



“15-Day” Rule for Nonresident Employees

Purpose: This Policy Statement explains the Connecticut sourcing rules and withholding requirements for personal income tax affecting nonresident employees performing personal services in Connecticut for 15 days or less.

Effective Date: January 1, 2016.

“15-Day” Rule: Recent legislation excludes from Connecticut income tax any compensation for personal services that a nonresident employee performs in Connecticut if the nonresident employee is present in Connecticut for employment purposes for not more than 15 days during the taxable year. For this reason, the Department of Revenue Services (DRS) is changing its “14-Day” Rule with respect to withholding.

As long as the nonresident employee performs personal services in Connecticut for 15 days or less, this compensation is not Connecticut-sourced income and is not subject to Connecticut income tax. As a result, employers are not required to withhold Connecticut income tax from this compensation.

What is a Connecticut Day for Purposes of the “15-Day” Rule? For purposes of the “15-Day” Rule, presence in Connecticut for any part of a day constitutes presence for that entire day unless this presence is purely for purposes of transit through Connecticut. Presence in Connecticut for reasons other than performing services as a nonresident employee are not relevant for purposes of the 15-day limitation.

Does the “15-Day” Rule Apply to Business Income? The “15-Day” Rule does not apply to income from a business, trade, profession, or occupation carried on in Connecticut. It only applies to compensation for personal services performed by a nonresident employee.

How Does the “15-Day” Rule Apply When an Employer Expects a Nonresident Employee to Work More Than 15 Days in Connecticut During a Calendar Year? If an employer expects that a nonresident employee will work more than 15 days in Connecticut during a calendar year, **all** the compensation paid for services performed in Connecticut is subject to Connecticut income tax and the employer must withhold on **all** such compensation paid to the employee.

How Does the “15-Day” Rule Apply When a Nonresident Employee Who Was Not Expected to Work More Than 15 Days in Connecticut During a Calendar Year Actually Works More Than 15 Days? If a nonresident employee who was reasonably expected to work 15 or fewer days in Connecticut during a calendar year actually works more than 15 days in Connecticut during said calendar year, the employer must withhold on all the compensation paid to that nonresident employee for services performed in Connecticut, including the compensation paid for the first 15 days.

However, the nonresident employee may be required to make estimated payments for the compensation received for the first 15 days of performing personal services in Connecticut, if the employer did not withhold with respect to this income. Failure to make an estimated payment could result in an underpayment penalty. See **Informational Publication 2011(26), *Estimated Connecticut Income Taxes***.

Does the “15-Day” Rule Apply to Nonresident Athletes, Entertainers or Performing Artists? The “15-Day” Rule does not apply to payments made to entertainers, performing artists, or athletes, including members of athletic teams. For more information on the withholding tax requirements for nonresident athletes, entertainers, or

performing artists, please see **Policy Statement 2016(5)**, *Income Tax Withholding for Athletes and Entertainers*.

Statutory Authority: 2015 Conn. Pub. Acts. 1, §26, (Dec. Spec. Sess.).

Effect on Other Documents: Announcement 2010(3), *“14-Day” Withholding Rule for Nonresident Employees*, is superseded and may not be relied upon on or after the effective date of this Policy Statement.

Effect of This Document: A Policy Statement explains in depth a current Department of Revenue Services (DRS) position, policy, or practice affecting the tax liability of taxpayers.

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.

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Paperless Filing/Payment Methods (fast, easy, free, and confidential):

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File Electronically: Follow the prompts to log into the *TSC* to file returns and pay taxes.

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