

2004 FORM CT-1120

Connecticut Corporation Business Tax Return and Instructions

This booklet contains:

- Form CT-1120
- Form CT-1120 ATT
- Form CT-1120A
- Form CT-1120K
- Form CT-1120 EXT
- Form CT-1120AB

Dear Customer:

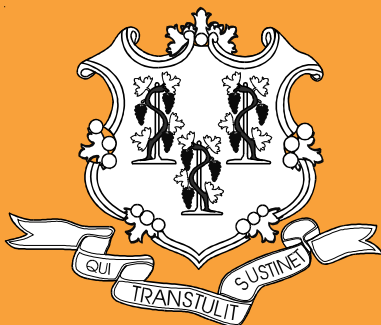
At the Connecticut Department of Revenue Services (DRS), our goal is to provide you with the most complete resource for state business tax information. In addition to the 2004 Corporation Business Tax Return, this booklet contains important information about legislative changes that may impact your business and your tax filing. Please read it carefully. It will also tell you about electronic methods that can make it easier for you to file and pay some state taxes.

DRS values its partnerships with Connecticut businesses and continues to focus on providing excellent customer service with a user-friendly approach to tax administration. If you need assistance, DRS Taxpayer Services personnel can answer your questions by phone, letter, or e-mail. The back cover of this booklet lists all the ways you can access this Agency including the DRS Web site, which is a valuable resource available anytime for you to download Connecticut tax forms, DRS publications, and other information you may need.

Comments and ideas on how we can improve the way we do business are always welcomed, so please feel free to contact us.

Sincerely,

Pam Law
Commissioner of Revenue Services



Taxpayer information is available on our Web site:
www.ct.gov/DRS

What This Booklet Contains

Read the information contained in this booklet carefully before preparing the Connecticut *Corporation Business Tax Return*.

This booklet contains information and instructions regarding the following forms:

Form CT-1120, *Corporation Business Tax Return*, is used to compute tax both on a net income basis and on a capital stock basis. Tax is paid on the basis that yields the higher tax. The minimum tax is \$250.

Form CT-1120 ATT, *Corporation Business Tax Return Attachment*, contains the following computation schedules:

Schedule H, *Connecticut Apportioned Operating Loss Carryover*;

Schedule I, *Dividend Deduction*; and

Schedule J, *Bonus Depreciation Recovery*.

Form CT-1120A, *Corporation Business Tax Return Apportionment Computation*, is used to compute the apportionment factors for the net income and the minimum tax base.

Form CT-1120K, *Business Tax Credit Summary*, is used to summarize a corporation's claim for available business tax credits.

Form CT-1120 EXT, *Application for Extension of Time to File Corporation Business Tax Return*, is required to obtain an extension of time to file **Form CT-1120**, **Form CT-1120CR**, or **Form CT-1120U**.

Form CT-1120AB, *Add Back and Exceptions to Add Back of Interest and Intangible Expenses*, must be completed by each corporation that is subject to interest and intangible expenses add back.

For information on how to obtain forms or other publications from DRS see the back cover.

Other Taxes for Which the Corporation May be Liable

The information that follows is intended to be a general description of other Connecticut taxes for which a corporation may be liable. Failure to pay these or any taxes for which the corporation is liable may subject the corporation and its officers to civil and criminal penalties.

To register for sales and use taxes and Connecticut income tax withholding, as well as most other Connecticut taxes

administered by DRS, the corporation must complete **Form REG-1**, *Application for Tax Registration Number*. Visit the DRS Web site to register on-line. If the corporation already has a Connecticut Tax Registration Number, additional taxes for which the corporation is liable may be added to the registration by contacting the DRS Registration Unit at 860-297-4885.

Business Entity Tax

There is an annual Business Entity Tax (BET) of \$250. The BET applies to each of the following entities, if required to file an annual report with the Connecticut Secretary of the State: S Corporation; Limited Liability Partnership; Limited Partnership; or Limited Liability Company, which is, for federal income tax purposes, either treated as a partnership if it has two or more members, or disregarded as an entity separate from its owner, if it has a single member.

See **Special Notice 2002(11)**, *Business Entity Tax*, and **Informational Publication 2003(15)**, *Q & A on the Business Entity Tax*, for more information.

