

(Rev. 12/01)

**Application for Exchange of Research and Development or  
Research and Experimental Expenditures Tax Credits  
by a Qualified Small Business**

FOR INCOME YEAR	
Beginning	Ending
2001	

Company Name	CT TAX REGISTRATION NUMBER										
											<b>000</b>

**Purpose of Form**

Complete this application in order to exchange with the State of Connecticut any tax credit under Conn. Gen. Stat. §12-217j or §12-217n for a credit refund equal to 65% of the value of the credit pursuant to Conn. Gen. Stat. §12-217ee.

Check the appropriate box on **Form CT-1120** or **Form CT-1120CR** and attach this application and **Form CT-1120RC** or **Form CT-1120 RDC** to the final return for the above income year. This application must be completed in its entirety. All supporting documentation must be attached or this application will be considered incomplete and returned to the applicant. For additional information, contact the Department of Revenue Services, Taxpayer Services Division at: 1-800-382-9463 (toll-free within Connecticut) or 860-297-5962 (from anywhere).

**Definitions**

**Qualified Small Business** means a company that has gross income for the previous income year that does not exceed \$70 million and has not met this test through transactions with a related person. *Conn. Gen. Stat. §12-217ee(d)*.

**Gross Income** means gross income as defined by the Internal Revenue Code including any interest or exempt interest dividends, but not including dividends received by a domestic United States corporation from a foreign corporation on account of foreign taxes deemed paid when the domestic corporation elects the foreign tax credit or dividends received directly or indirectly from a passive investment company. *Conn. Gen. Stat. §12-213(a)(9)(A)-(C)*.

**Related Person** means a corporation, partnership, association, or trust controlled by such corporation; an individual, corporation, partnership, association, or trust that is in control of such corporation; a corporation, partnership, association, or trust controlled by an individual, corporation, partnership, association, or trust that is in control of such corporation; or a member of the same controlled group as such corporation. *Conn. Gen. Stat. §12-217w*.

— This form must be attached to **Form CT-1120** or **Form CT-1120CR** —

**Part I - Eligibility Criteria**

1.	Did the company engage in transactions with related persons during the 2001 income year? If yes, identify the related persons, their gross incomes, their relationship to the company, and provide an organizational chart of related persons in which the company is a member. Also attach a separate schedule describing each of the company's transactions with these related persons during the 2001 income year, the gross income of the company derived from each of these transactions, and the dates of these transactions.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.	Enter the total gross income of the company for the previous income year from all sources, including the total gross income of the company derived from transactions with related persons, as noted above.  <b>NOTE:</b> The gross income of the company should be annualized if this application is for a short period. If the total gross income of the company for the previous income year exceeds \$70 million, the company is <b>not eligible</b> for an exchange of tax credits. Do not check the box on <b>Form CT-1120</b> or <b>Form CT-1120CR</b> .	_____
3.	Does the company or its combined group, on the date of this application, have any taxes due and unpaid to the State of Connecticut including interest, penalties, fees, and other related charges? If yes, attach a schedule that describes the nature and amounts of any unpaid taxes.	<input type="checkbox"/> Yes <input type="checkbox"/> No

## Part II - Computation of Exchange Amount

1a.	Enter the amount of 2001 Research and Experimental Expenditures Credit (from 2001 <b>Form CT-1120RC</b> , Part I, Line 4)...	1a.		
1b.	Enter the amount of 2001 Research and Experimental Expenditures Credit applied (from 2001 <b>Form CT-1120RC</b> , Part II, Line 5, Column D). .....	1b.		
1.	Enter the amount of 2001 Research and Experimental Expenditures Credit available for exchange. (Subtract Line 1b from Line 1a.) .....		1.	
2a.	Enter the amount of 2001 Research and Development Credit (from 2001 <b>Form CT-1120 RDC</b> , Part II, greater of Line 2 or Line 7).	2a.		
2b.	Enter the amount of 2001 Research and Development Credit applied (from 2001 <b>Form CT-1120 RDC</b> , Part III, Line 7, Column D).	2b.		
2.	Enter the amount of 2001 Research and Development Credit available for exchange (Subtract Line 2b from Line 2a.) .....		2.	
3.	Add Line 1 and Line 2. Enter the total here. ....		3.	
4.	<b>TOTAL CREDIT REFUND REQUESTED</b> (Multiply amount on Line 3 by 65% (.65)).....		4.	

## Part III - Required Attachments

In addition to **Form CT-1120RC** or **Form CT-1120 RDC** (both if applicable), attach detailed schedules supporting the claimed research expenditures. The detailed schedules must include:

1. A full and complete description of the nature of the research projects conducted by the company during the income year, and the location(s) where such research is conducted;
2. A full and complete description of the methods used to obtain: (a) the amount spent directly on research and experimental expenditures conducted in Connecticut, in accordance with Conn. Gen. Stat. §12-217j, and (b) the total expenditures and payments for research and experimentation, and basic research conducted in Connecticut, in accordance with Conn. Gen. Stat. §12-217n;
3. A detailed description of each source of information used to compute the credit, including the methods and calculations of expense allocation, if any; **and**
4. The job title and detailed job description of each employee whose wages are included in the research expenditures.

## Contact Person

Name		Telephone	
		( )	
Title			
Address		Number and Street	PO Box
City or Town		State	ZIP Code