

Connecticut Tax Guide For Payers of Nonpayroll Amounts



Connecticut Income Tax Withholding Requirements

Tax information is available on our website at portal.ct.gov/DRS.

Effective May 29, 2018

Keep and use this booklet until a new edition of the Connecticut Tax Guide for Payers of Nonpayroll Amounts is issued.

IP 2018(8)

Withholding tax

Issued: 11/2018

Replaces: IP 2016(8)

Frequently Used Telephone Numbers

Connecticut Department of Revenue Services

Connecticut calls outside the Greater Hartford calling area	800-382-9463
From anywhere	860-297-5962
Collection Unit	860-297-5909
Electronic Funds Transfer	860-297-4973
Forms Unit	860-297-4753
TTY, TDD, and Text Telephone users only	860-297-4911

Internal Revenue Service

Tax Assistance	800-829-1040
Tax Forms and Publications	800-829-3676

Related Web Sites

Connecticut Department of Revenue Services (DRS)	portal.ct.gov/DRS
DRS Taxpayer Service Center (<i>TSC</i>)	portal.ct.gov/TSC
Internal Revenue Service (IRS)	www.irs.gov

Connecticut Forms Referenced in This Booklet

Form CT-8109	<i>Connecticut Income Tax Withholding Payment Form for Nonpayroll Amounts</i>
Form CT-945	<i>Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts</i>
Form CT-1096	<i>Connecticut Annual Summary and Transmittal of Information Returns</i>
Form REG-1	<i>Business Taxes Registration Application</i>
Form CT-W4P	<i>Withholding Certificate for Pension or Annuity Payments</i>
Form CT-941X	<i>Amended Connecticut Reconciliation of Withholding</i>
Form CT-8809	<i>Request for Extension of Time to File Information Returns</i>
Form CT-8508	<i>Request for Waiver from Filing Information Returns Electronically</i>
Form DRS-EWVR	<i>Electronic Filing and Payment Waiver Request</i>
TPG-211	<i>2018 Withholding Calculation Rules</i>

ELECTRONIC FILING THROUGH THE TAXPAYER SERVICE CENTER (*TSC*)

File withholding information through the *TSC*. The *TSC* is a free, fast, easy, and secure way to conduct business with DRS. Go to portal.ct.gov/TSC.



Use the *TSC* to view current account balances, make and schedule payments, and amend certain tax returns.

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Calendar of Duties

If the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed by the next business day.

In this publication, *you* means the payer, unless otherwise specified.

Payer's Classification Determines When Payments Are Required to Be Made

Forms **must** be filed electronically and **all** payments made by electronic funds transfer (EFT) as follows:

Weekly remitters on or before the Wednesday following the weekly period during which the nonpayroll amounts were paid.

Monthly remitters on or before the fifteenth day of the month following the month during which the nonpayroll amounts were paid.

Quarterly remitters on or before the last day of the month following the quarterly period during which the nonpayroll amounts were paid.

See *Remitter Classifications* on Page 8.

On or Before January 31

You must file **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts*, even if no tax is due or has been withheld for the year.

You must provide payees with federal Form 1099-MISC, Miscellaneous Income; 1099-R, Distributions From Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.; or W-2G, Certain Gambling Winnings, for each payment, distribution, or transaction made during the preceding calendar year.

You must file **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Returns* and Forms 1099-MISC, 1099-R, and W-2G electronically. See *Electronic Filing and Payment of Income Tax Withholding* on Page 11.

What's New

Information Returns: Effective for taxable years beginning January 1, 2017, the due date for filing information returns with the Department of Revenue Services (DRS) is January 31.

Beginning with taxable year 2018, you are required to file federal Form 1099-R if the recipient is a Connecticut resident individual, **even if no Connecticut income tax was withheld.**

New Income Tax Withholding Requirements for Pension and Annuity Payments: Effective January 1, 2018, payers that maintain an office or transact business in Connecticut and make any type of taxable distributions from the list below to Connecticut residents are required to deduct and withhold income tax from such distributions.

Distributions (also referred to as nonpayroll amounts) subject to withholding include taxable distributions from the following:

- an employer pension;
- an annuity;
- a profit sharing plan;
- a stock bonus;
- a deferred compensation plan;
- an individual retirement arrangement;
- an endowment; **and**
- a life insurance contract.

The calculation of the required amount of withholding depends on whether the payment is periodic, nonperiodic or a lump sum distribution of the entire account balance. The withholding requirements for each type of payment are in the *Pension and annuity distributions to Connecticut residents* section on Page 6.

