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INFORMATIONAL PUBLICATION

Filing and Paying Connecticut Taxes Electronically

1. Who must file and pay electronically?

Generally, if you are required to file a tax return electronically, you are required to pay the associated tax by **Electronic Funds Transfer (EFT)**. The Department of Revenue Services (DRS) will notify you of your requirement to file and pay electronically.

All taxpayers registered for any of the following tax types **must** file the returns electronically and **must** pay the related taxes by EFT:

- Admissions and Dues Tax;
- Attorney Occupational Tax;
- Beverage Container Deposit Report;
- Business Entity Tax;
- Business Use Tax (excluding annual filers);
- Composite Income Tax;
- Corporation Business Tax (excluding combined return);
- Hospital Net Revenue Tax Return;
- Intermediate Care Facility User Fee Tax Return;
- Nursing Home User Fee;
- Prepaid Wireless E 9-1-1 Fee Return;
- Room Occupancy Tax;
- Sales and Use Tax (excluding annual filers); **and**
- Withholding Tax.

You may voluntarily use any of the EFT methods to file and make a tax payment even if you are not required to do so.

2. Who must pay electronically?

Taxpayers whose prior year liability for the following taxes is \$4,000 or more during the 12-month period ending on:

- June 30th for monthly and quarterly tax liabilities; or
- The last day of the preceding taxable year for annual tax liabilities;

are required to pay electronically. The DRS will notify you of your requirement to pay electronically.

- Cable, Satellite, and Video Gross Earnings Tax;
- Certified Competitive Video Service Companies Gross Earnings Tax;
- Community Antenna Television System Companies Gross Earnings Tax;
- Dry Cleaning Establishment Surcharge;
- Electric Distribution Companies Gross Earnings Tax;
- Gross Earnings Tax on Railroad Companies;
- Health Care Center Tax;

- Insurance Premium Tax, Captive Insurance Companies;
- Insurance Premium Tax, Domestic Companies;
- Insurance Premium Tax, Risk Retention Groups;
- Insurance Premium Tax, Nonresident and Foreign Companies;
- Monthly Tax Stamp and Cigarette Report Resident Distributor;
- Monthly Tax Stamp and Cigarette Report Nonresident Distributor;
- Motor Vehicle Fuels Distributor Tax;
- Municipal Gas Utilities, Gas Suppliers and Local Gas Distribution Companies Gross Earnings Tax;
- Nonadmitted Insurance Premium Tax;
- Petroleum Products Gross Earnings Tax;
- Satellite Companies Gross Earnings Tax;
- Solid Waste Assessment;
- Special Fuels Distributor Tax;
- Tobacco Products Tax;
- Tourism Surcharge Return on the Rental/Leasing of Passenger Motor Vehicles;
- Unrelated Business Income Tax; **and**
- Wholesale Alcoholic Beverages Tax.

3. How can I file and pay electronically?

A. Taxpayer Service Center (TSC)

The DRS offers the option to file and pay online via the **TSC** at www.ct.gov/TSC. See **TPG-129, Taxpayer Service Center (TSC) Electronic Filing and Payment Instructions**, for help accessing the online **TSC** system.

B. The Connecticut Business Telefile System

Connecticut Business Telefile System is an automated telephone service which accepts payments and **timely-filed** returns.

See **TPG-120, Connecticut Business Telefile System**, for help accessing the automated telephone system.

The following returns can be filed using the **TSC** or the Connecticut Business Telefile System at **860-289-4829**:

- Sales and Use Tax Return;
- Room Occupancy Tax Return;
- Withholding Tax Payment Form; **and**
- Quarterly Reconciliation of Withholding.

C. Modernized e-File Program (MeF)

DRS currently accepts Individual Income Tax, Composite Income Tax, and Corporation Business Tax returns through the MeF Program. Starting January 2015, DRS will be accepting Trust and Estate Income Tax filing through the MeF Program.

D. Fed/State Employment Taxes Program (FSET)

DRS participates in the FSET program through which you can initiate Federal Taxes, Connecticut withholding and unemployment compensation payments and file multiple government returns through the same portal.

4. What is the Modernized e-File Program?

MeF is a web-based system using third-party software that allows electronic filing of corporate, individual, partnership, and exempt organization returns through the Internet. MeF uses the widely accepted Extensible Markup Language (XML) format. This is an industry standard that is used when identifying, storing and transmitting data.

5. What is the Fed/State Employment Taxes Program (FSET)?

The FSET program is used by software developers, transmitters, and payroll service providers. It enables businesses to file payroll tax returns and make payments.

Transmission using the FSET system may be made by an individual employer or a third party, using the required XML format.

If your company is interested in using the FSET system for the quarterly filing of state and federal tax and wage reports and making employment tax payments ask your payroll company to contact DRS to get more information, or contact an Approved FSET Vendor.

