

(Rev. 12/00)

FORM CT-1120K
Corporation Business Tax Credit Summary
Instructions

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 the prior year. Additional information about Connecticut tax credits is available in **DRS Informational Publication 95(2.1)**, *Guide to Connecticut Corporation Business Tax Credits*, and **Special Notice 2000(15)**, *Connecticut Corporation Business Tax Credits, 1999 - 2000 Update*. These publications are available on the DRS Web site or by mail. To order these publications separately, send a 9" x 12" self-addressed envelope with \$1.43 postage affixed for each publication; or to order both publications together, send a 9" x 12" self-addressed envelope with \$2.31 postage affixed to:

Department of Revenue Services
Mail Unit, Corporation Credit Guide
25 Sigourney Street
Hartford CT 06106-5032

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, 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 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 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;
- 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. The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward or 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 forward or carried back.

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 2000. 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 2000 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).

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 backward 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 computed according to the provisions of Conn. Gen. Stat. §§8-395, as amended by 2000 Conn. Pub. Acts 170, §23. Any remaining balance may be carried backward 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.

Line 4 - Enter the Employer-Assisted Housing Credit computed according to the provisions of Conn. Gen. Stat. §12-217p. Any remaining balance may be carried backward 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.

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 12, Column A, all of the credits that were earned in 2000 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 III, Line 6.

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 IV, Line 4.

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 Department of Labor (DOL).

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 Expenditure Credit*.

Line 11 - Enter the credit for Traffic Reduction Programs computed according to the provisions of Conn. Gen. Stat. §12-217s, as amended by 2000 Conn. Pub. Acts 174, §23. Attach the Certificate of Eligibility issued by DOT.

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, 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 2000.

Enter in Part I-D, Lines 16 through 25, Column A, all of the credits that were earned in 2000 that have a carryforward provision.

Enter in Part I-D, Lines 16 through 25, 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 17, 22, and 24, 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 8.

Enter in Part I-D, Lines 14 through 25, Column D, the difference between the amount of credit claimed (Column A) and the amount applied in the current year (Column B and Column C).

Line 14 - 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. Attach a copy of the tax credit voucher issued by CHFA.

Line 15 - 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. Attach a copy of the certificate of compliance issued by CHFA.

Line 16 - Enter the Hiring Incentive Tax Credit (formerly Opportunity Certificate Credit), as computed on **Form CT-1120 HIC**, *Hiring Incentive Tax Credit*. Attach a copy of the tax credit approval letter issued by DOL.

Line 17 - Enter the total credit for Clean Alternative Fuel relating to vehicles, equipment, and filling or 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 18 - Enter the Research and Experimental Expenditures credit, as computed on **Form CT-1120RC**, *Research and Experimental Expenditure Credit*.

Line 19 - Enter the allowable Research and Development credit as computed on **Form CT-1120 RDC**, *Research and Development Credit*.

Line 20 - Enter the allowable Fixed Capital Investment Credit as computed on **Form CT-1120 FCIC**, *Fixed Capital Investment Credit*.

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

Line 22 - Enter the allowable Insurance Reinvestment Fund Credit, as computed on **Form CT-IRF**, *Insurance Reinvestment Fund Credit*.

Line 23 - Enter the credit for the Small Business Administration Guaranty Fee. This credit shall not reduce the corporation business tax below the minimum tax of \$250.

Line 24 - Enter the credit for Rehabilitation of Historic Homes. Attach a copy of the credit voucher issued by the Connecticut Historical Commission.

Line 25 - Enter the available credit for the Donation of Open Space Land. Credits may be carried forward for a period of no more than ten income years.

Line 26 - Add Lines 14 through 25 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 27 - Enter on Line 27, 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 1999 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 1999 Connecticut corporation business tax. These credits will be applied to the 2000 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 14, Column A, the total amount of carryforward credits from 1999.

Enter in Part II, Lines 1 through 14, 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, and Line 13, 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.

