



ANNOUNCEMENT

**Instructions Modified to Certain 2002 Connecticut Income Tax Forms
for Special 30% Depreciation Allowance for Qualified Property**

Purpose: This Announcement alerts individuals, partnerships, and S corporations that claimed the special 30% federal depreciation allowance for certain property placed in service after September 10, 2001 on federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), that the instructions to certain 2002 Connecticut income tax forms are incomplete. Previously, the instructions related to the forms referenced herein provided that only the amount listed on Line 14 of federal Form 4562 was required to be added back to an individual's federal adjusted gross income in computing his or her Connecticut adjusted gross income. The amounts entered on Line 14 *and* Line 25 on federal Form 4562 are required to be added back to an individual's federal adjusted gross income in computing his or her Connecticut adjusted gross income as indicated below.

Effective Date: Applicable to **Forms CT-1040, CT-1040NR/PY, CT-1040X, CT-1120SI, and CT-1065** filed for the 2002 taxable year.

Statutory Authority:

2002 Conn. Pub. Acts 1, §77 (May 9 Spec. Sess.).

2002 Instructions Modified to Reflect Additional Line on federal Form 4562: Connecticut law requires an individual, in computing his or her Connecticut adjusted gross income, to add certain items, and to subtract certain items, from his or her federal adjusted gross income. One of the items required by Connecticut law to be added to an individual's federal adjusted gross income, in computing his or her Connecticut adjusted gross income, is the special 30% federal depreciation allowance for certain property placed in service after September 10, 2001. The amounts entered on Line 14 *and* Line 25 on federal Form 4562 are required to be added, and the sum entered on the specified line of certain Connecticut income tax forms as indicated below. However, to the extent amounts entered on Line 14 and Line 25 of federal Form 4562 are deductible under

I.R.C. 1400L(b)(1) in computing an individual's federal adjusted gross income, such amounts are not required to be added back to an individual's federal adjusted gross income in computing his or her Connecticut adjusted gross income.

- **2002 Form CT-1040, Schedule 1 - Modifications to Federal Adjusted Gross Income, Line 32 - Special Depreciation Allowance for Qualified Property,** are changed to read as follows: If you filed federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), and claimed a special 30% depreciation allowance for certain property placed in service after September 10, 2001, enter on Line 32 **the sum of the amounts you entered on federal Form 4562, Line 14 and Line 25.** See **Special Notice 2002(12), 2002 Legislation Affecting the Connecticut Income Tax.**
- **2002 Form CT-1040NR/PY, Schedule 1 - Modifications to Federal Adjusted Gross Income, Line 34 - Special Depreciation Allowance for Qualified Property,** are changed to read as follows: If you filed federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), and claimed a special 30% depreciation allowance for certain property placed in service after September 10, 2001, enter on Line 34 **the sum of the amounts you entered on federal Form 4562, Line 14 and Line 25.** See **Special Notice 2002(12), 2002 Legislation Affecting the Connecticut Income Tax.**
- **2002 Form CT-1040X, Schedule 1 - Modifications to Federal Adjusted Gross Income, Line 33 - Special Depreciation Allowance for Qualified Property,** are changed to read as follows: If you filed federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), and claimed a special 30% depreciation allowance for certain property placed in service after September 10, 2001, enter on Line 33 **the sum of the amounts you entered on federal**

Form 4562, Line 14 and Line 25. See **Special Notice 2002(12)**, *2002 Legislation Affecting the Connecticut Income Tax*.

- **2002 Form CT-1120SI, Part V - Shareholders' Share of Connecticut Modifications**, Line 4 – Special Depreciation Allowance for Qualified Property, are changed to read as follows: If the S corporation filed federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), and claimed a special 30% depreciation allowance for certain property placed in service after September 10, 2001, enter on Line 4 **each shareholder's pro rata share of the amounts entered on federal Form 4562, Line 14 and Line 25.** See **Special Notice 2002(12)**, *2002 Legislation Affecting the Connecticut Income Tax*.
- **2002 Form CT-1065, Schedule D – Partners' Share of Connecticut Modifications**, Line 4 - Special Depreciation Allowance for Qualified Property, are changed to read as follows: If the partnership filed federal Form 4562, Depreciation and Amortization (Including Information on Listed Property), and claimed a special 30% depreciation allowance for certain property placed in service after September 10, 2001, enter on Line 4 **each partner's distributive share of the amounts entered on federal Form 4562, Line 14 and Line 25.** See **Special Notice 2002(12)**, *2002 Legislation Affecting the Connecticut Income Tax*.

Effect on Other Documents:

The instructions to **2002 Forms CT-1040, CT-1040NR/PY, CT-1040X, CT-1120SI, and CT-1065** are modified as discussed in this publication.

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.

AN 2003(4)
Income Tax
Special Depreciation Allowance
Issued: 2/10/2003

Further Information:

Call DRS Monday through Friday:

- **1-800-382-9463** (in-state), 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.dr.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** (in-state) and select **Option 2** from a touch-tone phone.

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

- **For business returns:** Use *Fast-File* to electronically file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the internet or telephone. Visit the DRS Web site at: www.dr.state.ct.us and click on *Business Taxes Fast File Program*.
- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web Site at: www.dr.state.ct.us and click on *Income Tax Web Filing*.