

Sec. 12-707-3. Withheld taxes trust fund

(a) Any amount of Connecticut income tax deducted and withheld constitutes a special fund in trust for the State of Connecticut, Department of Revenue Services.

(b) If the Commissioner determines that any person required to collect, account for, and pay over any Connecticut income tax has failed to collect, truthfully account for, or pay over any such tax, or make deposits, payments, or returns on any such tax, at the time and manner prescribed by the Income Tax Act or regulations thereunder, such person, if notified to do so by the Commissioner, shall—

(1) collect, at the times and in the manner provided by the Income Tax Act or regulations thereunder, all taxes which become collectible by such person after receipt of such notice;

(2) deposit the taxes so collected, not later than the end of the second banking day after collection, with a bank, as defined in section 581 of the Internal Revenue Code, in a separate account established in accordance with subsection (c) of this section; and

(3) keep in such account the taxes so deposited until payment thereof is made to the Department as required by the Income Tax Act or regulations thereunder.

The separate bank account requirements of this section are applicable to Connecticut income tax deducted and withheld after receipt of the notice from the Commissioner, irrespective of whether the income on which such tax was deducted and withheld was earned prior to or after receipt of the notice.

(c) The separate bank account shall be established under the designation, “(Name of person required to establish account), Trustee, Special Fund in Trust for the State of Connecticut, Department of Revenue Services under Section 12-707 of the general statutes.” The taxes deposited in such account shall constitute a fund in trust for the State of Connecticut payable only to the Department of Revenue Services.

(d) Notice to any person requiring such person’s compliance with the provisions of this section shall be in writing and shall be served personally or by certified or registered mail. In the case of a trade or business carried on other than as a sole proprietorship, such as a corporation, partnership, or trust, notice, once served, shall be deemed to have been served on all officers, partners, trustees, and employees thereof.

(e) The Commissioner may relieve a person on whom notice requiring separate bank accounts has been served pursuant to this section from further compliance with such requirement whenever he is satisfied that such person shall comply with all requirements of the Income Tax Act and the regulations thereunder. Notice of cancellation of the requirement for separate bank accounts shall be made in writing and shall take effect at such time as is specified in the notice of cancellation.

(f) While this section pertains to Section 12-707 of the general statutes, for purposes of supplementary interpretation, as the phrase is used in Section 12-2 of the general statutes, the adoption of this section is authorized by Section 12-740(a) of the general statutes.

(Effective November 18, 1994)