



This Week in State Tax (TWIST)

June 9, 2025



Connecticut: Legislature Passes Budget; Extends Surtax and Modifies Combined Reporting Cap

On June 3, the Connecticut General Assembly passed its budget bill for the biennium ending June 2027; the bill includes several updates to the state's corporate income tax regime. It is currently pending Governor Lamont's signature. Notable changes include:

- Extending the 10 percent corporate income surtax, currently set to expire for tax years beginning on or after January 1, 2026, for an additional two years to tax years beginning before January 1, 2028. All other provisions of the surtax remain unchanged, including the bar on applying credits against the surtax and the inapplicability of the surtax to companies whose gross income falls below \$100 million (except what the taxpayer was included in a combined report).
- Removing the existing \$2.5 million combined reporting cap for tax years beginning on or after January 1, 2025. The current cap is a limit on the amount of additional tax that can be imposed on a unitary group above what would have been imposed had each group member filed separately prior to the application of the surtax and available of credits.
- Closing the period during which a combined group can utilize pre-2015 net operating losses (NOL) without regard for the Connecticut 50 percent NOL usage limitation, provided that group elected to forfeit 50 percent of its outstanding NOLs on its 2015 return. A combined group that made this election is permitted to reclaim the NOLs it waived on its 2015 return.

Contact [Michael Rylant](#) with questions about [H.B. 7287](#).

Learn about us:



[kpmg.com](https://www.kpmg.com)

The following information is not intended to be "written advice concerning one or more federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS011027-1AG