



Taxability of Social Security Benefits for Connecticut Income Tax Purposes

Purpose: This Announcement is intended to provide additional information to Social Security recipients in determining if any Social Security benefits are subject to Connecticut income tax.

Effective Date: This notice is effective for income tax returns filed for the 2000 taxable year.

Statutory Authority: Conn. Gen. Stat. §12-701(a)(20).

Taxability of Social Security Benefits for Federal Income Tax Purposes: In general, for federal income tax purposes, taxpayers are advised to use the worksheet in the instruction booklet of the federal form that they are filing to determine if any of their Social Security benefits are subject to federal income tax. Taxpayers who would be eligible to file federal Form 1040EZ, but who have determined that any part of their benefits are taxable, may not use federal Form 1040EZ, and instead, must use federal Form 1040A or Form 1040.

The worksheet in the instructions to federal Form 1040A or Form 1040 may not be used if any of the following exceptions apply:

- The taxpayer made a contribution to a traditional IRA for the 2000 taxable year and was covered by a retirement plan at work or through self-employment. If this is the case, the taxpayer must use the worksheet in federal Publication 590, Individual Retirement Arrangements (IRAs) (including Roth IRAs and Education IRAs), to determine if any of his or her Social Security benefits are subject to federal income tax.
- The taxpayer repaid any benefits during the 2000 taxable year and the total repayments reported on his or her 2000 Form SSA-1099, box 4, were more than the total benefits reported on his or her 2000 Form SSA-1099, box 3. If

this is the case, none of the taxpayer's benefits are taxable for 2000. The taxpayer may be able to take an itemized deduction for part of the excess repayments if the repayments were for benefits that the taxpayer included in gross income in an earlier year. Instead, the taxpayer is advised to see federal Publication 915, Social Security and Equivalent Railroad Retirement Benefits, for more information.

- The taxpayer files federal Form 2555, Form 2555-EZ, Form 4563, or Form 8815, or excludes employer-provided adoption benefits or income from sources within Puerto Rico. Instead, the taxpayer is advised to use the worksheet in federal Publication 915, Social Security and Equivalent Railroad Retirement Benefits.

Calculating the Amount of Social Security Benefits Subject to the Connecticut Income Tax for Taxpayers Using the Worksheets in the Instructions to Federal Form 1040A or Form 1040: Taxpayers using the worksheets contained in the instructions to federal Form 1040A or Form 1040 should refer to the instructions for **Form CT-1040**, *Connecticut Resident Income Tax Return*, Line 40, or **Form CT-1040NR/PY**, *Connecticut Nonresident or Part-Year Resident Income Tax Return*, Line 42, to determine if any federally taxable Social Security benefits are subject to Connecticut income tax.

Taxpayers whose filing status is: **Single** or **Married Filing Separately** and who report a federal adjusted gross income of **less than \$50,000**, or **Married Filing Jointly** or **Head of Household** and who report a federal adjusted gross income of **less than \$60,000**, are not subject to Connecticut income tax on federally taxable Social Security benefits. Taxpayers who report a federal adjusted gross income above these amounts

must complete the *Connecticut Social Security Benefit Adjustment Worksheet* contained in the instructions to **Form CT-1040** or **Form CT-1040NR/PY**.

Taxpayers Using Worksheet 3 in Federal Publication 590: Taxpayers using Worksheet 3 in federal Publication 590 to determine if any Social Security benefits are subject to federal income tax should use the following lines from that worksheet when completing the *Connecticut Social Security Benefit Adjustment Worksheet*:

- **Line A:** Use Line 4 from federal Worksheet 3;
- **Line B:** Use Line 10 from federal Worksheet 3; and
- **Line E:** Use Line 19 from federal Worksheet 3.

Taxpayers Using Worksheet 1 or Worksheet 4 in Federal Publication 915: Taxpayers using Worksheet 1 in federal Publication 915, and who have filed federal Form 2555, Form 2555-EZ, Form 4563, or Form 8815, or who have excluded employer-provided adoption benefits, or who have income from sources within Puerto Rico, should use the following lines from that worksheet when completing the *Connecticut Social Security Benefit Adjustment Worksheet*:

- **Line A:** Use Line 1 from federal Worksheet 1;
- **Line B:** Use Line 9 from federal Worksheet 1; and
- **Line E:** Use Line 18 from federal Worksheet 1.

Taxpayers using Worksheet 4 in federal Publication 915 to determine if any Social Security benefits are subject to federal income tax under the lump-sum election method should use the following lines from that worksheet when completing the *Connecticut Social Security Benefit Adjustment Worksheet*:

- **Line A:** Use Line 1 from federal Worksheet 4;
- **Line B:** Use Line 9 from federal Worksheet 4; and
- **Line E:** Use Line 20 from federal Worksheet 4, if the taxpayer is electing to report taxable benefits

under the lump-sum election method. However, if the taxpayer cannot use the lump-sum election method, the taxpayer must use Worksheet 1 in federal Publication 915.

Effect on Other Documents: The instructions to **Form CT-1040** and **Form CT-1040NR/PY** are supplemented.

Effect of This Document: Announcements alert taxpayers to new developments (other than newly enacted or amended Connecticut or federal laws or newly released judicial decisions), including new administrative positions, policies or practices.

For Further Information: Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: www.drs.state.ct.us
- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.