Any payer required to withhold Connecticut income tax from nonpayroll amounts must register for income tax withholding for nonpayroll with DRS. This means that you must indicate on **Form REG-1**, *Business Taxes Registration Application*, that you intend to make payments of pensions, annuities or retirement distributions to Connecticut residents.

Form CT-W4P, *Withholding Certificate for Pension or Annuity Payments*, has been revised to include the withholding codes necessary for you to calculate the correct amount of withholding, including the ability for your recipient to claim exemption from withholding. You must use Form CT-W4P with an effective date of January 1, 2018 or later.

Form CT-W4P for years 2017 and prior are now obsolete.

Frequently Asked Questions

Pension and Annuity Payments

1. Where can I get more information about the 2018 Form CT-W4P for my staff and payees?

Provide them with **Announcement 2017(11)**, *Revised Form CT-W4P for Connecticut Resident Recipients of Pension and Annuity Distributions*.

2. Does DRS have a monthly withholding calculator?

Yes. Refer your payees to the DRS website at **portal.ct.gov/DRS**, select *Forms*, below the section titled **Guidance** select *Calculators*, then select *Monthly Connecticut Withholding Calculator - CT-W4P*. Your payees can calculate how much will be withheld with their monthly pension amount and withholding code.

3. The payee did not provide a completed Form CT-W4P. How do I withhold?

Effective January 1, 2018, if a payee fails to complete a Form CT-W4P, you are required to withhold Connecticut tax at the highest marginal rate of 6.99% without allowance for exemption.

4. How do I withhold from an “on demand” distribution?

Withhold at a rate of 6.99% unless your recipient completes Form CT-W4P in the following manner: by claiming exemption from withholding using Withholding Code “E” or requesting a dollar amount by using Withholding Code “E” and indicating an amount on Line 2, *Additional withholding amount per payment*.

5. Do I withhold from a qualified Roth IRA distribution?

No, withholding applies only to the taxable portion of any distribution.

6. How do I determine if a payee is a Connecticut resident?

You may rely on the address of record or on a written statement, signed by your payee under penalties of perjury, to determine your payee’s residency.

7. I am distributing the payee’s entire account balance in a lump sum payment. How do I withhold?

You are required to withhold Connecticut income tax at the highest marginal rate of 6.99% without allowance for exemption unless any portion of the lump sum distribution was previously subject to tax, or the lump sum payment is a trustee-to-trustee transfer, or is a direct rollover in the form of a check made payable to another qualified account. Form CT-W4P cannot be used.

Information Return Reporting

1. Which nonpayroll information returns must be filed with DRS?

See *Annual Summary of Information Returns*, on Page 8.

2. I file federal Form 1099-MISC, but I am not required to be registered with DRS for Connecticut income tax withholding purposes, am I required to file these forms with DRS?

Yes, if the payments are made to Connecticut resident individuals or to nonresident individuals if the payments relate to services performed in Connecticut. See *Electronic Filing and Payment of Income Tax Withholding*, on Page 11.

3. Does DRS participate in the Combined Federal/State Filing Program?

Connecticut participates in the Combined Federal/State Filing Program (CF/SF). However, you must also file Forms 1099-R and 1099-MISC that have Connecticut withholding and the associated Form CT-1096, directly with DRS through the TSC even if you participate in the CF/SF. See *Electronic Filing and Payment of Income Tax Withholding*, on Page 11.

If you file Forms 1099-R and 1099-MISC with no Connecticut Withholding through the CF/SF, you have no additional filing requirements with DRS.

4. What paper forms should accompany the electronic filing?

None. Do not submit paper copies of any electronically filed forms. If there are any attachments or schedules that cannot be electronically filed, keep this information with your records and provide them to DRS upon request.

5. How do I correct an error on Form CT-945 or Form CT-1096?

To correct an error on Form CT-945 or Form CT-1096, you must file an amended return. Refer to *How to File Amended Returns* on Page 9.

Instructions

WHO IS REQUIRED TO WITHHOLD CONNECTICUT INCOME TAX

Anyone who maintains an office or transacts business in Connecticut must withhold Connecticut income tax whether or not the payroll or accounts receivable department is located in Connecticut.

Special rules apply to payers of compensation to professional athletes, entertainers, and performing artists. See *Payments made to athletes or entertainers* on Page 7.

Any payer who is required to withhold Connecticut income tax must register for withholding with DRS. See *How to Register for Income Tax Withholding* on Page 9.

