

FORM CT-1120K

Business Tax Credit Summary

Instructions

2004

Form CT-1120K, *Business Tax Credit Summary*, must be attached to **Form CT-1120**, *Corporation Business Tax Return*, or the applicable tax form whenever tax credits from the current income year are being claimed or carryforward credit balances exist from a prior year. Additional information about Connecticut tax credits is available in **Informational Publication 2004(20)**, *Guide to Connecticut Business Tax Credits*.

Corporation business tax credits must be applied in a specific order, where a corporation is eligible to claim more than one tax credit. In no event, however, shall any credit be claimed more than once. The order is as follows:

1. The Financial Institutions Credit must be applied before any other credits.
2. Any credit that may be carried back to a preceding income year must be applied after the Financial Institutions Credit, but before any other credits. Any credit carryback that will expire first must be claimed before any credit carryback that will expire later. If the credit carrybacks will expire at the same time, credits must be taken in the order in which the corporation may receive the maximum benefit.
3. Any credit that may not be carried back to a preceding income year and that may not be carried forward to a succeeding income year must be claimed next, in the order in which the corporation may receive the maximum benefit.
4. Any credit that may be carried forward to a succeeding income year must be claimed next. Any credit carryforward that will expire first must be claimed before any credit carryforward that will expire later. If the credit carryforwards will expire at the same time, credits must be taken in the order in which the corporation may receive the maximum benefit.
5. The Electronic Data Processing Equipment Property Tax Credit must be applied last, after all other credits have been applied.

Limits on Credits: The amount of tax credits otherwise allowable against the corporation business tax for any income year shall not exceed 70% (.70) of the amount of tax due prior to the application of the tax credit. *Conn. Gen. Stat. §12-217zz*

For income years beginning on or after January 1, 2002, no tax credit can be applied against the minimum tax of \$250. *Conn. Gen. Stat. §12-219*

Surtax: For income years beginning on or after January 1, 2004, and prior to January 1, 2005, any company subject to the corporation business tax must pay a surtax equal to 25% (.25) of the tax due without regard to credits. The surtax **does not** apply to the minimum tax of \$250. *Conn. Gen. Stat. §12-214(b), as amended by 2003 Conn. Pub. Acts 2, §32, as further amended by 2003 Conn. Pub. Acts 1, §87 (June 30 Spec. Sess.)*

Form CT-1120K must be attached to the tax returns covered under the Connecticut General Statutes chapters referenced below, when tax credits from the current income year are being claimed

or when carryforward credit balances exist from the prior year:

- Corporation business tax under Chapter 208;
- Domestic and foreign insurance premiums tax under Chapter 207;
- Health care centers tax under Chapter 207;
- Hospital and medical services tax under Chapter 207;
- Unrelated business income tax under Chapter 208a;
- Air carrier tax under Chapter 209;
- Railroad companies tax under Chapter 210;
- Express, telegraph or cable and community antenna television system companies tax under Chapter 211;
- Utility companies tax under Chapter 212; **or**
- Public service companies tax under Chapter 212a.

If the taxpayer is claiming a tax credit against more than one tax type, a duplicate Form CT-1120K and applicable tax credit forms must be attached to each tax return for which a tax credit is being claimed.

All applicable tax credit forms, schedules, and any letters of approval or eligibility received from the agency administering the tax credit, must be attached to and made part of this tax return.

Any credit balance that remains after applying the credits to the current year's tax may be carried forward or carried back as provided in the Connecticut General Statutes, if the credit has not expired.

Part I-A — Financial Institutions Tax Credit

Line 1 - Enter the credit for financial institutions constructing new facilities in Connecticut. Attach the initial Certificate of Eligibility issued by DECD. Enter in Part I-A, Column A the credit earned in 2004. Enter in Part I-A, Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part II, Line 1.

Part I-B — Tax Credits With Carryback Provisions

Enter in Part I-B, Lines 2 through 4, Column A all of the credits earned in 2004 that have a carryback provision. The credits indicated here are applied to the current year's tax first. Any remaining balance may be claimed against a preceding year's tax by filing **Form CT-1120X**, *Amended Corporation Business Tax Return*, or the appropriate amended tax return. For credits that also have a carryforward provision, complete Part I-D.

Enter in Part I-B, Lines 2 through 4, Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part II, Line 3.

Enter in Part I-B, Lines 2 through 4, Column C the amount applied to taxes other than the corporation business tax. The total of Column C cannot exceed the amount from Part III, Line 1.

