

Form CT-CWPI
Request for Waiver of 2018 Penalty and Interest
Due to the Enactment of the Pass-Through Entity Tax
(Individuals, Trusts and Estates only)

2018

General Instructions

On May 31, 2018, the Connecticut Legislature enacted the Pass-Through Entity Tax (PE Tax), under Sections 12-699 and 12-699a of the Connecticut General Statutes, imposing a business entity level tax on partnerships and S corporations, including limited liability companies that are treated as partnerships or S corporations for federal income tax purposes, which carry on business in Connecticut or have income derived from Connecticut sources. See **OCG-6**, *Office of the Commissioner Guidance Regarding the Calculation of the Pass-Through Entity Tax*, and **OCG-7**, *Office of the Commissioner Guidance Regarding the Pass-Through Entity Tax Credit*.

Under recently enacted 2019 Conn. Pub. Acts 186, *An Act Concerning the Department of Revenue Services' Recommendations for Tax Administration and Minor Revisions to the Tax and Related Statutes*, § 32, the Commissioner of Revenue Services is authorized to waive penalty, interest and underpayment (2210) interest for taxable year 2018 resulting from the late payment of Connecticut income tax, if such penalty or interest was increased or created by the enactment of the PE Tax. Only the increase associated with the enactment of the PE Tax will be waived.

Who should use this form?

You should use this form if you were a pass-through entity (PE) member subject to Connecticut income tax and were required to file **Form CT-1040**, *Connecticut Resident Income Tax Return*, **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*, or **Form CT-1041**, *Connecticut Income Tax Return for Trusts and Estates*, for taxable year 2018, and you had late payment penalties and interest imposed which were created or increased by the enactment of the PE Tax.

To be eligible to receive a waiver, you must pay the tax due for taxable year 2018, no later than April 15, 2020. However, the waiver requested by this form will not be considered until the Connecticut income tax due (excluding penalty and interest) for taxable year 2018 is paid in full.

If you have an outstanding balance for penalties and interest, or if you have already paid any penalties and interest assessed for taxable year 2018 on your individual Connecticut income tax return, submit a fully completed **Form CT-CWPI**, *Request for Waiver of 2018 Penalty and Interest Due to the Enactment of the Pass-Through Entity Tax (Individuals, Trusts and Estates only)*. If approved, and provided you have no outstanding liabilities for other taxable years or other tax types, any overpayment will be refunded to you. DRS will contact you if we need more information or if your request is denied.

Who should NOT use this form?

Do not use this form if any of the following apply:

1. You are a PE that filed **Form CT-1065/CT-1120SI**, *Connecticut Pass-Through Entity Tax Return*, and had late penalties and interest assessed for taxable year 2018. DRS will be handling late payment penalties and interest imposed on a PE under a different process.

2. You were a PE member who had late payment penalties assessed for taxable year 2018, and such penalties were **unrelated** to the enactment of the PE Tax. You must use **Form DRS-PW**, *Request for Waiver of Civil Penalties*.
3. You were **not** a member of a PE and had late payment penalties assessed for taxable year 2018. You must use **Form DRS-PW**, *Request for Waiver of Civil Penalties*.

What circumstances may have created or increased penalties and interest due to the PE Tax?

There are two specific circumstances related to the enactment of the PE Tax that may have contributed to the creation or increase of penalties and interest:

1. The new PE Tax legislation required PEs to make estimated payments. DRS allowed the PE members to recharacterize their 2018 individual Connecticut estimated income tax payments made before December 31, 2018, as estimated payments made by the PE for taxable year 2018. This recharacterization may have caused individual members to incur penalties and interest on their 2018 individual Connecticut income tax return if the individual recharacterized too much of his or her estimated payments and did not retain enough to cover his or her own Connecticut income tax liability. Members who requested recharacterization of estimated payments should check the box on Form CT-CWPI, Part III, Line 1.
2. In calculating the PE Tax, a PE was required to exclude guaranteed payments made to its members. This meant that nonresident members receiving guaranteed payments sourced to Connecticut were required to file Form CT-1040NR/PY to report and pay the Connecticut income tax attributable to those guaranteed payments. Although DRS allowed PEs, through an agreement with DRS, to report and remit Connecticut income tax on behalf of nonresident members who received guaranteed payments for taxable year 2018, some PEs may not have taken advantage of this option, which may have caused the nonresident members to incur penalties and interest.

