

# SN 2000(10)

## 2000 Legislation Affecting the Connecticut Gift Tax

**PURPOSE:** This Special Notice summarizes 2000 legislation affecting the Connecticut gift tax.

**EFFECTIVE DATE:** May 26, 2000, and applicable to calendar years beginning on or after January 1, 2001.

**STATUTORY AUTHORITY:** Conn. Gen. Stat. §12-642(a), as amended by 2000 Conn. Pub. Acts 170, §8.

**PARTIAL PHASEOUT OF THE GIFT TAX:** The Connecticut gift tax will be reduced, in increments, starting with gifts made during 2001, and will ultimately be repealed other than for those donors who make taxable gifts, for Connecticut gift tax purposes, in an amount exceeding \$1 million during a calendar year.

### GIFT TAX RATE SCHEDULE

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
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#### Calendar Years *prior to* 2001

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$25,000 or less	1%
over \$25,000 but not over \$50,000	\$250 plus 2% of the excess over \$25,000
over \$50,000 but not over \$75,000	\$750 plus 3% of the excess over \$50,000
over \$75,000 but not over \$100,000	\$1,500 plus 4% of the excess over \$75,000
over \$100,000 but not over \$200,000	\$2,500 plus 5% of the excess over \$100,000
Over \$200,000	\$7,500 plus 6% of the excess over \$200,000

#### Calendar Year 2001

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$25,000 or less	EXEMPT
over \$25,000 but not over \$50,000	\$250 plus 2% of the excess over \$25,000
over \$50,000 but not over \$75,000	\$750 plus 3% of the excess over \$50,000
over \$75,000 but not over \$100,000	\$1,500 plus 4% of the excess over \$75,000
over \$100,000 but not over \$675,000	\$2,500 plus 5% of the excess over \$100,000
Over \$675,000	\$31,250 plus 6% of the excess over \$675,000

### GIFT TAX RATE SCHEDULE, cont.

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
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#### Calendar Year 2002

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$50,000 or less	EXEMPT
over \$50,000 but not over \$75,000	\$750 plus 3% of the excess over \$50,000
over \$75,000 but not over \$100,000	\$1,500 plus 4% of the excess over \$75,000
over \$100,000 but not over \$700,000	\$2,500 plus 5% of the excess over \$100,000
Over \$700,000	\$32,500 plus 6% of the excess over \$700,000

#### Calendar Year 2003

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$75,000 or less	EXEMPT
over \$75,000 but not over \$100,000	\$1,500 plus 4% of the excess over \$75,000
over \$100,000 but not over \$700,000	\$2,500 plus 5% of the excess over \$100,000
Over \$700,000	\$32,500 plus 6% of the excess over \$700,000

#### Calendar Year 2004

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$100,000 or less	EXEMPT
over \$100,000 but not over \$850,000	\$2,500 plus 5% of the excess over \$100,000
Over \$850,000	\$40,000 plus 6% of the excess over \$850,000

#### Calendar Year 2005

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$950,000 or less	EXEMPT
Over \$950,000	\$45,000 plus 6% of the excess over \$950,000

#### Calendar Years *after* 2005

Amount of Taxable Gifts, for Connecticut Gift Tax Purposes	Tax
\$1,000,000 or less	EXEMPT
Over \$1,000,000	\$47,500 plus 6% of the excess over \$1,000,000

**Taxable gifts**, for Connecticut gift tax purposes, means the total amount of gifts, for Connecticut gift tax purposes, made during a calendar year, less certain deductions (deductions for gifts to charitable organizations or for gifts to a spouse, to the extent those gifts are includible in the total amount of

gifts, for Connecticut gift tax purposes). The *total amount of gifts*, for Connecticut gift tax purposes, may be less than the total amount of gifts, for federal gift tax purposes, if:

- any gifts made by the donor are not subject to Connecticut gift tax (such as a gift of real or tangible personal property located outside Connecticut);
- the donor is not entitled to the annual exclusion (the first \$10,000 of any gifts of a present interest in property to a particular donee during a calendar year) for Connecticut gift tax purposes because all or a portion of the first \$10,000 of any such gifts to the donee during the calendar year was not subject to Connecticut gift tax (such as a gift of real property located outside Connecticut); or
- the value of any gift for Connecticut gift tax purposes differs from the value for federal gift tax purposes (such as a gift of farmland, where the donor claims special valuation on *Schedule CT-709 Farmland*).

The deductions allowed from the total amount of gifts may be less for Connecticut gift tax purposes than for federal gift tax purposes, if gifts that are not subject to Connecticut gift tax (such as a gift of real or tangible personal property located outside Connecticut) are made to a charitable organization or to a spouse.

(The annual exclusion amount will be indexed for inflation after 1998 for federal and Connecticut gift tax purposes. However, there was no adjustment to the annual exclusion amount for 1999 or 2000.)

**EFFECT ON OTHER DOCUMENTS:** None affected.

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**EFFECT OF THIS DOCUMENT:** A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates DRS's informal interpretation of Connecticut tax law and may be referred to for general guidance by taxpayers or tax practitioners.

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**FOR FURTHER 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.

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**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