



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2011(2)

25 Sigourney Street Ste 2
Hartford CT 06106-5032

SPECIAL NOTICE

2011 Legislative Changes Affecting the
Connecticut Estate Tax and the Connecticut Gift Tax

Purpose: This Special Notice explains the 2011 legislative changes affecting the Connecticut estate tax and the Connecticut gift tax.

Effective Date: Effective for taxable year beginning on or after January 1, 2011.

Statutory Authority: Conn. Gen. Stat. §12-391(g); Conn. Gen. Stat. §12-392(b); Conn. Gen. Stat. §12-398(e), Conn. Gen. Stat. §12-642(a), as amended by 2011 Conn. Pub. Acts 6, §§84, 85, 86, and 87.

Estate Subject to Connecticut Estate Tax Only If the Amount of the Estate's Connecticut Taxable Estate Exceeds \$2 Million: For the estate of a decedent dying on or after January 1, 2011, the estate will not be subject to Connecticut estate tax unless the amount of the estate's Connecticut taxable estate exceeds \$2 million. See table below.

If **Form CT-706 NT**, *Connecticut Estate Tax Return (for Nontaxable Estates)*, was filed for an estate of a decedent dying on or after January 1, 2011, and the amount of the estate's Connecticut taxable estate exceeds \$2 million, the estate will be required to file **Form CT-706/709**, *Connecticut Estate and Gift Tax Return*. This will be the case, even if a judge of probate (after Form CT-706 NT was filed) signed the Certificate of Opinion of No Tax and even if a Probate Court issued a certificate of release of the estate tax lien on real property. The certificate of release of lien has no effect on the estate's liability for the tax or on the Department's authority to collect the tax, if necessary, from beneficiaries or distributees of the estate. Also, any such certificate of release of lien is not valid unless issued by a Probate Court prior to May 4, 2011, and recorded in the land records of the town in which the real property is situated prior to May 4, 2011.

Estate Tax Table for Estates of Decedents Dying On or After January 1, 2011

If the Amount of Connecticut Taxable Estate Is:	The Amount of the Estate Tax Is:
Not over \$2,000,000	None
Over \$2,000,000 but not over \$3,600,000	7.2% of the excess over \$2,000,000
Over \$3,600,000 but not over \$4,100,000	\$115,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$154,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$238,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$328,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$424,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$526,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$634,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$748,200 plus 12% of the excess over \$10,100,000

Connecticut Taxable Estate: For the estate of a decedent dying on or after January 1, 2011, the estate's *Connecticut taxable estate* is the sum of:

- The gross estate, as valued for federal estate tax purposes, less allowable federal estate tax deductions (other than the federal estate tax deduction for state death taxes paid under Internal Revenue Code §2058); **and**
- The aggregate amount of all Connecticut taxable gifts made by the decedent for all calendar years commencing on or after January 1, 2005.

An estate of a decedent is allowed a credit against the Connecticut estate tax for Connecticut gift taxes paid by the decedent on Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005. However, the credit may not exceed the amount of the Connecticut estate tax.

Estates Required to File Form CT-706/709: If the amount of the estate's Connecticut taxable estate is over \$2 million, Form CT-706/709, is required to be filed with the Department of Revenue Services (DRS) and a copy is required to be filed with the Probate Court for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, with the Probate Court for the district within which real or tangible personal property of the decedent is situated.

Estates Required to File Form CT-706 NT: If the amount of the estate's Connecticut taxable estate is \$2 million or less, Form CT-706 NT is required to be filed with the Probate Court for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, with the Probate Court for the district within which real or tangible personal property of the decedent is situated.

Releases of Estate Tax Liens: If the amount of the estate's Connecticut taxable estate is \$2 million or less, the certificate of release of the Connecticut estate tax lien is issued by the Probate Court. If the amount of the estate's Connecticut taxable estate is over \$2 million, the certificate of release of the Connecticut estate tax lien is issued by DRS.

Gifts Subject to Connecticut Gift Tax Only If the Aggregate Amount of Connecticut Taxable Gifts Exceeds \$2 Million: For Connecticut taxable gifts made during a calendar year beginning on or after January 1, 2011, Connecticut gift tax will not be payable unless the aggregate amount of the Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005, exceeds \$2 million.

A donor is allowed a credit against the Connecticut gift tax for Connecticut gift taxes paid by the donor on Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005, provided such credit shall not exceed the amount of the Connecticut gift tax imposed.

See table on Page 3.

Gift Tax Table for Connecticut Taxable Gifts Made On or After January 1, 2011

If the Aggregate Amount of Connecticut Taxable Gifts Made During All Calendar Years Beginning On or After January 1, 2005 Is:	The Amount of the Gift Tax Is:
Not over \$2,000,000	None
Over \$2,000,000 but not over \$3,600,000	7.2% of the excess over \$2,000,000
Over \$3,600,000 but not over \$4,100,000	\$115,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$154,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$238,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$328,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$424,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$526,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$634,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$748,200 plus 12% of the excess over \$10,100,000

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 DRS.

For More 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: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

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

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the *TSC* to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *e-alerts* from the left navigation bar.