Enter in Part I-B, Lines 2 through 4, Column D the amount of credit carried back to prior years.

Line 2 - Enter the Neighborhood Assistance Act (NAA) Credit computed according to the provisions of Conn. Gen. Stat. §§12-631 through 12-638. Any remaining balance may be carried back to the two immediately preceding income years. Attach a copy of the NAA tax credit approval letter issued by DRS.

Line 3 - Enter the Housing Program Contribution Credit as computed on **Form CT-1120 HPC**, *Housing Program Contribution Credit*, according to the provisions of Conn. Gen. Stat. §8-395. Any remaining balance may be carried back to the five immediately preceding income years. Attach a copy of the tax credit voucher issued by the Connecticut Housing Finance Authority (CHFA). If you are claiming a carryforward, also complete Part I-D, Line 14. (See instructions for Part I-D, Line 14.)

Line 4 - Enter the Employer-Assisted Housing Credit as computed on **Form CT-1120 EAH**, *Employer-Assisted Housing Credit*, according to the provisions of Conn. Gen. Stat. §12-217p. Any remaining balance may be carried back to the five immediately preceding income years. Attach a copy of the Certificate of Compliance issued by CHFA. If you are claiming a carryforward, also complete Part I-D, Line 15. (See instructions for Part I-D, Line 15.)

Line 5 - Add Lines 2 through 4 in Column A, Column B, Column C, and Column D. Enter the totals in the spaces provided.

Part I-C — Tax Credits Without Carryback or Carryforward Provisions

Enter in Part I-C, Lines 6 through 12, Column A all of the credits earned in 2004 that can only be applied to the current year's tax.

Enter in Part I-C, Lines 6 through 12, Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part II, Line 5.

Enter in Part I-C, Line 8, Column C the amount applied to taxes other than the corporation business tax. The total of Column C cannot exceed Part III, Line 3.

Line 6 - Enter the Apprenticeship Training Credit computed according to the provisions of Conn. Gen. Stat. §12-217g. Attach the Eligibility Certificate issued by the Connecticut Department of Labor (CTDOL).

Line 7 - Enter the Manufacturing Facility Credit as computed on **Form CT-1120 TIC/EZ**, *Manufacturing Facility Credit for Facilities Located in a Targeted Investment Community/Enterprise Zone*. Attach Form UT-4, Certificate of Eligibility, and Form UT-9, Claim for Corporation Business Tax Credit, both issued by DECD.

Line 8 - Enter the credit for new or used computers donated to a local or regional board of education, or public school. Attach a copy of the letter of approval issued by DRS.

Line 9 - Enter the credit for Research and Development Grants to Institutions of Higher Education, as computed on **Form CT-1120GC**, *Tax Credit for Research and Development Grants to Institutions of Higher Education*.

Line 10 - Enter the Machinery and Equipment Expenditures Credit, as computed on **Form CT-1120 MEC**, *Machinery and Equipment Expenditures Credit*.

Line 11 - Enter the credit for Traffic Reduction Programs computed according to the provisions of Conn. Gen. Stat. §12-217s. Attach the Certificate of Eligibility issued by the Connecticut Department of Transportation.

Line 12 - Enter the Displaced Electric Worker Credit, as computed on **Form CT-1120 DEWC**, *Displaced Electric Worker Credit*.

Line 13 - Add Lines 6 through 12 in Column A, Column B, and Column C. Enter the totals in the spaces provided.

Part I-D — Tax Credits With Carryforward Provisions

This section enables a corporation to account for any credits with carryforward provisions. This section also identifies any amounts of Research and Development or Research and Experimental Expenditures credits exchanged with the state for a credit refund.

Part I-D, Column A provides for the credit carryforward amount from previous income years. Column B provides for the credit amount claimed for the current income year. Column C provides for the credit amount applied to the corporation business tax for the current income year. Column D provides for the credit amount applied to taxes other than the corporation business tax (if applicable) in the current income year or the amount of Research and Development or Research and Experimental Expenditures credits exchanged with the state for a credit refund. Column E provides for the tax credit carryforward amount.

Line 14 - If claiming the Housing Program Contribution Credit, Part I-B, Line 3, must be completed first. Enter in Part I-D, Column A the carryforward amount from previous income years. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount. Attach **Form CT-1120 HPC**, *Housing Program Contribution Credit*, and a copy of the tax credit voucher issued by CHFA.

