

Income/Franchise:

Connecticut: New Law Expands Credit for Telecommuters and Provides Nexus Relief During Pandemic

H.B. 6516, signed by gov. 3/4/21; *Commissioner's Bulletin: Connecticut State Senate Passes H.B. No. 6516 and Immediately Transmits the Legislation to Governor Lamont*, Conn. Dept. of Rev. Serv. (3/5/21). Applicable to taxable year 2020, recently enacted legislation effectively permits any Connecticut individual resident who paid income tax to any other state that employs a "convenience of the employer rule" for taxable year 2020 a credit against his or her Connecticut income tax for taxable year 2020 for the taxes paid to that state on income earned while working remotely from Connecticut for such taxable year, "including while obligated by necessity to work remotely from this state." A similar credit is also permitted under the new law for any resident "who paid income tax to any other state that has enacted a law or rule requiring a nonresident employee to pay nonresident income tax to such other state on income earned while such nonresident employee was working remotely from this state due to COVID-19 if, immediately prior to March 11, 2020, such nonresident employee was performing such work within such other state."

[URL: https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=HB06516&which_year=2021](https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=HB06516&which_year=2021)

[URL: https://portal.ct.gov/-/media/DRS/LatestNews/CmrBulletin_HB6516_March52021v2.pdf](https://portal.ct.gov/-/media/DRS/LatestNews/CmrBulletin_HB6516_March52021v2.pdf)

The new law additionally provides that the Connecticut Department of Revenue Services (Department) "shall not consider, in determining whether an employer has nexus with this state for purposes of the imposition of any Connecticut tax, the activities of an employee who worked remotely from this state during said taxable year solely due to COVID-19." A subsequently issued bulletin from the Department summarizes and explains these telecommuting tax law changes, stating that the Department is committed to addressing questions about them "as quickly as possible" and that it will update its bulletin with additional guidance as it becomes available. Please contact us with any questions.

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