Connecticut Sales and Use Taxes

A corporation may be responsible for the filing of sales and use tax returns. Sales taxes are due if the company sells taxable goods or services. Use taxes are due on the purchase of taxable goods or services from out-of-state retailers or Connecticut retailers who have failed to collect the sales tax. Both taxes are reported on **Form OS-114**, *Sales and Use Tax Return*.

Connecticut Income Tax Withholding

Any corporation that maintains an office or transacts business in Connecticut and that is considered an employer for federal income tax withholding purposes must withhold Connecticut income tax from wages and certain other payments to employees, whether or not the payroll department is located in Connecticut.

Controlling Interest Transfer Tax

Connecticut imposes a tax on the transfer of a controlling interest in an entity where the entity owns, directly or indirectly, an interest in Connecticut real property. This tax is reported on **Form AU-330**, *Controlling Interest Transfer Taxes*.

CONNECTICUT FAST-FILE PROGRAM

Did you know businesses can now use *Fast-File* to file and pay estimated Connecticut corporation business tax as well as certain other Connecticut tax obligations?

Don't worry about stamps, forget the pencil and paper! DRS *Fast-File* is a quick, easy, and secure way for businesses to use the Internet to file and pay certain business taxes. For more information about the Connecticut *Fast-File* Program, visit the DRS Web site at www.ct.gov/DRS or call 1-800-382-9463 (in-state) or 860-297-5962 (from anywhere).

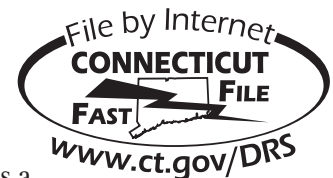


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LEGISLATIVE CHANGES AFFECTING CONNECTICUT CORPORATION BUSINESS TAX

Surtax Increase – 2004

Effective for income years beginning on or after January 1, 2004, and prior to January 1, 2005, any corporation subject to the tax on net income must pay a surtax in an amount equal to 25% (.25) of the tax due without regard to credits.

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.)

Effective for income years beginning on or after January 1, 2004, and prior to January 1, 2005, any corporation subject to a tax on capital must pay a surtax in an amount equal to 25% (.25) of the tax due without regard to credits.

The surtax **does not** apply to any company that pays the minimum tax of \$250.

Conn. Gen. Stat. §12-219, as amended by 2003 Conn. Pub. Acts 2, §34, as further amended by 2003 Conn. Pub. Acts 1, §88 (June 30 Spec. Sess.)

Rounding Off to Whole Dollars

When entering amounts on Connecticut tax returns and schedules, taxpayers are required to round off cents to the nearest whole dollar. If amounts are not rounded to whole dollars, DRS will disregard the cents. See Page 10 for more information.

2003 Conn. Pub. Acts 107, §6

LEGISLATIVE CHANGES AFFECTING CONNECTICUT CORPORATION BUSINESS TAX CREDITS

Detailed information about Connecticut business tax credits is available in
Informational Publication 2004(20), *Guide to Connecticut Business Tax Credits*.

Limitations on Refund of Research and Development Tax Credit

Conn. Gen. Stat. §12-217ee provides that a qualified small business that cannot use certain research and development tax credits as a result of not having a tax liability may exchange a percentage of such credits with the state. The statute was amended to provide that effective for income years beginning on or after January 1, 2002, a taxpayer that reports no net income but pays the minimum tax of \$250 or the capital base tax under Conn. Gen. Stat. §12-219 is permitted to exchange research and development tax credits.

Conn. Gen. Stat. §12-217ee, as amended by 2003 Conn. Pub. Acts 120, §1, as further amended by 2003 Conn. Pub. Acts 1, §89 (June 30 Spec. Sess.), as further amended by 2004 Conn. Pub. Acts 235, §1.

Clean Alternative Fuel Tax Credit Sunset Extended

Conn. Gen. Stat. §12-217i is amended to delete the sunset provision of income years beginning prior to January 1, 2004, and substitute the sunset date of income years beginning prior to January 1, 2008.

