



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2006(12)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2006 Legislative Changes Affecting the Business Entity Tax

Purpose: This Special Notice summarizes 2006 legislation affecting the business entity tax.

Effective Date: June 6, 2006.

Statutory Authority: Conn. Gen. Stat. §12-284b, as amended by 2006 Conn. Pub. Acts 159, §14.

Definitions: As used in this Special Notice:

- **Business entity** means an S corporation, limited liability company, limited partnership, or limited liability partnership, but does not include a C corporation or a single member limited liability company that elects to be taxed for federal income tax purposes as a C corporation.
 - **Domestic**, when used to describe a business entity, means a business entity formed under the laws of Connecticut.
 - **Foreign**, when used to describe a business entity, means a business entity that is not a domestic business entity.
 - **Limited partnership** means any domestic limited partnership formed under Chapter 610 of the Connecticut General Statutes, or any foreign limited partnership transacting business in Connecticut and required under Chapter 610 of the Connecticut General Statutes to register with the Secretary of the State, whether or not it has registered.
 - **Secretary of the State** means the Connecticut Secretary of the State.
-

Clarifying which domestic business entities are subject to the business entity tax: Conn. Gen. Stat. §12-284b, as amended, clarifies that every domestic business entity is subject to the business entity tax.

Prior to the amendment of Conn. Gen. Stat. §12-284b, a domestic S corporation, limited liability company, limited partnership, or limited liability partnership was subject to the business entity tax only if it was required to file an annual report with the Secretary of the State under Conn. Gen. Stat. §33-953, 34-106, 34-13e, or 34-420.

Clarifying which foreign business entities are subject to the business entity tax: Conn. Gen. Stat. §12-284b, as amended, clarifies that:

- Every foreign S corporation is subject to the business entity tax if it is transacting business in Connecticut and is required to obtain a certificate of authority from the Secretary of the State, whether or not it obtains a certificate. Prior to the amendment of Conn. Gen. Stat. §12-284b, a foreign S corporation was subject to the business entity tax only if it was required to file an annual report with the Secretary of the State under Conn. Gen. Stat. §33-953.
- Every foreign limited liability company is subject to the business entity tax if it is transacting business in Connecticut and is required to register with the Secretary of the State, whether or not it has so registered. Prior to the amendment of Conn. Gen. Stat. §12-284b, a foreign limited liability company was subject to the business entity tax only if it was required to file an annual report with the Secretary of the State under Conn. Gen. Stat. §34-229.
- Every foreign limited partnership is subject to the business entity tax if it is transacting business in Connecticut and is required under Chapter 610 of the Connecticut General Statutes to register with the Secretary of the State, whether or not it has registered. Prior to the amendment of Conn. Gen. Stat. §12-284b, a foreign limited partnership was subject to the business entity tax only if it was required to file an annual report with the

Secretary of the State under Conn. Gen. Stat. §34-38s.

- Every foreign limited liability partnership is subject to the business entity tax if it is transacting business in Connecticut and is required to file a certificate of authority with the Secretary of the State, whether or not it has filed a certificate. Prior to the amendment of Conn. Gen. Stat. §12-284b, a foreign limited liability partnership was subject to the business entity tax only if it was required to file an annual report with the Secretary of the State under Conn. Gen. Stat. §34-431.

Effect on Other Documents: None affected.

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).

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.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS Web site at **www.ct.gov/DRS** to download and print Connecticut tax forms; **or**

- **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone, or call **860-297-4753** (from anywhere).

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, attorney occupational tax, nursing home provider fee, admissions and dues tax, or withholding tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File/Register OnLine*.
 - **For payment of business taxes other than those listed above:** Use *Fast-File* to pay your business taxes over the Internet or by phone. Visit the DRS Web site at **www.ct.gov/DRS** and click on *Electronic Services* for a list of eligible taxes. The ACH debit method is used to make the transfer. No preregistration is required.
 - **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File/Register OnLine*.
 - **For electronic filing of income tax extensions, estimated payments, and for electronic bill payments:** Use *WebFile* to electronically file personal income tax returns over the Internet. You can also use *WebFile* to make an electronic income tax payment for a prior year. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File/Register OnLine*.
-

DRS E-News Service: Get connected to the latest news from DRS. Receive notification by e-mail of changes to legislation, policies, and procedures. **DRS E-News** is easy to sign up for – visit **www.ct.gov/DRS** and follow the directions. Subscription services are available for employer's withholding tax, *Fast-File* information, Alerts, News – Press Releases, and Top 100 Delinquency List.
