

Sec. 12-725-2. Signing of Connecticut returns prepared by a person other than the taxpayer

(a)

(1) An individual who is a return preparer (as defined in subsection (b) of this section), with respect to a Connecticut return, shall sign such return in the appropriate space provided on the return after it is completed and before it is presented to the taxpayer (or nontaxable entity) for signature. The preparer shall sign the return in the manner prescribed in forms, instructions, or other appropriate guidance of the department. In addition, any Connecticut return prepared by a return preparer shall bear both a Connecticut tax registration number, if any, and such federal identification number as is necessary for securing proper identification of the preparer, the preparer's employer, or both, as may be required by forms and instructions. If the preparer is unavailable for signature, another preparer shall review the entire preparation of the return, and then shall sign such return and furnish such identifying number(s).

(2) Each Connecticut return which is prepared by one or more return preparers shall have typed or printed the name or names of the individual preparer(s) or the name of the firm (if applicable), and the street address, city, state and postal ZIP code of such preparer's place of business where the preparation of the Connecticut income tax return was completed. If such place of business is not maintained on a year-round basis, the return shall bear the street address, city, state and postal ZIP code of the preparer's principal office or business location which is maintained on a year-round basis, or if none, of the preparer's residence.

(3) If more than one return preparer is involved in the preparation of a Connecticut return, the individual preparer who has the primary responsibility as between or among the preparers for the overall substantive accuracy of the preparation of such return shall be considered to be the return preparer for purposes of this section.

(4) The following examples illustrate the application of the provisions of subdivisions (1) through (3) of this subsection.

Example 1: Assume Y, a lawyer, is an employee of law firm X and is employed to prepare income tax returns. Also, assume law firm X has been hired by taxpayer T to prepare his 1992 Connecticut income tax return. Employee Y is assigned to obtain the information necessary for completing T's Connecticut income tax return and for making determinations with respect to the proper application of the tax laws to such information in order to determine T's Connecticut income tax liability. Employee Y then forwards such information to C, a computer tax service which performs the mathematical computations and prints the Connecticut income tax return form by means of computers. C then sends the completed Connecticut income tax return to Y who reviews its accuracy. Y is the individual preparer who is primarily responsible for the overall accuracy of taxpayer T's Connecticut income tax return. Therefore, employee Y shall sign the Connecticut income tax return as the preparer and indicate on such return the name and address of her employer, law firm X.

Example 2: Assume company A is a national accounting firm which receives compensation for preparation of income tax returns. B and C, who are employees of A, are involved in preparing the 1992 Connecticut partnership return of partnership P. After they complete such return, including the gathering of the necessary information, the proper application of the tax laws to such information, and the performance of the necessary

mathematical computations, D, a supervisory employee of company A, reviews the Connecticut partnership return. As part of this review, D reviews the information provided and the application of the tax laws to this information. The mathematical computations are proved by E, an employee in A's comparing and proving department. The policies and practices of company A require that employee F finally review the Connecticut partnership return. The scope of F's review includes reviewing the information provided by applying to this information F's knowledge of partnership P's affairs, observing that company A's policies and practices have been followed, and making the final determination with respect to the proper application of the tax laws. F may or may not exercise these responsibilities, or may exercise them to a greater or lesser extent, depending on the degree of complexity of the Connecticut income tax return, F's confidence in D (or B and C) and other factors. F is the individual preparer who is primarily responsible for the overall accuracy of partnership P's Connecticut partnership return. Therefore, F shall sign the Connecticut partnership return as the preparer and indicate thereon the name and address of his firm, company A.

Example 3: Assume company C maintains an office in Seattle, Washington for the purpose of preparing income tax returns for compensation. Company C makes compensatory arrangements with individuals (but provides no working facilities) in several states to collect information from taxpayers and to make determinations with respect to the proper application of the tax laws to the information in order to determine the tax liabilities of such taxpayers. Also, assume E, an individual, who has such an arrangement in Connecticut with company C, collects information from T, a taxpayer, regarding T's Connecticut income tax return and completes a worksheet kit supplied by company C which is stamped with E's name and an identification number assigned to E by C. In this process, E classifies this information in appropriate income and deduction categories for the tax determination. The completed worksheet kit signed by E is then mailed to company C. When the worksheet kit is received in company C's office, it is reviewed by D, an employee there, to ensure that the kit was properly completed. Employee D does not review the information obtained from taxpayer T for its validity or accuracy. D may, but does not, make the final determination with respect to the proper application of tax laws to the information. The data from the worksheet is then entered into a computer and the Connecticut income tax return form is completed. Such return is prepared for submission to T with filing instructions. Based on the above facts, E is the individual preparer primarily responsible for the overall accuracy of taxpayer T's Connecticut income tax return. Therefore, E shall sign such return as the preparer and indicate thereon the name and address of company C.

Example 4: Assume company X employs A, B and C to prepare income tax returns for taxpayers. Employees A and B have each been assigned to collect information from taxpayers and apply the tax laws to the information. Such taxpayers' Connecticut income tax return forms are completed by a computer service. On the day the returns are ready for A's and B's signatures as paid preparers, A is out of the city for one week on another assignment and B is on detail to another office for the day. Employee C may sign the Connecticut income tax return prepared by A, provided that C reviews the information obtained by A and the preparation of the return by A. Employee C may not sign the Connecticut income tax return prepared by B because B is available. In addition, each Connecticut income tax return shall indicate thereon the name and address of company X.

(5)

(A) After the return is signed by the preparer, no person other than the preparer may alter any entries thereon other than to correct arithmetical errors discernible on the return. The employer of the preparer or the partnership in which the preparer is a partner, or the preparer (if not employed or engaged by a preparer and not a partner of a partnership which is a preparer), shall retain a copy of the return. A record of any arithmetical errors corrected shall be retained by the person required to retain the copy of the Connecticut return and be made available upon request.

(B) If mechanical preparation of the Connecticut return is accomplished by computer not under the control of the individual preparer, then the signature requirement of this subsection may be satisfied by a signed attestation by the individual preparer attached to such return that all the information contained in the return was obtained from the taxpayer and is true and correct to the best of such preparer's knowledge, but only if such information (including any supplemental written information provided and signed by such preparer) is not altered on the return by another person. For purposes of the preceding sentence, the correction of arithmetical or clerical errors discernible from the information submitted by the preparer does not constitute an alteration. The information submitted by the preparer shall be retained by the employer of the preparer or by the partnership in which the preparer is a partner, or by the preparer (if not employed or engaged by a preparer and not a partner of a partnership which is a preparer). A record of any arithmetical or clerical errors corrected shall be retained by the person required to retain the information submitted by the preparer and made available upon request.

(C) Any items required to be retained and kept available for inspection under subparagraphs (A) and (B) of this subdivision shall be retained and kept available for inspection for a period of six years after the due date of the Connecticut return, including extensions. Any retained items requested by the Department to be submitted for review shall be signed by the return preparer.

(b) For purposes of this section, the term "return preparer" has the same meaning as the term "income tax return preparer" under the Internal Revenue Code and regulations thereunder, as if the Connecticut return were a federal tax return being prepared by an income tax return preparer.

(c) A return preparer who fails to sign a Connecticut return or retain a copy of a completed return, as required by this section, may be liable for the penalties provided in Sections 12-736(b) and 12-737 of the general statutes.

(Effective November 18, 1994; Amended March 8, 2006)