INCOME SUBJECT TO CONNECTICUT INCOME TAX WITHHOLDING

In general, Connecticut law follows federal law in determining what income is subject to withholding. Certain nonpayroll income (also referred to as nonpayroll amounts) is subject to withholding.

- **Pension and annuity distributions to Connecticut residents**

Effective January 1, 2018, payers that maintain an office or transact business in Connecticut and make taxable distributions from the list below to a resident individual are required to deduct and withhold income tax from such distributions.

Distributions subject to withholding include taxable distributions from the following:

- an employer pension;
- an annuity;
- a profit sharing plan;
- a stock bonus;
- a deferred compensation plan;
- an individual retirement arrangement;
- an endowment; **and**
- a life insurance contract.

Taxable distributions are distributions that are subject to federal income tax.

Form CT-W4P: Except in cases of lump sum distribution of the entire account balance, payers are required to provide Connecticut resident recipients with **Form CT-W4P**, *Withholding Certificate for Pension or Annuity Payments*. Effective January 1, 2018, Form CT-W4P for years 2017 and prior are obsolete. You must use Form CT-W4P with an effective date of January 1, 2018 or later.

Form CT-W4P will remain in effect until the recipient provides a new one.

Payers are not required to confirm that the withholding code indicated by the payee on Form CT-W4P is the correct or applicable withholding code.

You may collect and store Form CT-W4P electronically provided conditions listed in the *RECORD KEEPING* section of this guide are met.

How to Withhold: The calculation of the required amount of withholding depends on whether the payment is periodic or nonperiodic.

DRS will use the federal definition of periodic and nonperiodic payments.

Periodic payments: Calculate the amount to withhold from periodic payments using the same method that employers use to determine the amount to withhold from wages. You must use the *Income Tax Withholding Tables* or **TPG-211**, *Withholding Calculation Rules*, along with the recipient's most recently completed Form CT-W4P.

The Income Tax Withholding Tables and TPG-211 are included in the current edition for the taxable year of the Connecticut Employer's Tax Guide, Circular CT, which is available on the DRS website. However, if the Department issues Income Tax Withholding Tables or TPG-211 subsequent to the publication of the Connecticut Employer's Tax Guide, Circular CT for the taxable year in which the payment is made, then you must use those Income Tax Withholding Tables or TPG-211 to determine how much Connecticut income tax to deduct and withhold from taxable pension and annuity distributions.

If the recipient does not provide a properly completed Form CT-W4P, you must withhold at the highest marginal rate of 6.99%.

Refer your recipients to **Announcement 2017(11)**, *Revised Form CT-W4P for Connecticut Resident Recipients of Pension and Annuity Distributions*.

Nonperiodic payments: Withhold at the highest marginal rate of 6.99% **unless** the payee provides to you a Form CT-W4P (but see *Distribution of entire account balance* on Page 7). The payee should complete Form CT-W4P if the payee does not want to have withholding at the highest marginal rate of 6.99%. If the payee elects to complete a Form CT-W4P, the payee must complete the form using one of the following options:

- Enter Withholding Code "E" on Line 1 which will result in \$0 withholding; **or**
- Enter Withholding Code "E" on Line 1 and a dollar amount on Line 2, *Additional Amount of Withholding Per Payment*, for a specific dollar amount withheld.

The payee may not choose any other withholding code. If the payee does not claim exemption (or exemption with an

additional amount of withholding), then you must withhold at the highest marginal rate of 6.99%.

Example 1: A recipient requests \$10,000 from their individual retirement arrangement (IRA). You determine the distribution is a taxable distribution. The amount you are required to withhold is \$699 (\$10,000 x 6.99%). However, the recipient does not want any Connecticut income tax withheld. The recipient must complete a Form CT-W4P indicating Withholding Code “E” on Line 1. You withhold \$0.

Example 2: A recipient requests \$10,000 from their IRA. You determine the distribution is a taxable distribution. The amount you are required to withhold is \$699 (\$10,000 x 6.99%). However, the recipient only wants you to withhold \$350. The recipient must complete a Form CT-W4P indicating Withholding Code “E” on Line 1 and \$350 on Line 2. You withhold \$350.

Distribution of entire account balance: You must withhold at the highest marginal rate of 6.99% without allowance for exemption, unless any portion of the lump sum distribution was previously subject to tax, or the lump sum distribution is a trustee-to-trustee transfer, or is a direct roll over in the form of a check made payable to another qualified account.

Medicaid recipients: If the payee is on Medicaid and residing in a nursing home or receiving home and community-based waiver services, the payee should provide the payer with a completed Form CT-W4P claiming exemption from withholding. Otherwise, the withholding requirements apply.