6. How can I make payments by EFT?

A. Automated Clearing House (ACH) Debit

Make ACH debit payments online or over the telephone. To make an ACH debit payment using the *TSC* or the Connecticut Business Telefile System, you must provide your banking information and authorize DRS to process the EFT by entering the payment amount and the date of transfer. Authorizing an ACH debit does not give DRS unrestricted access to your bank account. You must initiate any withdrawal transactions with your bank. The use of a secure password to access your *TSC* account ensures that **only** you can authorize DRS to process the transfer of funds from your bank account and that the funds are applied to the proper tax account.

You can also initiate ACH debit payments through FSET and MeF.

B. ACH Credit

Initiate an ACH credit payment through your bank. In coordination with your bank, you format the payment, your

Connecticut Tax Registration Number, the tax type, and the tax return filing period. You must ensure your bank can perform its part of the transaction using the ACH standard CCD+TXP format; otherwise, you must use the ACH debit method.

To receive detailed specifications for ACH credit payments, submit a completed **EFT-1**, *Authorization Agreement for Electronic Funds Transfer*.

C. Credit / Debit Card

Credit and Debit card transactions for the following taxes may be processed through our vendor, **Official Payments**:

- Admissions and Dues Tax;
- Attorney Occupational Tax;
- Business Entity Tax;
- Business Use Tax;
- Composite Income Tax;
- Corporation Business Tax;
- Individual Income Tax;
- Room Occupancy Tax; **and**
- Sales and Use Tax.

There are three ways to pay by credit card (American Express®, Discover®, Master Card® or Visa®) or comparable debit card:

- Log in to your account in the *TSC* and select *Make Payment by Credit Card*;
- Visit **www.officialpayments.com** and select *State Payments*; **or**
- Call Official Payments Corporation toll-free at **800-2PAY-TAX (1-800-272-9829)** and follow the instructions. For Individual Income Tax you will be asked to enter the Connecticut Jurisdiction Code: **1777**. For business taxes you will be asked to enter the Connecticut Jurisdiction Code: **1799**.

If you elect to pay your tax liability using a credit card or comparable debit card, the service provider will charge you a convenience fee. You will be informed of the amount of the fee and may elect to cancel the transaction. At the end of the transaction, you will receive a confirmation number for your records and your payment will be effective on the date that you make the charge.

7. What if the funds for a payment come from an account outside the United States?

In order to comply with federal electronic banking rules, payments initiated from an account outside the United States **must** be sent as an International ACH Transaction (IAT).

If you are using the *TSC*, you will be asked if your tax payment is being funded from a bank account outside of the United States. If so, you will need to provide information on your financial institution.

If you are initiating an ACH credit, this transaction **must** be formatted as an IAT. Contact your financial institution for additional information.

8. What if I don't have a US bank account?

To initiate an ACH debit payment through the *TSC* you will need to use a 9 digit numeric routing number that is acceptable through the Automated Clearing House (ACH). If you are unable to obtain a routing number through your financial institution, contact your financial institution to see if they are able to initiate an ACH credit to DRS.

9. How do I know that I successfully filed and paid electronically?

Both *TSC* and the Connecticut Business Telefile System provide a confirmation number. Once you receive this number, your tax return is filed. If you initiate a payment on the *TSC*, your printable copy of the return will specify the payment amount. The Connecticut Business Telefile System will verify your bank information and you will indicate that you are making a payment with the return.

10. How do I ensure my electronic payment is received on time?

You must initiate your electronic payment on or before the due date for it to be considered timely. For ACH debit transactions, you determine the date of withdrawal by the payment date you enter when you initiate your transfer. Your payment will not be withdrawn from your account until the date you specify as a payment date.

For ACH credit transactions, you must coordinate with your financial institution to ensure a timely payment.

For credit card transactions, your payment will be effective on the date you make the charge.

If the due date falls on a Saturday, Sunday, or legal holiday, the payment will be considered timely if filed by the next business day. The current year's holiday schedule is available on the DRS website.

If an emergency prevents you from making a timely EFT payment, you should contact the DRS eCommerce Unit at 860-297-4973 **immediately** for instructions. You may be permitted to make your payment using the Fedwire method.

11. Is there a penalty for a late EFT payment?

Generally, if you are required to pay electronically, the penalty for a late EFT payment is:

- 2% of the required tax due for EFT payments not more than 5 days late;
- 5% of the required EFT payments more than 5 days but not more than 15 days late; **and**
- 10% of the required EFT payments more than 15 days late.

Interest is charged at the rate of 1% per month or fraction of a month from the due date of the tax until the tax is paid in full.

If payment is delayed for reasons beyond your control, you may request a waiver of the penalty by submitting a completed **Form DRS-PW, Request for Waiver of Civil Penalty**. See **Policy Statement 2014(4), Requests for Waiver of Civil Penalties**.

This penalty does not apply to estimated corporation business tax payments that are required to be made by EFT. If an estimated payment is late, you may be subject to interest for the underpayment of tax when you file your return for the taxable year.