Conn. Gen. Stat. §12-217i, as amended by 2004 Conn. Pub. Acts 231, §5

GENERAL INFORMATION

How to Get Help

DRS is ready to help you and offers several resources where you can get answers to Connecticut tax questions. Visit the DRS Web site at www.ct.gov/DRS or for personal assistance see the back cover of this booklet for a list of DRS walk-in offices and telephone numbers. DRS offices are open Monday through Friday, 8:00 a.m. to 5:00 p.m. If you visit, be sure to bring your **completed** federal Form 1120, U.S. Corporation Income Tax Return.

Personal telephone assistance is available Monday through Friday, 8:30 a.m. to 4:30 p.m. Extended hours are offered during the filing season. Automated information may answer your questions anytime. Call CONN-TAX, the DRS information line or visit the DRS Web site for details.

How to Get Additional Forms and Publications

Download and print Connecticut tax forms and publications anytime from the DRS Web site at www.ct.gov/DRS. Forms are also available during regular business hours at any of the DRS walk-in offices and the other sources listed on the back cover of this booklet. You may also photocopy the forms you need from the *2004 Connecticut Package X*, which is on file at most public libraries.

Who Must File Form CT-1120

Form CT-1120, *Corporation Business Tax Return*, must be filed by every corporation (or association taxable as a corporation) that carries on business or has the right to carry on business in Connecticut. Any corporation dissolved or withdrawn from Connecticut is subject to the corporation business tax up to the date of dissolution or withdrawal.

Corporations electing to file a combined return must also complete **Form CT-1120CR**, *Combined Corporation Business Tax Return*.

Who is Exempt From Corporation Business Tax

The following companies are exempt from filing **Form CT-1120**:

- Insurance companies incorporated under the laws of any other state or foreign government, and domestic insurance companies;

- Companies exempt by the federal corporation net income tax law;
- A domestic international sales corporation (DISC) which has made a valid election for federal income tax purposes to be treated as a DISC;
- Companies subject to gross earnings taxes or whose properties in Connecticut are operated by railroad companies subject to gross earnings taxes under Chapter 210 of the Connecticut General Statutes;
- Cooperative housing corporations, as defined for federal income tax purposes;
- Corporate limited partners in one or more investment partnerships that are otherwise not doing business in Connecticut; **and**
- Non-United States corporations whose sole activity in Connecticut is trading in stocks, securities, or commodities for their own account.

The following companies, organizations, or associations are **exempt** from payment of Connecticut corporation business tax **but must register and file Form CT-1120** to claim the exemption:

- A homeowner's association that has elected to be treated as such for federal income tax purposes (a copy of federal Form 1120H **must** be attached to its **Form CT-1120**);
- Certain political organizations or associations exempt from federal income taxes under I.R.C. §527 (a copy of federal Form 1120 POL **must** be attached to its **Form CT-1120**);
- Financial service companies whose corporate headquarters are located in the export zone in the City of Hartford, Connecticut, and who are conducting all of their business outside the United States; **and**
- Passive investment companies (PICs), as defined under Conn. Gen. Stat. §12-213(a)(27), **must** file **Form CT-1120 PIC**, *Information Return for Passive Investment Companies*, in place of **Form CT-1120**.

Accounting Period and Method of Accounting

A corporation must use the same accounting period and method of accounting for Connecticut tax purposes as it does for federal tax purposes. If a corporation's accounting period or method of accounting is changed for federal tax purposes, the same change must be made for Connecticut tax purposes.

When to File Form CT-1120

Every corporation must file a return on or before the first day of the month following the due date of the

company's corresponding federal income tax return for the income year (April 1 for calendar year taxpayers). In the case of any company that is not required to file a federal income tax return for the income year, the Connecticut corporation business tax return is due on or before the first day of the fourth month following the end of the income year. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date. The return will meet the timely filed and timely payment rules if the U.S. Postal Service cancellation date, or the date recorded or marked by a designated private delivery service (PDS) using a designated type of service, is on or before the due date. Not all services provided by these designated PDSs qualify.

