

Sec. 12-711(c)-6. Special rules for security and commodity brokers

(a) Security and commodity brokers doing business both within and without Connecticut, as determined under § 12-711(c)-3 of this Part, may apportion the income from such business in accordance with § 12-711(c)-4(c) of this Part, in lieu of § 12-711(c)-4(b) of this Part. Once the broker uses the method prescribed by § 12-711(c)-4(b) of this Part, or apportions in accordance with § 12-711(c)-4(c) of this Part, the broker shall continue to use the method implemented unless, after application in writing to the Commissioner, the Commissioner determines that the method used no longer reflects income which is fairly attributable to Connecticut. If the Commissioner permits the broker to change the method used under this section, proof thereof shall be attached to the Connecticut nonresident income tax return for the first taxable year to which such change applies.

(b) In any method of allocation or apportionment permitted or required under § 12-711(c)-4 of this Part, the commissions derived from the execution of purchase or sales orders for the account of customers shall be allocated or apportioned as follows:

(1) If the order originates at the Connecticut place of business of a broker and is transmitted to a bona fide established office of the broker located outside Connecticut for execution on an exchange located outside Connecticut, 80% of the commission in the case of stocks, bonds and commodities shall be allocated or apportioned to Connecticut and constitutes income derived from or connected with Connecticut sources in the taxable year in which such order is executed. The broker may allocate commission income on the basis of actual experience if such broker can demonstrate to the satisfaction of the Commissioner that the allocation pursuant to this subsection does not fairly reflect the amount of commission income attributable to Connecticut.

(2) If commission income is derived from over-the-counter transactions where the order originates at or through a Connecticut place of business of the broker, the entire amount shall be allocated to Connecticut. However, if the order originates at or through a bona fide established office of the broker located outside Connecticut, no portion of the commission income is to be allocated to Connecticut.

(Effective November 18, 1994)