



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

AN 2009(8)

25 Sigourney Street Ste 2
Hartford CT 06106-5032

ANNOUNCEMENT

**Connecticut Income Tax Required to Be Withheld
on Reportable Connecticut Lottery Winnings**

Purpose: This Announcement alerts residents of Connecticut (residents) and nonresidents of Connecticut (nonresidents) who receive **reportable Connecticut Lottery winnings** (as defined below) as a result of a wager placed with the Connecticut Lottery Corporation about the effect of recent legislation on the amount of tax that must be withheld.

Effective Date: October 5, 2009.

Statutory Authority: Conn. Gen. Stat. § 12-700, as amended by 2009 Conn. Pub. Act 3, § 119 (June Spec. Sess); Conn. Agencies Regs. §12-705(b)-2.

Effect of New Legislation: 2009 Conn. Pub. Act 3, § 119 (June Spec. Sess) increased the highest marginal rate for Connecticut income tax from 5% to 6.5%.

Reportable Connecticut Lottery Winnings: Reportable Connecticut Lottery winnings are Connecticut Lottery winnings (including Powerball winnings) that the Connecticut Lottery Corporation is required under the Internal Revenue Code (I.R.C.) or Regulations adopted under the I.R.C. to report to the Internal Revenue Service (IRS). The Connecticut Lottery Corporation is required to report Connecticut Lottery winnings to the IRS if the amount paid to the winner(s) is \$600 or more and at least 300 times the amount of the wager.

Effect on Residents and Nonresidents: Residents are subject to Connecticut income tax on all gambling winnings that they are required to include in their gross income for federal income tax purposes.

Nonresidents are subject to Connecticut income tax on their reportable Connecticut Lottery winnings.

Withholding Requirement: Prior to October 5, 2009, the Connecticut Lottery Corporation had been withholding Connecticut income tax at the rate of 5% from payments of reportable Connecticut Lottery winnings made to a resident or nonresident.

Although the highest marginal Connecticut income tax rate, effective October 1, 2009, is 6.5%, the Connecticut Lottery Corporation will continue to withhold Connecticut income tax at the rate of 5% on reportable Connecticut Lottery winnings made to residents or nonresidents, whether or not federal income tax withholding is required on those winnings. However, if a winner's Connecticut Lottery winnings clearly exceed the high income thresholds (single or filing separately: \$500,000; head of household: \$800,000; filing jointly or qualifying widow(er): \$1,000,000), the Connecticut Lottery Corporation will withhold income tax at the highest rate of 6.5%.

Related Publication: Informational Publication 2009(38), *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*, answers frequently-asked questions about the Connecticut income tax treatment of state lottery winnings (including Connecticut Lottery winnings).

Effect on Other Documents: Announcement 2003(9), *Connecticut Income Tax Now Required to Be Withheld on Reportable Connecticut Lottery Winnings*, is obsoleted.

Effect of This Document: Announcements alert taxpayers to new developments (other than newly enacted or amended Connecticut or federal laws or newly released judicial decisions), including new administrative positions, policies, or practices.

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 **Taxpayer Service Center (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.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *e-alerts* from the left navigation bar.
