

**Sec. 12-717(c)(3)-1. Accrued items not to be included in subsequent taxable periods**

(a) No items of income, gain, loss or deduction accrued under this section by a part-year resident individual for the portion of the taxable year prior to a change of resident status are to be taken into account in determining the Connecticut adjusted gross income of the individual (or, with respect to the same items of income, gain, loss or deduction, any other individual) for any subsequent taxable period.

(b) The provisions of this section also apply to part-year resident trusts, and wherever reference is made in this section to a part-year resident individual, such reference shall be construed to include a part-year resident trust, and any reference to an individual's Connecticut adjusted gross income shall be construed to mean a trust's Connecticut taxable income.

(c) Example:

F, a resident of California, who, for federal income tax purposes, uses the cash receipts and disbursements method of accounting and uses the calendar year as her accounting period, performs services as an employee in California in July 1993, for which she is paid \$10,000 in September 1993. F also owns Connecticut real estate which she leases for \$500 per month. The rent is paid to her for the first four months of 1993 but no rent is paid from May 1, 1993 to December 31, 1993, when all arrears are paid up. The taxpayer, away from home on business in July, has travel expenses of \$1,000 which were billed to her on August 1, 1993.

On August 10, 1993, F moves to Connecticut where, on September 1, 1993, she receives the \$10,000 payable for her services performed in California and pays the travel expense bill. She has no other income or deduction for the year 1993.

F shall file a Connecticut part-year resident income tax return for 1993. The \$10,000 compensation and the \$1,000 travel expenses are accrued as of the change of residence, and are not includible or allowable in computing F's Connecticut adjusted gross income during the residency portion of the taxable year because they accrued prior to the change of residence and are not derived from or connected with Connecticut sources. The rental payments from Connecticut real estate remaining unpaid as of the change of residence are not accrued because they are derived from Connecticut sources (see § 12-717(c)(2)-1 of this Part). Accordingly, on her 1993 Connecticut part-year resident income tax return, F shall include in her Connecticut adjusted gross income derived from or connected with Connecticut sources during the nonresidency portion of the taxable year the \$2,000 rent from the Connecticut real estate actually received during this period. She shall include in her Connecticut adjusted gross income during the residency portion of the taxable year the balance of the rent (\$4,000) received after her change of residence, but not the amount received for her services in California or the related travel expenses, which were accrued as of her change of residence to the nonresidency portion of the taxable year.

(c) While this section pertains to Section 12-717(c)(3) 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 12-701(c) of the general statutes.

(Effective November 18, 1994)