The following are the designated PDSs and designated types of service at the time of publication:

<p>Airborne Express (Airborne)</p> <ul style="list-style-type: none"> • Overnight Air Express Service • Next Afternoon Service • Second Day Service 	<p>DHL Worldwide Express (DHL)</p> <ul style="list-style-type: none"> • DHL "Same Day" Service • DHL USA Overnight
<p>Federal Express (FedEx)</p> <ul style="list-style-type: none"> • FedEx Priority Overnight • FedEx Standard Overnight • FedEx 2Day • FedEx International Priority • FedEx International First 	<p>United Parcel Service (UPS)</p> <ul style="list-style-type: none"> • UPS Next Day Air • UPS Next Day Air Saver • UPS 2nd Day Air • UPS 2nd Day Air A.M. • UPS Worldwide Express Plus • UPS Worldwide Express

This list is subject to change. See **Policy Statement 2002(4)**, *Designated Private Delivery Services and Designated Types of Service*.

If **Form CT-1120** is filed late, see *Interest and Penalties* to determine if interest and penalty should be reported with this return.

Extension Request

To get an extension of time to file the annual return, the corporation must file **Form CT-1120 EXT**, *Application for Extension of Time to File Corporation Business Tax Return*, not later than the first day of the month following the due date of the company's corresponding federal income tax return for the income year (April 1 for calendar year taxpayers). In the case of any company not required to file a federal income tax return for the income year, the extension request must be filed on or before the first day of the fourth month following the end of the income year. Payment of the total tax due must be included with the request. The timely filing of **Form CT-1120 EXT** will automatically extend the due date for six months.

Form CT-1120 EXT extends only the time to file the tax return; it does not extend the time to pay the corporation business tax. Interest on any tax not paid

by the original due date is computed at 1% (.01) per month or fraction of a month.

Where to File

Make check or money order payable to the Commissioner of Revenue Services, and paper clip the check or money order to the front of the return. Do not staple. If your check is returned for insufficient or uncollected funds, DRS may resubmit the check to your bank electronically.

Use the pre-addressed envelope enclosed with your return or mail to:

**Department of Revenue Services
PO Box 2974
Hartford CT 06104-2974**

Amended Returns

Any corporation that fails to include items of income or deduction or makes any other error on a return must file an amended return using **Form CT-1120X**, *Amended Corporation Business Tax Return*. A copy of federal Form 1120X must be attached to substantiate any changes to federal net income.

Internal Revenue Service Changes

Corrections to taxable income by the Internal Revenue Service (IRS) must be reported to the Commissioner of Revenue Services within 90 days after receipt of the final notice of correction from the IRS. All federal adjustments must be reported using **Form CT-1120X**. An extension request for reporting federal audit changes may be submitted in writing to the Commissioner of Revenue Services stating the reason additional time is required.

Estimated Tax Payments

Every corporation carrying on or having the right to carry on business in Connecticut whose estimated current year tax exceeds \$1,000 must pay estimated tax payments in four installments. See General Instructions on **Forms CT-1120 ESA, ESB, ESC, and ESD**, *Estimated Corporation Business Tax*. DRS mails four preprinted estimated tax payment coupons with instructions to corporations that paid estimated tax or had a Connecticut corporation tax liability exceeding \$1,000 in the prior taxable year. If a corporation is not required to pay its estimated tax electronically, using these preprinted forms will ensure accuracy and timeliness in processing the corporation's estimated tax payments. These forms are also available on the DRS Web site.

The required annual payment is the lesser of:

- 90% of the tax shown on the return for the income year, or, if no return is filed, 90% of the tax for such year; **or**
- 100% of the tax shown on the return for the previous income year without regard to any credit, if the previous income year was an income year of 12 months and if the company filed a return for the previous income year showing a liability for tax.

Estimated tax due dates (for calendar year filers):

1st Installment - March 15, 2005
30% of prior year tax (including surtax) or 27% of current year tax
2nd Installment - June 15, 2005
70% of prior year tax (including surtax) or 63% of current year tax
3rd Installment - September 15, 2005
80% of prior year tax (including surtax) or 72% of current year tax
4th Installment - December 15, 2005
100% of prior year tax (including surtax) or 90% of current year tax

If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

Electronic Payment of Estimated Corporation Business Tax

Corporations can use *Fast-File* to electronically file **Forms CT-1120 ESA, ESB, ESC, and ESD**, and pay the tax due. *Fast-File* is a quick, easy, and secure way to fulfill Connecticut tax responsibilities without paper or postage. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register Online*.

