

1999 FORM CT-1120K

Corporation Business Tax Credit Summary

Instructions

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 and all 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, credit 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 any and all other credits have been applied.

Form CT-1120K, *Business Tax Credit Summary*, 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 1998.

- 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 carriers 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 gross earnings tax under Chapter 212;
- 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.

Additional information is available in the Department's **Informational Publication 95(2.1)**, *A Guide to Connecticut Corporation Business Tax Credits*. To order this publication send a self addressed 9" x 12" envelope with \$1.43 postage affixed to:

DRS Mail Unit, Corporation Credit Guide
25 Sigourney Street
Hartford CT 06106-5032

Part I-A Financial Institutions Tax Credit

Line 1 - Enter the credit for financial institutions constructing new facilities in Connecticut. The initial Certificate of Eligibility issued by the Department of Economic and Community Development (DECD) must be attached to and made a part of the tax return. Enter in Part I-A, Column A, the credit earned in 1999. Enter in Part I-A, Column B, the amount actually applied to the corporation business tax. Column B cannot exceed the amount from Part III, Line 2.

Part I-B Tax Credits with Carryback Provisions

Enter in Part I-B, Lines 2 through 4, Column A, all of the credits that were earned in 1998 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** 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 III, Line 4.

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 IV, Line 2.

Enter in Part I-B, Lines 2 through 4, Column D, the difference between the amount of credit claimed (Column A) and the amounts applied in the current year (Column B and Column C).

The taxpayer must maintain a tax credit schedule for each credit item included in the carryback balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried back.

Line 2 - Enter the Neighborhood Assistance Act (NAA) Credit computed according to the provisions of Conn. Gen. Stat. §§12-631 through 12-638. A copy of the NAA tax credit approval letter issued by the Department of Revenue Services must be attached to and made a part of the tax return.

Line 3 - Enter the Housing Program Contribution Credit computed according to the provisions of Conn. Gen. Stat. §8-395. A copy of the tax credit voucher issued by the Connecticut Housing Finance Authority (CHFA) must be attached to and made a part of the tax return. If you are claiming a carryforward, also complete Part I-D.

Line 4 - Enter the Employer-Assisted Housing Credit computed according to the provisions of Conn. Gen. Stat. §12-217p. A copy of the Certificate of Compliance issued by CHFA must be attached to and made a part of the tax return. If you are claiming a carryforward, also complete Part I-D.

Line 5 - Add Lines 2 through 4 in Column A, Column B, Column C, and Column D, and 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 13, Column A, all of the credits that were earned in 1999 that can only be applied to the current year's corporation business tax.

Enter in Part I-C, Lines 6 through 13, Column B, the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part III, Line 6.

Line 6 - Enter the Apprenticeship Training Credit computed according to the provisions of Conn. Gen. Stat. §12-217g. Eligibility Certificate Form AT-45, issued by the Department of Labor, must be attached to and made a part of the tax return.

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*.

If filing a combined return, enter the Manufacturing Facility Credit as computed on **Form CT-1120 TIC/EZ**, Form UT-4, Certificate of Eligibility, and Form UT-9, Claim for Corporation Business Tax Credit, both issued by DECD, must also be attached to and made a part of the tax return.

Line 8 - For corporations other than biotechnology companies, enter the Research and Experimental Expenditures Credit, as computed on **Form CT-1120RC**, *Research and Experimental Expenditures Credit*, Part I, Line 4.

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 Expenditure Credit*.

Line 11 - Enter the credit for Traffic Reduction Programs computed according to the provisions of Conn. Gen. Stat. §12-217s. The Certificate of Eligibility issued by DOT, must be attached to and made a part of the tax return.

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

Line 13 - Enter the credit for the Donation of Open Space Land.

Line 14 - Add Lines 6 through 13 in Column A and Column B and enter the totals in the spaces provided.

Part I-D Tax Credits with Carryforward Provisions

This schedule enables a corporation to account for any credits with carryforward provisions that were earned in 1999.

Enter in Part I-D, Lines 17 through 24, Column A, all of the credits that were earned in 1999 that have a carryforward provision.

Enter in Part I-D, Lines 17 through 24, Column B, the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part III, Line 10.

Enter in Part I-D, Lines 18 and 23, Column C, the amount applied to taxes other than the corporation business tax. The total of Column C cannot exceed the amount from Part IV, Line 6.

Enter in Part I-D, Lines 15 through 24, Column D, the difference between the amount of credit claimed (Column A) and the amounts applied in the current year (Column B and Column C).

Line 15 - If you are claiming the Housing Program Contribution Credit complete Part I-B, Line 3. Subtract Part I-B, Line 3, Column B, Column C, and Column D from the amount in Part I-B, Line 3, Column A, and enter the result here. This is your carryforward amount for the Housing Program Contribution Credit. A copy of the tax credit voucher issued by CHFA must be attached to and made a part of the tax return.