Line 15 - If claiming the Employer-Assisted Housing Credit, Part I-B, Line 4, must be completed first. Enter in Part I-D, Column A the carryforward amount from previous income years. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount. Attach **Form CT-1120 EAH**, *Employer-Assisted Housing Credit*, and a copy of the certificate of compliance issued by CHFA.

Line 16 - Enter in Column A the amount of the Hiring Incentive tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-1120 HIC**, *Hiring Incentive Tax Credit*, Part II, Computation of Carryforward. Attach a copy of the tax credit approval letter issued by CTDOL.

Line 17 - Enter in Column A the amount of the Clean Alternative Fuel - Vehicles, Equipment, and Related Filling or Recharging Stations tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount as computed according to the provisions of Conn. Gen. Stat. §12-217i. Attach **Form CT-1120 CAF**, *Clean Alternative Fuel Relating to Vehicles, Equipment, and Filling or Recharging Stations Credit*.

The 10% credit may be applied against certain business taxes other than the corporation business tax. The 50% credit may only be applied against the corporation business tax. Tax credits claimed under Conn. Gen. Stat. §12-217i must be supported by schedules reflecting the details of the computations, including the dates on which expenses were paid or incurred.

Line 18 - Enter in Column A the amount of the Research and Experimental Expenditures tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D the amount exchanged with the state for a credit refund equal to 65% of the value of the credit. Include the full credit amount exchanged, not the discounted amount of the credit refund. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-1120RC**, *Research and Experimental Expenditure Credit*, Part II, Computation of Carryforward.

Line 19 - Enter in Column A the amount of the Research and Development tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D the amount exchanged with the state for a credit refund equal to 65% of the value of the credit. Include the full credit amount exchanged, not the discounted amount of the credit refund. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-1120 RDC**, *Research and Development Credit*, Part III, Computation of Carryforward.

Line 20 - Enter in Column A the amount of the Fixed Capital Investment tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the tax credit carryforward amount as computed on the

current year's **Form CT-1120 FCIC**, *Fixed Capital Investment Credit*, Part II, Computation of Carryforward.

Line 21 - Enter in Column A the amount of the Human Capital Investment tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-1120 HCIC**, *Human Capital Investment Credit*, Part III, Computation of Carryforward.

Line 22 - Enter in Column A the amount of the Insurance Reinvestment Fund tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-IRF**, *Insurance Reinvestment Fund Credit*, Part II, Computation of Carryforward.

Line 23 - Enter in Column A the amount of the Small Business Administration Guaranty Fee tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the total tax credit carryforward amount. Attach **Form CT-1120 SBA**, *Small Business Administration Guaranty Fee Tax Credit*, and the loan statement verifying the guaranty fee paid to the Small Business Administration.

Line 24 - Enter in Column A the amount of the Historic Homes Rehabilitation tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount. Attach **Form CT-1120 HHR**, *Historic Homes Rehabilitation Credit*, and a copy of the credit voucher issued by the Connecticut Commission on Culture and Tourism.

Line 25 - Enter in Column A the amount of the Donation of Open Space Land tax credit carried forward from previous income years. Enter in Column B the amount of tax credit claimed for the current income year. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the tax credit carryforward amount. Attach **Form CT-1120 DOS**, *Donation of Open Space Land Credit*, the real estate appraisal, and a copy of **Form OP-236**, *Real Estate Conveyance Tax Return*.

Line 26 - Enter in Column A any available credit carryforward balance from previous income years for the Air Pollution Abatement Facilities tax credit. Enter in Column C the amount applied to the corporation business tax for the current income year. Enter in Column E the tax credit carryforward amount. Attach **Form CT-1120AP**, *Air Pollution Abatement Facilities Credit*.

Line 27 - Add Lines 14 through 26 in Columns A through E. The total of Column C cannot exceed the amount from Part II, Line 7. **In Column D, do not include Line 18 and Line 19 in the total amount.** Enter the totals in the spaces provided.

Part I-E — Electronic Data Processing Equipment Property Tax Credit

Line 28 - Enter in Column A the amount of the Electronic Data Processing Equipment Property Tax Credit carried forward from previous income years. Enter in Column B the amount of credit claimed in the current income year. Enter in Column C the amount applied to the corporation business tax. Enter in Column D any amount applied to taxes other than the corporation business tax. The amount in Column C cannot exceed the amount from Part II, Line 9. Enter in Column E the tax credit carryforward amount as computed on the current year's **Form CT-1120 EDPC, *Electronic Data Processing Equipment Property Tax Credit***, Part II, Computation of Carryforward. This credit is allowed only after all other tax credits have been applied. The amount of credit allowable in any income year shall be applied first to the corporation business tax.