- **Unemployment compensation payments**

Unemployment compensation payments are subject to Connecticut income tax withholding if the recipient has requested Connecticut income tax withheld from the payments.

- **Gambling winnings other than Connecticut lottery winnings**

If you are a payer of gambling winnings that are subject to federal income tax withholding, you maintain an office or transact business in Connecticut, and the payment is made to a resident or to someone receiving the payment on behalf of a resident, you must deduct and withhold Connecticut income tax at a flat rate of 6.99%, without allowance for exemption.

Compute the Connecticut withholding on the same amount subject to withholding for federal income tax purposes. If the winnings are a noncash prize, you must collect the required withholding in cash from the winner before awarding the noncash prize.

Gambling winnings include both cash and noncash winnings. Noncash winnings are valued at fair market value.

See **Informational Publication 2011(27)**, *Connecticut Income Tax Treatment of Gambling Winnings Other Than State Lottery Winnings*.

Any payer of gambling winnings who is subject to Connecticut withholding and who is not otherwise required to register with DRS must register by filing **Form REG-1**, *Business Taxes Registration Application*. See *How to Register for Income Tax Withholding* on Page 9.

- **Connecticut lottery winnings**

Connecticut lottery winnings are subject to Connecticut income tax if reportable for federal income tax withholding purposes, whether or not federal income tax withholding is required. See **Informational Publication 2015(23)**, *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*.

The Connecticut Lottery Corporation withholds Connecticut income tax at the rate of 6.99% from all payments of reportable Connecticut Lottery winnings made to a resident or a nonresident, whether or not federal income tax is withheld.

- **Payments made to athletes or entertainers**

Connecticut income tax withholding is required even if the payments are not wages for federal income tax withholding purposes.

Compensation for personal services performed in Connecticut by a professional athlete or entertainer, paid in cash or otherwise, in connection with sporting events or with the preparation or presentation of entertainment, whether as a participant, performer, crew, or otherwise, is subject to Connecticut income tax withholding if you are a designated withholding agent. See **Policy Statement 2018(1)**, *Income Tax Withholding for Athletes or Entertainers*.

INCOME NOT SUBJECT TO CONNECTICUT INCOME TAX WITHHOLDING

In general, income not subject to federal withholding is not subject to Connecticut income tax withholding.

Military retirement pay is exempt from Connecticut income tax.

WHEN TO REMIT INCOME TAX WITHHOLDING PAYMENTS

You are required to withhold Connecticut income tax from nonpayroll amounts at the time those amounts are paid and you are required to remit the Connecticut income tax withholding to DRS according to your remitter classification. See the requirements in *Weekly Remitter*, *Monthly Remitter*, or *Quarterly Remitter*.

You must submit withholding payments electronically using **Form CT-8109, Connecticut Income Tax Withholding Payment Form for Nonpayroll Amounts**. See *Electronic Filing and Payment of Income Tax Withholding* on Page 11.

REMITTER CLASSIFICATIONS

Each calendar year DRS will classify you either as a weekly remitter, monthly remitter, or quarterly remitter. The classification relates to how much time you have to remit Connecticut income tax withholding to DRS after you pay the nonpayroll amounts to payees and Connecticut income tax is deducted and withheld from those nonpayroll amounts.

Your classification is based on your reported liability for Connecticut income tax withholding during the look-back period. The look-back period is the second preceding calendar year from which your annual classification was made. For example, the look-back period for 2018 is calendar year 2016. DRS will notify you of your new payment frequency if your prior classification has changed. Most new payers will be classified as quarterly remitters.

- **Weekly Remitter**

You are a *weekly remitter* if your reported liability for Connecticut income tax withholding during the look-back period was more than \$10,000. As a weekly remitter you are required to remit Connecticut income tax withholding on or before the Wednesday following the weekly period during which the nonpayroll amounts were paid. *Weekly period* is the seven-day period beginning on a Saturday and ending on the following Friday.

Schedule for Weekly Remitters

If nonpayroll amounts are paid on Saturday, Sunday, Monday, or Tuesday	Remit Connecticut income tax withholding on or before the second Wednesday following the date the nonpayroll amounts were paid
If nonpayroll amounts are paid on Wednesday, Thursday, or Friday	Remit Connecticut income tax withholding on or before the Wednesday following the date the nonpayroll amounts were paid.