Line 16 - If you are claiming the Employer-Assisted Housing Credit, complete Part I-B, Line 4. Subtract Part I-B, Line 4, Column B, Column C, and Column D from the amount in Part I-B, Line 4, Column A and enter the result here. This is your carryforward amount for the Employer-Assisted Housing Credit. A copy of the certificate of compliance issued by CHFA must be attached to and made a part of the tax return.

Line 17 - Enter the Opportunity Certificate Credit, as computed on **Form CT-1120 OC**, *Opportunity Certificate Credit*. A copy of the tax credit approval letter issued must be attached to and made a part of the tax return.

Line 18 - Enter the total credit for Clean Alternative Fuel relating to vehicles, equipment and filling/recharging stations, as computed according to the provisions of Conn. Gen. Stat. §12-217i. 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 19 - For biotechnology companies only, enter the Research and Experimental Expenditures credit, as computed on **Form CT-1120RC**, *Research and Experimental Expenditure Credit*.

Line 20 - Enter the allowable Research and Development credit as computed on **Form CT-1120 RDC**, *Research and Development Credit*.

Line 21 - Enter the allowable Fixed Capital Investment Credit as computed on **Form CT-1120 FCIC**, *Fixed Capital Investment Credit*.

Line 22 - Enter the allowable Human Capital Investment Credit as computed on **Form CT-1120 HCIC**, *Human Capital Investment Credit*.

Line 23 - Enter the allowable Insurance Reinvestment Fund Credit, as computed on **Form CT-1120 IRF**, *Insurance Reinvestment Fund Credit*.

Line 24 - Enter the credit for the Small Business Administration Guaranty Fee. This credit shall not reduce the corporation business tax below the minimum tax (\$250).

Line 25 - Add Lines 15 through 24 in Column A, Column B, Column C, and Column D, and enter the totals in the spaces provided.

Part I-E Electronic Data Processing Equipment Property Tax Credit

Line 26 - Enter on Line 26, the allowable Electronic Data Processing Equipment Property Tax Credit as computed on **Form CT-1120 EDPC**, *Electronic Data Processing Equipment Property Tax Credit*. This credit is allowed only after all other tax credits have first been applied. The amount of credit allowable in any income year shall be applied first to the corporation business tax. Any remaining balance may be applied to other taxes described in Conn. Gen. Stat. §12-217t.

Part II Carryforward Credits from 1998 Income Year

This schedule enables a corporation to account for any credits that were earned in a preceding income year which were not applied to or were in excess of the 1998 Connecticut corporation business tax. These credits will be applied to the 1999 corporation business tax after first applying the credits calculated in Part I-A, Part I-B, and Part I-C. This schedule only lists credits which have a carryforward provision. For credits that may also be applied to other taxes, complete Part IV.

Enter in Part II, Lines 1 through 13, Column A, the total amount of carryforward credits from 1998.

Enter in Part II, Lines 1 through 13, Column B, the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount from Part III, Line 8.

Enter in Part II, Lines 1 through 10, Column C, the amount applied to taxes other than the corporation business tax. The total of Column C cannot exceed the amount from Part IV, Line 4.

Any credit balance that remains after applying the credits to the current year's tax may be carried forward if the credit has not expired.

The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried forward.

Line 1 - Enter any available credit carryforward balance for Air Pollution Abatement Facilities. Credits may be carried forward for nine successive income years. A copy of the approval letter issued by the Department of Environmental Protection (DEP) or a copy of **CERT-117**, *Certificate For Purchases of Tangible Personal Property Incorporated into or Consumed in Air Pollution Control Facilities*, or both, must be attached to and made a part of the tax return.

Line 2 - Enter any available credit carryforward balance for Industrial Waste Treatment Facilities. Credits may be carried forward for four successive income years. A copy of the approval letter issued by DEP or a copy of **CERT-124**, *Certificate For Purchases in Connection with Water Pollution Control Facilities*, or both, must be attached to and made a part of the tax return.

Line 3 - Enter any available credit carryforward balance for the NAA tax credit program for income year 1994. Tax credits earned during income year 1994 must first be carried back to the five preceding income years, and then carried forward to the five succeeding income years. Carryforward provisions are no longer available for NAA tax credits issued after January 1, 1995. Beginning with the 1995 income year, NAA tax credits may only be carried back to the two preceding income years.

Line 4 - Enter any available credit carryforward balance for the Child Day Care tax credit. Credits may only be carried forward to the five succeeding income years.

Line 5 - Enter any available credit carryforward balance for Housing Program Contribution tax credit (formerly Low and Moderate Income Housing). Credits must first be carried back to the five preceding income years, and then be carried forward to the five succeeding income years.

Line 6 - Enter any available credit carryforward balance for Clean Alternative Fuel relating to vehicles, equipment and filling/recharging stations under Conn. Gen. Stat. §12-217i. Credits may be carried forward for three succeeding income years.