12. May I pay by check if I am required to pay by EFT?

No. Payment by check does not relieve you of the requirement to pay by EFT and subjects you to a noncompliance penalty of up to 10%, regardless of when DRS receives the payment.

The following graduated penalty amounts will apply if you fail to remit payments electronically:

- First offense – 10% penalty on the amount of the required tax payment, but not more than \$2,500;
- Second offense – 10% penalty, but not more than \$10,000; **and**
- Third and subsequent offenses – 10% penalty.

When initiating a payment through your financial institution's online banking system you **must** verify that your financial institution is sending an EFT, not a check.

13. Can I schedule a future payment?

Yes. The *TSC* defaults the payment date to the date of filing. You have the option to change the payment date to any date up to the due date.

14. Is a penalty imposed for the late filing of a tax return if payment of the tax is made timely?

The Commissioner of Revenue Services may impose a \$50 penalty for the late filing of any return or report required by law to be filed.

15. Is it possible to cancel or correct an EFT?

Yes. For ACH debit payments initiated through the *TSC* or Connecticut Business Telefile System, the *TSC* gives you the ability to cancel payments up to one banking day prior to the effective date. For an ACH credit transaction, follow your bank's instructions.

16. May I pay a tax bill electronically?

Yes. You may pay tax bills using the *TSC* by logging into the *TSC* and selecting the *Make Payment Only* option. You may also pay bills by remitting an ACH credit EFT or by making a credit card payment.

17. Can I make electronic bill payments and estimated payments for Individual Income Tax if I do not have a login for the TSC?

Yes. Go to www.ct.gov/TSC, select the *Individual* button and choose from the menu on the left side of that webpage.

18. Are there tax returns that I can file without creating a TSC account?

Yes, after entering certain information into the *TSC* you can file the Annual Summary and Transmittal of Information Returns (for Form 1099-MISC only); Attorney Occupational Tax Return; Business Entity Tax Return; Composite Income Tax Return and Extensions; Individual Income Tax Estimates, Extensions, and bill payments; and the Trust and Estate Income Tax Return without a *TSC* login. Go to www.ct.gov/TSC, select the *Business* or *Individual* button and choose from the menu on left side of that webpage.

19. How do I electronically file an Individual Income Tax return?

You may file your Individual Income Tax return by logging onto the *TSC* at www.ct.gov/TSC and selecting the *Individual* button. Certain restrictions may apply. DRS also accepts Individual Income Tax returns filed through third-party software.

20. How can I amend tax returns electronically?

The following business returns may be amended electronically using the *TSC*:

- Admissions and Dues Tax Return;
- Beverage Container Deposit Report;
- Business Use Tax Return;
- Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts;
- Connecticut Annual Reconciliation of Withholding (along with corresponding W-2 forms);
- Connecticut Annual Summary and Transmittal of Information Returns;
- Connecticut Quarterly Reconciliation of Withholding;
- Hospital Net Revenue Tax Return;
- Intermediate Care Facility User Fee Tax Return;
- Nursing Home User Fee Return;

- Prepaid Wireless E 9-1-1 Fee Return;
- Room Occupancy Tax Return; **and**
- Sales and Use Tax Return.

The *TSC* also allows individuals to amend their Individual Income Tax returns.

All other returns must be amended by filing a paper return.

21. How do I report no tax due?

If you do not owe any tax, an EFT is not required. However, you **must** file a timely return **even if no payment is due**.

22. If I am required to electronically file my tax return, will I receive paper returns in the mail?

No. DRS will not mail pre-printed copies of returns to taxpayers required to file electronically. Failure to receive a paper return does not relieve you of your obligation to file.

23. Can I request a waiver of the requirement to file electronically or to pay by EFT?

If you can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by submitting a properly completed **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request*, no fewer than 30 days before the due date of your first electronic filing and payment. See **Policy Statement 2011(3)**, *Requests for Waiver of Electronic Filing and Electronic Payment Requirements*.

Effective Date: Upon issuance

Statutory Authority: Statutory Authority: Conn. Gen. Stat. §12-685; Conn. Gen. Stat. §12-686, as amended by 2011 Conn. Pub. Acts 61, §57; Conn. Gen. Stat. §12-687, as amended by 2011 Conn. Pub. Acts 61, §65; Conn. Gen. Stat. §§12-688 and 12-689; Conn. Agencies Regs. §§12-689-1 through 12-689-3, inclusive.

Effect on Other Documents: This **Informational Publication 2014(15)**, *Filing and Paying Connecticut Taxes Electronically* modifies and supersedes **Informational Publication 2013(15)**, *Paying Connecticut Taxes by Electronic Funds Transfer*, which may no longer be relied upon on or after the issuance date of this Informational Publication.

Effect of This Document: An Informational Publication issued by the DRS addresses frequently-asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

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: 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 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.

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