If you are a weekly remitter, and you have two or more nonpayroll payment dates during a week you are generally required to make only one withholding payment to DRS for the weekly period. You should enter the date of the last nonpayroll payment date when remitting the withholding. However, if the nonpayroll payment dates fall in different annual periods, you must make separate payments for the separate Connecticut income tax withholding liabilities. Any payments made on December 30, 2018 or December 31, 2018, are payments made during calendar year 2018 and must be included on **Form CT-945, Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts**, filed for the 2018 calendar year.

- **Monthly Remitter**

You are a *monthly remitter* if your reported liability for Connecticut income tax withholding during the look-back period was more than \$2,000 but not more than \$10,000. As a monthly remitter, you are required to remit Connecticut income tax withholding on or before the fifteenth day of the month following the month during which the nonpayroll amounts were paid.

- **Quarterly Remitter**

You are a *quarterly remitter* if your reported liability for Connecticut income tax withholding during the look-back period was \$2,000 or less. As a quarterly remitter you are required to remit Connecticut income tax withholding on or before the last day of the month following the quarterly period during which the nonpayroll amounts were paid. *Quarterly period* means a period of three calendar months that ends on the last day of March, June, September, or December.

WHAT FORMS TO FILE

Annual Reconciliation of Withholding

You must electronically file Form CT-945, on or before January 31. As a payer of nonpayroll amounts subject to Connecticut income tax withholding you are required to file Form CT-945 as long as you have an active withholding account with DRS. This is true even if no tax is due or required to be withheld for that year or even if you are not required to file federal Form 945. If you remitted all taxes when due, you may file Form CT-945 on or before February 10.

Annual Summary of Information Returns

You must electronically file **Form CT-1096, Connecticut Annual Summary and Transmittal of Information Returns**, on or before January 31. Do not make payments with Form CT-1096.

A payer of nonpayroll amounts who is required to file federal Form 1096 must electronically file Form CT-1096 with every state copy of the following:

- Federal Form W-2G for (1) Connecticut Lottery winnings paid to resident and nonresident individuals even if no Connecticut income tax was withheld, and (2) other gambling winnings paid to resident individuals even if no Connecticut income tax was withheld;
- Federal Form 1099-MISC for payments made to Connecticut resident individuals or to nonresident individuals if the payments relate to services performed wholly or partly in Connecticut even if no Connecticut income tax was withheld;
- Federal Form 1099-R for distributions made to Connecticut resident individuals, even if no Connecticut income tax was withheld. For all other recipients, only if Connecticut income tax was withheld.

To request an extension of time to file, you must complete and submit **Form CT-8809**, *Request for Extension of Time to File Information Returns*, on or before January 31. DRS will notify you only if your extension request is denied. Form CT-8809 cannot be filed electronically.

HOW TO FILE AMENDED RETURNS

Amended Annual Reconciliation of Withholding

If you made an error on a previously filed Form CT-945, you must file an amended return. You must amend Form CT-945 electronically. You may file a paper **Form CT-941X**, *Amended Connecticut Reconciliation of Withholding*, to amend Form CT-945 only if you have been granted a waiver from electronic filing and payment from DRS.

Amended Summary of Information Returns

If you made an error on a previously filed Form CT-1096, you must file an amended return. Amend Form CT-1096 electronically.

DRS accepts electronic amended and supplemental filings through the **TSC**. Amended and supplemental filings can only be done using the Single Filer or Single Client – Key and Send filing option. For more information refer to the current version of **Informational Publication 2018(12)**, *Forms 1099-R, 1099-MISC, 1099-K, and W-2G Electronic Filing Requirements for Tax Year 2018*.

HOW TO REGISTER FOR INCOME TAX WITHHOLDING

If you are a new payer required to deduct and withhold Connecticut income tax from nonpayroll amounts you must register with DRS. Visit www.ct.gov/register to register online or complete **Form REG-1**, *Business Taxes Registration Application*. See *Income Subject to Connecticut Income Tax Withholding* on Page 6 for the requirements to withhold Connecticut income tax. Form REG-1 is also used to register a business for most other state taxes, including sales and use taxes and corporation business tax.

If you are a payer of nonpayroll amounts not already registered with DRS, including if you are starting a new business, you must register to withhold Connecticut income tax.

If you are a payer of nonpayroll amounts already registered with DRS for other state taxes, you are still required to register to withhold Connecticut income tax.

If you are a payer of nonpayroll amounts who acquires an existing business you must register with DRS to obtain a Connecticut tax registration number. You, as the new owner, cannot use the previous owner's tax registration number.