Part II — Tax Credits Applied to the Corporation Business Tax

If the corporation is filing a combined return, complete **Form CT-1120CR, *Schedule KC***, and do not complete this part.

This section enables a corporation to apply its tax credits in the order required by Conn. Gen. Stat. §12-217aa. This section also limits the amount of tax credits that may be applied to the corporation business tax.

Line 1 - Enter the amount from **Form CT-1120, *Schedule C***, Line 4.

Line 2 - Enter the amount from **Form CT-1120K**, Part I-A, Line 1, Column B. Do not exceed the amount on Line 1.

Line 3 - Enter the creditable corporation business tax balance. Subtract Line 2 from Line 1. Enter the result on Line 3.

Line 4 - Enter the amount from **Form CT-1120K**, Part I-B, Line 5, Column B. Do not exceed the amount on Line 3.

Line 5 - Enter the creditable corporation business tax balance. Subtract Line 4 from Line 3. Enter the result on Line 5.

Line 6 - Enter the amount from **Form CT-1120K**, Part I-C, Line 13, Column B. Do not exceed the amount on Line 5.

Line 7 - Enter the creditable corporation business tax balance. Subtract Line 6 from Line 5. Enter the result on Line 7.

Line 8 - Enter the amount from **Form CT-1120K**, Part I-D, Line 27, Column C. Carryforward credits that expire first should be claimed before any credit carryforward that will expire later or not at all. Do not exceed the amount on Line 7.

Line 9 - Enter the creditable corporation business tax balance. Subtract Line 8 from Line 7. Enter the result on Line 9.

Line 10 - Enter the amount from **Form CT-1120K**, Part I-E, Line 28, Column C. Do not exceed the amount on Line 9. Carryforward credit that expires first should be claimed before any credit carryforward that will expire later.

Line 11 - Add Part II, Lines 2, 4, 6, 8, and 10. Enter the total here and on **Form CT-1120, *Schedule C***, Line 5. Do not exceed amount on Line 1.

Part III — Tax Credits Applied to Taxes Other Than Corporation Business Tax

Some tax credits may be applied to taxes other than the corporation business tax. This section enables a corporation to account for any credits applied to other taxes. The following is a list of other taxes to which you may be able to apply these credits:

- Domestic and foreign insurance premiums tax under Chapter 207;
- Health care centers tax under Chapter 207;
- Hospital and medical services tax under Chapter 207;
- Unrelated business income tax under Chapter 208a;
- Air carrier tax under Chapter 209;
- Railroad companies tax under Chapter 210;
- Express, telegraph or cable and community antenna television system companies tax under Chapter 211;
- Utility companies tax under Chapter 212;
- Public service companies tax under Chapter 212a; **or**
- Surplus lines brokers tax under Chapter 701d.

Enter the name of the tax to which you are applying the tax credit. If you are applying tax credits to more than one tax other than corporation business tax, duplicate Part III for each tax type and attach to **Form CT-1120K**.

Line 1 - Enter the amount of tax from the appropriate tax return on Line 1.

Line 2 - Enter the amount from **Form CT-1120K**, Part I-B, Line 5, Column C. Do not exceed the amount on Line 1.

Line 3 - Subtract Line 2 from Line 1. Enter the result on Line 3.

Line 4 - Enter the amount from **Form CT-1120K**, Part I-C, Line 13, Column C. Do not exceed the amount on Line 3.

Line 5 - Subtract Line 4 from Line 3. Enter the result on Line 5.

Line 6 - Enter the amount from **Form CT-1120K**, Part I-D, Line 27, Column D. Do not exceed the amount on Line 5.

Line 7 - Subtract Line 6 from Line 5. Enter the result on Line 7.

Line 8 - Enter the amount from **Form CT-1120K**, Part I-E, Line 28, Column D. Do not exceed the amount on Line 7.

Line 9 - Add Part III, Lines 2, 4, 6, and 8. Enter the total here and on the appropriate tax return. Do not exceed the amount on Line 1. If the taxpayer is claiming a tax credit against more than one tax type, attach a duplicate **Form CT-1120K** and applicable tax credit forms.