Line 1 - Enter any available credit carryforward balance for Air Pollution Abatement Facilities. Credits may be carried forward for nine successive income years. Attach 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.

Line 2 - Enter any available credit carryforward balance for Industrial Waste Treatment Facilities. Credits may be carried forward for four successive income years. Attach 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.

Line 3 - Enter any available credit carryforward balance for the Child Day Care Tax Credit. Credits may only be carried forward for five succeeding income years.

Line 4 - Enter any available credit carryforward balance for the Housing Program Contribution tax credit. Credits may be carried forward for five succeeding income years.

Line 5 - Enter any available credit carryforward balance for Clean Alternative Fuel relating to vehicles, equipment, and filling or recharging stations under Conn. Gen. Stat. §12-217i. Credits may be carried forward for three succeeding income years.

Line 6 - Enter any available credit carryforward balance for the Employer-Assisted Housing Credit. Credits may be carried forward for five succeeding income years.

Line 7 - Enter any available credit carryforward balance for the Electronic Data Processing Equipment Property Tax Credit from 1999 **Form CT-1120 EDPC**, Part II, Line 7.

Line 8 - Enter any available credit carryforward balance for the Research and Development Credit from 1999 **Form CT-1120 RDC**, Part III, Line 6. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken.

Line 9 - This carryforward is available to biotechnology companies only. Enter any credit carryforward balance for the Research and Experimental Expenditures Credit from 1999 **Form CT-1120RC**, Part II, Line 4. 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 10 - Enter any available credit carryforward balance for the Hiring Incentive Tax Credit (formerly Opportunity Certificate Credit) from 1999 **Form CT-1120 OC**, Part II, Line 4. 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 11 - Enter any available credit carryforward balance for the Fixed Capital Investment Credit from 1999 **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 12 - Enter any available credit carryforward balance for the Human Capital Investment Credit from 1999 **Form CT-1120 HCIC**. 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 Insurance Reinvestment Fund Credit from 1999 **Form CT-IRF**. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

Lines 14 - Enter any available credit carryforward balance for the Small Business Administration Guaranty Fee Credit. Any balance may be carried forward to the four succeeding income years.

Line 15 - Add Lines 1 through 14 in Column A and Column B. Add Lines 1 through 10 and Line 13 in Column C. Enter the totals in the spaces provided. Line 15, Column A is the corporation's credit carryforward balance from 1999 for all above credits. Line 15, Column B, is the amount of carryforward tax credit from 1999 being applied to the 2000 corporation business tax. Line 15, Column C, is the total amount of carryforward tax credit from 1999 being applied to 2000 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 2000 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. 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. Enter the result on Line 5.

Line 6 - Enter the amount from **Form CT-1120K**, Part I-C, Line 13, 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. Enter the result on Line 7.

Line 8 - Enter the amount from **Form CT-1120K**, Part II, Line 15, 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. Enter the result on Line 9.

Line 10 - Enter the amount from **Form CT-1120K**, Part I-D, Line 26, 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. Enter the result on Line 11.

Line 12 - Enter the amount from **Form CT-1120K**, Part I-E, Line 27, 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 2000 **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 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 and attach to **Form CT-1120K**.

Line 1 - Enter the amount of tax from the appropriate tax return on 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 I-C, Line 13, 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 II, Line 15, 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-D, Line 26, Column C, in both columns. Do not exceed the amount on Line 7 above.

Line 9 - Subtract Line 8, Column A, from Line 7, Column A.

Line 10 - Enter the amount from **Form CT-1120K**, Part I-E, Line 27, Column C, in both columns. Do not exceed the amount on Line 9 above.

Line 11 - Add the amounts on Lines 2, 4, 6, 8, and 10, Column B. Column B is the total amount of credit being applied to the tax named on this schedule (other than corporation business tax). Enter this amount on the appropriate tax form and attach a copy of **Form CT-1120K**. 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.