The DRS tax registration number and federal employer identification number must appear on all Connecticut withholding forms and on all correspondence with DRS. Do not use the registration number issued by the Department of Labor (DOL) on DRS forms.

INTEREST AND PENALTIES

Liability for Taxes Withheld

If you are a payer of nonpayroll amounts, you are liable for the amount of the Connecticut income tax required to be withheld. For purposes of assessment and collection, amounts required to be withheld and paid over to DRS (and any interest and penalties) are your liability (as withholding agent) under the law. You remain liable for the tax even if a third party is withholding on your behalf.

If you fail to comply with the requirements to withhold Connecticut income tax, you will be subject to interest and penalties, including the following:

Interest

If you are filing a late or amended return, interest is computed on the underpayment at the rate of 1% per month or fraction of a month from the due date until the date of payment.

Late Electronic Payment Penalty

The following penalties will apply if an electronic funds transfer (EFT) payment is remitted late.

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

Penalty for Failure to Pay Electronically

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.

Late Payment Penalty

The penalty for late payment or underpayment of tax due is 10% of the amount due on all returns.

Late Filing Penalty

In the event no tax is due, the Commissioner of Revenue Services may impose a \$50 penalty for failure to file any return or report that is required by law to be filed.

Required Information Returns

A penalty of \$5 per statement up to a total of \$2,000 per calendar year is imposed for failure to provide required federal Forms 1099-MISC, 1099-R, and W-2G to each payee and a copy to DRS unless due to reasonable cause.

Willful Evasion

A penalty equal to the total amount of the tax evaded, not collected, or not paid over is imposed on any responsible person for the willful failure of a payer of nonpayroll amounts to collect or truthfully account for income tax or for willfully attempting to evade the tax.

Fraud

In addition to any other penalty that may be imposed, a civil penalty of not more than \$1,000 is imposed where, with fraudulent intent, you fail to pay, deduct, or withhold and pay tax or to make or sign any return or supply information.

Criminal Penalties

If you willfully fail to pay tax, file a return, keep records, or supply information then you will be guilty of a misdemeanor. If you willfully file with DRS any document known to be fraudulent or false in any material manner then you will be guilty of a felony.

HOW TO CANCEL REGISTRATION FOR WITHHOLDING CONNECTICUT INCOME TAX

If you go out of business or permanently stop making payments of nonpayroll amounts, you should notify DRS immediately by filing Form CT-945 for the current calendar year. You must check the box to indicate that you no longer make payments of nonpayroll amounts subject to Connecticut income tax withholding and enter the last payment date on the line provided on Form CT-945 or send written notification to:

Department of Revenue Services
Operations Registration
PO Box 2937
Hartford CT 06104-2937

You must also file Form CT-1096, with Forms 1099-MISC, 1099-R, or W-2G to DRS and issue Forms 1099-MISC, 1099-R, or W-2G to all payees showing the amounts paid and withheld.

PRIVATE DELIVERY SERVICES

When sending forms, returns, or payments to DRS, you may use certain private delivery services in addition to the U.S. Postal Service and satisfy the timely filed and timely payment rules. See **Policy Statement 2016(4)**, *Designated Private Delivery Services and Designated Types of Service*.

RECORD KEEPING

You must maintain a current accurate record for whom there is a nonpayroll payment reporting requirement. DRS has the authority to inspect your records at any time. Records should contain all of the following applicable information:

- Amounts and dates of all nonpayroll payments subject to reporting requirements;
- Names, addresses, occupations, and Social Security Numbers of persons receiving payments;
- For services performed within Connecticut by nonresident contractors, documentation identifying the type, location, and date of performance of all services including contracts, agreements, and change orders;
- Financial statements, chart of accounts, general ledger, general journal, cash disbursement journals, and check registers;
- Copies of payment forms, annual returns, and statements filed with DRS and IRS; **and**
- **Form CT-W4P**, *Withholding Certificate for Pension or Annuity Payments*.

Electronic Form CT-W4P: You may collect and store Form CT-W4P electronically provided the following conditions are met:

- The electronic version of Form CT-W4P must include the perjury statement, and the same information that the paper form provides.
- The electronic storage of Forms CT-W4P must comply with the provisions of Conn. Agencies Regs. § 12-2-12, Recordkeeping and record retention.
- The electronic storage of Forms CT-W4P should comply with the provisions of Chapter 229 of the Connecticut General Statutes, and Connecticut income tax withholding publications of the Department, including, but not limited to, this publication, in the same manner as the collection and storage of paper Forms CT-W4P.