Line 7 - Enter any available credit carryforward balance for Employer-Assisted Housing Credit. Credits must first be carried back to the five preceding income years and then be carried forward to the five succeeding income years.

Line 8 - Enter any available credit carryforward balance for Electronic Data Processing Equipment Property Tax Credit from 1998 **Form CT-1120 EDPC**, Part II, Line 6.

Line 9 - Enter any available credit carryforward balance for Research and Development Credit from 1998 **Form CT-1120 RDC**, Part IV, Line 5. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken. Any balance may be carried forward to each successive income year until the credit is fully taken.

Line 10 - This carryforward is available to biotechnology companies only. Enter any credit carryforward balance for Research and Experimental Expenditures Credit from 1998 **Form CT-1120RC**, Part II, Line 3. Any unused credit balance can be carried forward and applied to each successive income year until the credit is fully taken. The maximum carryforward period is 15 years.

Line 11 - Enter any available credit carryforward balance for the Opportunity Certificate Credit from 1998 **Form CT-1120 OC**, Part II, Line 2. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

Line 12 - Enter any available credit carryforward balance for the Fixed Capital Investment Credit from 1998 **Form CT-1120 FCIC**. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

Line 13 - Enter any available credit carryforward balance for the Human Capital Investment Credit from 1998 **Form CT-1120 HCIC**. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

Lines 14 and 15 - Do not use for 1999.

Line 16 - Add Lines 1 through 13 in Column A, Column B, and Lines 1 through 10 in Column C, and enter the totals in the spaces provided. Line 16, Column A is the corporation's credit carryforward balance from 1998 for all above credits. Line 16, Column B, is the amount of carryforward tax credit from 1998 being applied to the 1999 corporation business tax. Line 16, Column C, is the total amount of carryforward tax credit from 1998 being applied to 1999 taxes other than the corporation business tax.

Part III Tax Credits Applied to the Corporation Business Tax

This schedule enables a corporation to apply credits earned from Part I and Part II against the 1999 corporation business tax.

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

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

Line 3 - Subtract Line 2, Column A, from Line 1, Column A, and enter the result on Line 3.

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

Line 5 - Subtract Line 4, Column A, from Line 3, Column A, and enter the result on Line 5.

Line 6 - Enter the amount from **Form CT-1120K**, Part I-C, Line 14, Column B, in both columns. Do not exceed the amount on Line 5 above.

Line 7 - Subtract Line 6, Column A, from Line 5, Column A, and enter the result on Line 7.

Line 8 - Enter the amount from **Form CT-1120K**, Part II, Line 16, Column B, in both columns. Do not exceed the amount on Line 7 above.

Line 9 - Subtract Line 8, Column A, from Line 7, Column A, and enter the result on Line 9.

Line 10 - Enter the amount from **Form CT-1120K**, Part I-D, Line 25, Column B, in both columns. Do not exceed the amount on Line 9 above.

Line 11 - Subtract Line 10, Column A, from Line 9, Column A, and enter the result on Line 11.

Line 12 - Enter the amount from **Form CT-1120K**, Part I-E, Line 26, Column B, in both columns. Do not exceed the amount on Line 11 above.

Line 13 - Add the amounts on Lines 2, 4, 6, 8, 10, and 12, Column B. Enter here and on **Form CT-1120**, *Schedule C*, Line 2, and attach the 1999 **Form CT-1120K**, *Business Tax Credit Summary*. If filing a combined return enter the combined total of all tax credits on **Form CT-1120CR**, *Schedule KC*.

Part IV Tax Credits Applied to Taxes Other Than the Corporation Business Tax

This schedule enables a corporation to account for any credits applied to taxes other than the corporation business tax. 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.

In the space provided, 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 IV for each tax type.

Line 1 - Enter the amount of tax from the appropriate tax return in Line 1, Column A.

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

Line 3 - Subtract Line 2, Column A, from Line 1, Column A.

Line 4 - Enter the amount from **Form CT-1120K**, Part II, Line 16, Column C, in both columns. Do not exceed the amount on Line 3 above.

Line 5 - Subtract Line 4, Column A, from Line 3, Column A.

Line 6 - Enter the amount from **Form CT-1120K**, Part I-D, Line 25, Column C, in both columns. Do not exceed the amount on Line 5 above.

Line 7 - Subtract Line 6, Column A, from Line 5, Column A.

Line 8 - Enter the amount from **Form CT-1120K**, Part I-E, Line 26, Column C, in both columns. Do not exceed the amount on Line 7 above.

Line 9 - Add the amounts on Lines 2, 4, 6, and 8, Column B. Column B is the total amount of credit being applied to the tax named on this schedule (other than the corporation business tax). Enter this amount on the appropriate tax form and attach a copy of the **Form CT-1120K**, *Business Tax Credit Summary*. 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.