Amended Effective 1/1/02  Old Version

Conn. Agencies Regs. § 12-705(a)-6. Determining Connecticut income tax to be withheld on wages paid to nonresident employees. Determining Connecticut income tax to be withheld on wages paid to nonresident employees.

(a) Every employer maintaining an office or transacting business in Connecticut and making payments of wages shall, as provided in this section, deduct and withhold from such wages an amount of Connecticut income tax as determined in accordance with the current edition of the Connecticut Circular CT (Employer Tax Guide and Withholding Tables), except that if the department issues income tax withholding tables subsequent to the publication of the current edition of the Connecticut Circular CT, then the employer shall use those income tax withholding tables to determine how much Connecticut income tax to deduct and withhold from wages.

(b) An employer maintaining an office or transacting business in Connecticut shall deduct and withhold Connecticut income tax from all wages paid to an employee who is a nonresident individual if the services of the employee are performed entirely within Connecticut. No Connecticut income tax is to be deducted and withheld from wages paid to an employee who is a nonresident individual for services performed entirely outside Connecticut. Where wages are paid to an employee who is a nonresident individual for services performed partly within and partly without Connecticut, the employer shall deduct and withhold Connecticut income tax from all wages paid to such employee, except as otherwise provided in subsection (c) of this section.

(c) An employer is required to withhold Connecticut income tax on all wages paid to an employee who is a nonresident individual for services performed partly within and partly without Connecticut unless there is filed with such employer a Form CT-W4NA (Employee Withholding or Exemption Certificate--Nonresident Apportionment) or unless the employer maintains adequate current records to determine accurately the amount of wages that is paid for the performance of services within Connecticut. The employer should withhold Connecticut income tax on the wages paid by such employer to an employee who is a nonresident individual performing services partly within and partly without Connecticut on the basis of the apportionment shown by such employee on the Form CT-W4NA, but shall make necessary adjustments during the year so that the proper amount of Connecticut income tax is withheld from the employee’s wages if the employer knows or has reason to know that the apportionment shown on the Form CT-W4NA is not correct. For purposes of making these adjustments, the proportion of wages that is paid for the performance of services within Connecticut is in the same proportion that such employee’s wages derived from or connected with sources within Connecticut (determined under the provisions of Part II) bear to the employee’s total wages. The proportion of wages that is paid for the performance of services within Connecticut may be determined by the employer on the basis of the preceding year’s experience, if reasonable, except that the employer shall make any necessary adjustments during the year to ensure that the required Connecticut income tax is being withheld for the current year if the employer knows or has reason to know that the apportionment shown on the Form CT-W4NA is no longer correct. If the employee reasonably expects that the preceding year’s experience shall not be applicable to the current year, the employee shall furnish a new Form CT-W4NA to the employer, estimating the proportion of wages that shall be paid for the performance of services within this state. Forms CT-W4NA shall be retained by the employer and be available for inspection by the Department.

(d) To determine the amount to be withheld from wages paid to employees who are resident individuals, see §12-705(a)-2.
Effective on filing with the Secretary of the State on 2/28/02 and applicable to taxable years beginning on or after January 1, 2002.