You should keep records for at least four years after the date the tax becomes due or the date the tax is paid, whichever is later. However, a current, accurate copy of Form CT-W4P must be on file at all times.

Electronic Filing and Payment of Income Tax Withholding

You are required to file all withholding forms electronically and pay any associated taxes by electronic funds transfer (EFT). Failure to comply will result in penalties.

Transmit the following returns through the Taxpayer Service Center (**TSC**): portal.ct.gov/TSC

- Form CT-8109;
- Form CT-945;
- Form CT-1096 with applicable:
 - o Federal Forms W-2G;
 - o Federal Forms 1099-MISC;
 - o Federal Forms 1099-R



If you are not required to and have not registered with DRS for withholding purposes, you can submit Form CT-1096 with the associated Forms 1099-MISC without logging in under a Connecticut Tax Registration Number. Visit the **TSC** at portal.ct.gov/TSC. On the **TSC-BUS** Welcome Page, select *File Form CT-1096 and associated 1099-MISC forms* from the left tool bar and follow the prompts.

Do not file paper forms after you file through the **TSC**.

Refer to the most recent version of **Informational Publication 2017(15)**, *Filing and Paying Connecticut Taxes Electronically*; and IP 2018(12), for electronic reporting specifications.

For information on EFT payments, visit www.ct.gov/DRS/EFT

ELECTRONIC WAIVER REQUESTS

The Commissioner may waive the electronic requirement if, based on information you provide, electronic filing would create an undue hardship. The Commissioner is required to promptly notify you whether or not the waiver request has been granted. The Commissioner's decision is final and not subject to review or appeal.

You must submit the request to the Commissioner at least 30 days before the due date of the required filing or required payment. If the request is granted, you may file a signed paper Connecticut tax return and make payments by means other than EFT.

File a request using **Form CT-8508**, *Request for Waiver From Filing Informational Returns Electronically* for Form CT-1096 and federal Forms W-2-G, 1099-MISC, and 1099-R.

File a request using **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request* for the following:

- Form CT-8109;
- Form CT-945; **and**
- Form CT-941X.

Waiver requests must be mailed or faxed to DRS. An approved Form DRS-EWVR is effective for 12 months from the date the waiver is granted. See **Policy Statement 2011(3)**, *Request for Waiver of Electronic Filing and Payment Requirements*.

BULK FILING OF INFORMATION RETURNS

The **TSC** makes filing information returns easier while ensuring the security of the data being filed. You can use the **TSC** to *key and send* or *upload* forms either by having bulk filing capabilities assigned to the current Connecticut tax registration number or, for tax preparers who are filing for their clients and are not registered with DRS, by completing an application and being issued a separate third party bulk filer (TPBF) identification number.

With bulk filing capabilities, you may then select and begin to file your information returns online. After you enter all information returns, transmit Form CT-1096 to complete the filing process. The information returns are not accepted until Form CT-1096 is filed. You will receive a unique confirmation number for each Form CT-1096 submitted. The confirmation number is your proof of filing.

Options for Filing Forms 1099-R, 1099-MISC, W-2G, and CT-1096 Through the TSC

- **Key and Send**

The key and send method is used to submit a maximum of 100 information returns per form type. This option allows you to enter up to 100 Forms 1099-R, 1099-MISC, or W-2G in a single login process. Once all Forms 1099-R, 1099-MISC, or W-2G are entered, select *Next*. You will be brought to Form CT-1096 where the **TSC** has populated many of the fields based on the information you just entered. Verify the Form CT-1096 information and then complete the quarterly breakout. Your Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the **TSC** issues a confirmation number for Form CT-1096.

- **Dynamic Web Import (DWI)**

DWI is a file import process that allows you to define and upload your information returns. The agency's DWI tool does **not** support the standard electronic file formats used by the Internal Revenue Service (IRS). Each field in the file represents an item from a return you are reporting. You can arrange the fields in any order by defining your own customized layout.

If an error or errors are found during the upload process, DRS will identify and explain each error. You must correct all errors on your file and then upload the file again. Once all Forms 1099-R, 1099-MISC, or W-2G are successfully uploaded, you will be brought to Form CT-1096 where the *TSC* has populated many of the fields based on the information you just entered. Verify the Form CT-1096 information and then complete the quarterly breakout.

Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the *TSC* issues a confirmation number for Form CT-1096.

- **Batch File Upload Using DRS Standard File Layout**

Batch file upload allows you to submit a file using the standard file layouts defined in the most recent version of IP 2018(12). Once the file upload is completed, a results file will acknowledge the success or failure of your file upload. If an error or errors are found during the upload process, the results file will identify and explain each error. You will need to correct and resubmit the entire file.

