



STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**AN 2001(7)**

25 Sigourney Street  
Hartford CT 06106-5032

**ANNOUNCEMENT**

**Application of the Connecticut Income Tax to  
the 2001 Federal Advance Payments**

**Purpose:** This Announcement notifies Connecticut taxpayers that the 2001 advance payments that are being issued by the United States Department of the Treasury (“the Treasury”) are not subject to the Connecticut income tax.

**Effective Date:** Upon issuance.

**Statutory Authority:** Conn. Gen. Stat. §12-701(a)(19) and (20).

**Background:** The Economic Growth and Tax Relief Reconciliation Act of 2001 created a new 10 percent income tax bracket for a portion of taxable income that was taxed at 15 percent. The new 10 percent bracket, which is effective retroactive to January 1, 2001, applies to the first \$6,000 of taxable income for single filers, \$10,000 of taxable income for head of household filers, and \$12,000 of taxable income for married couples filing joint returns.

Taxpayers will be entitled to a tax credit on their 2001 federal income tax return of 5 percent (the difference between the old 15 percent rate and the new 10 percent rate). The maximum credit is \$300 for single individuals, \$500 for heads of households, and \$600 for married couples filing joint returns. Most taxpayers will receive this credit in advance in the form of a payment issued during July, August, and September 2001, by the Treasury.

**Taxability of the Federal Advance Payments for Connecticut Income Tax Purposes:** The starting point for Connecticut income tax is federal adjusted gross income. The Connecticut adjusted gross income of a resident individual is federal adjusted gross income with specific state modifications (that are not applicable in this case).

Conn. Gen. Stat. §12-701(a)(19); Conn. Agencies Regs. §12-701(a)-(20)-1. The Internal Revenue Service (IRS) has stated that the advance payments are not included in federal adjusted gross income. See “2001 Advance Payments” on the IRS Website at: [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

Since the advance payments are not included in federal adjusted gross income, the checks are not subject to the Connecticut income tax.

**Questions Concerning the 2001 Advance Payments:** Taxpayers who have questions concerning their payments are advised to contact the IRS. Taxpayers may contact the IRS by:

- Visiting the IRS Website at: [www.irs.ustreas.gov](http://www.irs.ustreas.gov);
- Calling **1-800-829-4477** (for prerecorded information); or
- Calling **1-800-829-1040** (to speak with an IRS representative).

**Effect on Other Documents:** None.

**Effect of This Document:** Announcements alert taxpayers to new developments including new administrative positions, policies, or practices.

**For Connecticut Tax 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.

**For Connecticut 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](http://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.

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