taxpayer files an amended return with another state of the United States, a political subdivision of another state, or the District of Columbia which affects the amount used on the Connecticut return to determine the credit for taxes paid to the other jurisdiction, the taxpayer is required to file an amended Connecticut income tax return on or before the date that is 90 days after the final determination date on the amended return by the tax officers or other competent authority of the other jurisdiction.

See **Special Notice 2010(3)** for more information.

Civil Unions: On October 1, 2010, civil unions that have not been dissolved or annulled, or that are not in the process of being dissolved or annulled, merged into marriages by operation of law. Any civil unions that have not merged on October 1, 2010, because of pending dissolution, annulment, or legal separation are governed by the civil union statutes in effect on September 1, 2010.