



Substitute Senate Bill No. 1558

Public Act No. 25-172

AN ACT CONCERNING INCOME TAXES IMPOSED BY OTHER JURISDICTIONS ON RESIDENTS OF THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (*Effective from passage*) The Attorney General shall study specific steps the office of the Attorney General, office of the Governor or the General Assembly may take to defend residents of this state from having taxes imposed by another state of the United States or a political subdivision thereof or the District of Columbia on income derived from services rendered while such resident was within this state. Not later than January 1, 2026, the Attorney General shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, of the findings of such study and any recommendations of said office to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.

Sec. 2. (NEW) (*Effective from passage*) For taxable years commencing on or after January 1, 2020:

(1) A resident of this state who satisfies the provisions of subparagraphs (A) to (D), inclusive, of this subdivision shall be allowed a credit against the tax otherwise due for the applicable taxable year under chapter 229 of the general statutes, other than the liability

Substitute Senate Bill No. 1558

imposed by section 12-707 of the general statutes, in an amount equal to sixty per cent of the amount of taxes owed to this state as a result of the readjustment of the credit for taxes paid to another state of the United States or a political subdivision thereof or the District of Columbia, pursuant to section 12-704 of the general statutes. To be eligible for the credit under this section, such resident shall have:

(A) Paid any income tax or wage tax imposed for the taxable year by another state of the United States or a political subdivision thereof or the District of Columbia;

(B) Applied for and been denied a refund from such other jurisdiction for taxes paid to such other jurisdiction on income derived from services rendered while such resident was within this state;

(C) Filed an appeal with a court or tribunal through which such resident formally protested such denial; and

(D) Obtained a final decision that resulted in such other jurisdiction refunding to such resident taxes paid to such other jurisdiction on income derived from services rendered while such resident was within this state.

(2) No penalty or interest shall be imposed on any late payment of the tax due under chapter 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes, if (A) such late payment is attributable to a reduction in the credit for taxes paid under section 12-704 of the general statutes, (B) such reduction in the credit for taxes paid is the direct result of a refund that a resident of this state received from another state of the United States or a political subdivision thereof or the District of Columbia, (C) such refund relates to income derived from services rendered while such resident was not within such other jurisdiction, and (D) such other jurisdiction requires employee income to be sourced to an employer's location if a

Substitute Senate Bill No. 1558

nonresident renders services from an out-of-state location.

Governor's Action:
Approved July 8, 2025