



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

AN 2010(3)

25 Sigourney Street Ste 2
Hartford CT 06106-5032

ANNOUNCEMENT

“14-Day” Withholding Rule for Nonresident Employees

Purpose: The purpose of this Announcement is to notify employers of a *de minimis* withholding rule applicable to nonresident employees.

employer must withhold on all wages/compensation paid to the employee.

Effective Date: Upon issuance.

“14-Day” Withholding Rule: Under the “14-Day” rule employers are not required to withhold Connecticut income tax from wages/compensation paid to nonresident employees for services performed in Connecticut provided said employees are assigned to a primary work location outside of Connecticut and work in Connecticut 14 or fewer days during a calendar year.

How Does the “14-Day” Rule Apply When a Nonresident Employee Who Was Not Expected to Work More Than 14 Days in Connecticut During a Calendar Year Actually Works More Than 14 Days? If a nonresident employee who was reasonably expected to work 14 or fewer days in Connecticut during a calendar year actually works more than 14 days in Connecticut during said calendar year, the employer must withhold on all wages/compensation paid to such employee after the fourteenth day.

This “14-day” rule does not, however, exclude the wages/compensation earned by nonresident employees from Connecticut income tax. To the contrary, even though employers are not required to withhold Connecticut income tax on wages/compensation paid to nonresident employees who perform services in Connecticut for 14 or fewer days during a calendar year, such nonresident employees are required to report such wages/compensation as Connecticut source income and pay Connecticut income tax on such wages/compensation.

Is an Employer Required to Report the Wages/Compensation Paid to a Nonresident Employee Who Works Less Than 14 days in Connecticut During a Calendar Year? Yes. Even though employers are not required to withhold Connecticut income tax from wages/compensation paid to nonresident employees who work less than 14 days in Connecticut during a calendar year, employers **are required** to report such wages/compensation. Even if no Connecticut income tax was withheld, employers report wages/compensation on **Form CT-941, Connecticut Quarterly Reconciliation of Withholding**, and in the state wages, tips, etc. box of federal Form W-2. Employers are required to file copies of every federal Form W-2 reporting Connecticut wages paid (even if no Connecticut income tax was withheld) during the calendar year with DRS. Employers submit these copies with **Form CT-W3, Connecticut Annual Reconciliation of Withholding**.

What is a Connecticut Day for Purposes of the “14-Day” Rule? For purposes of the “14-day” rule, any part of a day spent performing services in Connecticut will be considered a full day.

How Does the “14-Day” Rule Apply When an Employer Expects a Nonresident Employee to Work More Than 14 Days in Connecticut During a Calendar Year? If an employer expects that a nonresident employee will work more than 14 days in Connecticut during a calendar year, the

The “14-Day” Rule Does Not Apply to Nonresident Athletes and Entertainers: The “14-day” rule does not apply to payments made to nonresident athletes and entertainers for services performed in Connecticut. For more information on

the withholding tax requirements for nonresident athletes and entertainers, please see **Policy Statement 2008(1)**, *Income Tax Withholding for Athletes or Entertainers*.

Effect on Other Documents: This publication supersedes **Announcement 2009(9)**, *New “14-Day” Withholding Rule for Nonresident Employees*.

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.