Resident members may have failed to include the amount of the guaranteed payments when calculating their 2018 Connecticut estimated payments or extension payment, under the assumption that the guaranteed payments were subject to the PE Tax and that the member would receive a greater amount of PE Tax Credit. See OCG-6. Members who received guaranteed payments should check the box on Form CT-CWPI, Part III, Lines 2a or 2b, or both.

3. There may be other circumstances, arising from the enactment of the PE Tax, which prevented an individual taxpayer from calculating their correct Connecticut income tax liability or making timely payments. These circumstances should be fully explained on Form CT-CWPI, Part III, Line 3.

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(Individuals, Trusts and Estates only)

2018

Complete this form in blue or black ink only. Type or print. Do not use staples.

Use this form if you were a member of a pass-through entity (PE) and had late payment penalties, interest, or interest on the underpayment of estimated income tax (2210) imposed for taxable year 2018, that were created or increased due to the enactment of the Pass-Through Entity Tax (PE Tax). You must pay the tax due (excluding penalty and interest) no later than April 15, 2020. **No requests will be considered unless the income tax due for taxable year 2018 is paid prior to or with this waiver request.** See the instructions on Page 1 before completing this form. Mail the completed form to the Department of Revenue Services, State of Connecticut, PO Box 2973, Hartford, CT 06104-2973.

Part I: Pass-Through Entity Member Information

Name of individual or trust/estate (Member)			Social Security Number (SSN)	
Number and street			Spouse's SSN (if married filing jointly)	
PO Box			Federal Employer ID Number (FEIN) of trust/estate	
City, town, or post office	State	ZIP code		

Part II: Pass-Through Entity Information

Name of pass-through entity (PE)			Federal Employer ID Number (FEIN) of PE	
Number and street			Connecticut Tax Registration Number of PE (if applicable)	
PO Box				
City, town, or post office	State	ZIP code		

Part III: Penalty and Interest Information

	Penalty amount	Interest amount	2210 interest amount
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Enter only the penalty and interest related to the enactment of the PE Tax. Those are the only amounts that will be waived.

Check all that apply:

1. I requested recharacterization of estimated payments for taxable year 2018. Attach a copy of your **Form CT-1065/CT-1120SI RR, Pass-Through Entity Tax 2018 Income Tax Estimated Payment Recharacterization Request**. For tax year 2018, the Department of Revenue Services (DRS) allowed PE members to recharacterize all or a portion of any 2018 estimated payments made before December 31, 2018, as estimated payments made by the PE for taxable year 2018.
- 2a. I received guaranteed payments from a PE. Attach a copy of the 2018 **Schedule CT K-1, Member's Share of Certain Connecticut Items**, you received from the PE showing the amount of guaranteed payments.
- 2b. I am a nonresident member and the PE paid the Connecticut income tax associated with the guaranteed payments on my behalf.
3. I did not recharacterize estimated payments and I did not receive guaranteed payments from my PE. Explain how the change in the PE Tax affected your ability to pay timely. Include any supporting documentation to support your claim. Use additional sheets as necessary.

Declaration: I declare under penalty of law that I have examined the information on this form and all accompanying schedules and statements and, to the best of my knowledge and belief, it is true, complete, and correct. I understand the penalty for willfully delivering a false document to DRS is a fine of not more than \$5,000, or imprisonment for not more than five years, or both.

Print name of Member	Signature of Member	Date (MMDDYYYY)
Print name of Member's spouse (if married filing jointly)	Signature of Member's spouse	Date (MMDDYYYY)
Email address	Telephone number	