Once you have successfully uploaded all your returns, you must return to the withholding main menu. Select *Form CT-1096*, choose the period end, and proceed to Form CT-1096. Verify the Form CT-1096 information and then complete the quarterly breakout.

Your Forms 1099-R, 1099-MISC, or W-2G are not successfully transmitted until the *TSC* issues a confirmation number for Form CT-1096.

THIRD PARTY BULK FILING

Third party bulk filers (TPBF) are tax preparers who prepare returns for multiple clients or multiple locations for the same client. A registered TPBF can key in information for one client at a time or upload a file for multiple taxpayers with a single login.

To register as a TPBF:

- Go to portal.ct.gov/TSC;
- Select *Apply for a Bulk Filer ID* under *BULKFILE LOGIN*;
- Select *Application to Become a Bulk Filer*;

- Print and complete the form; **and**

- Fax it to: 860-297-4761; **or**

- Mail it to:

Department of Revenue Services
Electronic Commerce Unit
450 Columbus Blvd. Ste 1
Hartford CT 06103-1837

Once the application has been processed, a bulk filing identification number, password, and instructions will be mailed to you.

RELATED PUBLICATIONS

AN 2017(11) *Revised Form CT-W4P for Connecticut Resident Recipients of Pension and Annuity Distributions*

IP 2018(1) *Connecticut Employer's Tax Guide — Circular CT*

IP 2018(7) *Is My Connecticut Withholding Correct?*

IP 2018(12) *Forms 1099-R, 1099-MISC, 1099-K, and W-2G Electronic Filing Requirements for Tax Year 2018*

IP 2017(14) *Federal/State Electronic Filing Handbook*

IP 2017(15) *Filing and Paying Connecticut Taxes Electronically*

IP 2015(23) *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*

IP 2011(26) *Estimated Connecticut Income Taxes*

IP 2011(27) *Connecticut Income Tax Treatment of Gambling Winnings Other Than State Lottery Winnings*

PS 2018(1) *Income Tax Withholding for Athletes and Entertainers*

PS 2016(4) *Designated Private Delivery Services and Designated Types of Service*

TPG-211 *Withholding Calculation Rules*

SN 2017(5) *New Income Tax Withholding Requirements for Pension and Annuity Payments*

Effective Date: Effective May 29, 2018.

Effect on Other Documents: Informational Publication 2016(8), *Connecticut Tax Guide for Payers of Nonpayroll Amounts*, is modified and superseded in part and may not be relied upon on or after the date of issuance of this Informational Publication.

Effect of This Document: An Informational Publication 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 portal.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing Methods (fast, easy, free, and confidential): Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at portal.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.



File returns, pay amounts due, and choose to direct deposit refunds electronically using the TSC. It's fast and free!

Tax Information		Forms and Publications		
Internet	Find important information for Individual and Business filers, and all of the latest DRS news including new legislation, policies and press releases on the DRS website at portal.ct.gov/DRS	View, download, and print all Connecticut forms and publications by visiting the DRS website at portal.ct.gov/DRS	Internet	
Email	Send routine tax questions to drs@po.state.ct.us (do not send account related inquiries). For account-related questions, including bill and refund inquiries, use the Secure Mailbox feature by logging into the DRS electronic TSC .	Email requests, including your name, address (street, city, state, and ZIP code), and the name or number of the tax product to ctforms.drs@po.state.ct.us	Email	
Phone	For telephone assistance, call DRS at 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only); or 860-297-5962 (from anywhere).	For forms and publications, call 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) and select Option 2 ; or 860-297-4753 (from anywhere).	Phone	
Walk-In	Free personal taxpayer assistance and forms are available by visiting our offices. Walk-in assistance at all DRS locations is available Monday through Friday, 8:30 a.m. to 4:30 p.m. (arrive by 4:00 p.m.). Directions to DRS offices are available using the DRS phone menu or by visiting the DRS website. If you require special accommodations, please advise the DRS representative. All calls are answered at our main office in Hartford, not at the field offices.		Walk-In	
	Bridgeport 10 Middle St	Hartford 450 Columbus Blvd	Norwich 401 West Thames St Building 700	Waterbury 55 West Main St Suite 100
Federal Tax Information		Statewide Services		
For questions about federal taxes , visit www.irs.gov or call the Internal Revenue Service (IRS) at 800-829-1040. To order federal tax forms , call 800-829-3676.		Visit the ConneCT website at portal.ct.gov for information on statewide services and programs.		