DRS recommends using *Fast-File* to electronically file, however, a corporation that does not otherwise choose to use *Fast-File*, must use the preprinted coupons received from DRS. A corporation that does not receive preprinted estimated coupons should use the estimated coupons available on the DRS Web site.

DRS is phasing in new electronic filing requirements for all business taxes. Additional information will be available in **Informational Publication 2004(28)**, *Paying Connecticut Taxes by Electronic Funds Transfer*.

Interest and Penalties

Interest is computed at 1% (.01) per month or fraction of a month on the underpayment of tax from the original due date of the return through the date of payment.

Interest due on the underpayment of estimated tax is computed using **Form CT-1120I, Computation of Interest Due on Underpayment of Estimated Tax**. Interest on underpayment or late payment of tax **cannot** be waived.

Penalty for Late Payment or Late Filing

The penalty for late payment or underpayment of corporation business tax is 10% (.10) of the tax due or \$50, whichever is greater. If a request for a filing extension has been granted, a corporation may avoid a penalty for failure to pay the full amount due by the original due date if it:

- Pays at least 90% (.90) of the tax shown to be due on the return on or before the original due date of the return; **and**
- Pays the balance due with the filing of **Form CT-1120**, on or before the extended due date.

If no tax is due, DRS may impose a \$50 penalty for the late filing of any return or report required by law to be filed.

Penalty for Willful Failure to File or Pay

Anyone who willfully fails to pay the tax or file a return will be fined up to \$1,000 or imprisoned up to one year, or both, in addition to any other penalty.

Penalty for Willful Filing of a Fraudulent or Materially False Return

If you willfully file a tax return you know to be fraudulent or false in any material matter, you may be fined up to \$5,000 or imprisoned from one to five years, or both.

Waiver of Penalty

A corporation may be able to have its penalty waived if the failure to file or pay tax on time was due to a reasonable cause and was not intentional or due to neglect. Interest cannot be waived. Before a penalty waiver can be granted, all tax and interest must be paid. All requests must include:

- A clear and complete written explanation;
- The corporation name, Connecticut Tax Registration Number, and Federal Employer Identification Number (if applicable);
- The name of the original form filed or billing notice received;
- The taxable filing period; **and**
- Documentation supporting your explanation.

Attach the request to the **front** of the tax return or mail separately to:

**Department of Revenue Services
Penalty Review Committee
PO Box 5089
Hartford CT 06102-5089**

Status Letter Requests

Requests for status letters must be submitted in writing on the business's letterhead and must include:

- Name and address of the business;
- Connecticut Tax Registration Number;
- Tax types for which the tax status is being requested;
- A statement that clearly explains the reason for the status letter request;
- The mailing address for the status letter if it is different from the address of the business;
- The original signature and title of the authorized representative making the request; **and**
- A properly executed **Form LGL-001**, *Power of Attorney*, signed by an authorized representative of the business if the status letter is requested by anyone other than an authorized representative of the business.

Mail your status letter request to:

**Department of Revenue Services
Collection & Enforcement Division-Lien Unit
Request for Status Letter
25 Sigourney Street
Hartford CT 06106-5032**

DRS accepts hand-delivered status letter requests from businesses. However, DRS does not accept status letter requests made by email, fax, or telephone. See **Informational Publication 2004(9)**, *Status Letters*, for more information.

Recordkeeping

Keep a copy of the tax return, worksheets, and records of all items appearing on the return until the statute of limitations expires for that return. Usually, this is three years from the date the return was due or filed, whichever is later. However, if the corporation reports a net operating loss or credit carryforward or carryback, the statute of limitations may expire later.

Copies of Returns

A corporation may request a copy of a previously filed tax return from DRS by completing **Form LGL-002**, *Request for Disclosure of Tax Return or Tax Return Information*. In general, the copy will be received in three weeks.

FORM CT-1120 GENERAL INSTRUCTIONS

Attach to Form CT-1120, a completed copy of the corporation's federal income tax return, including all schedules and attachments as filed with the IRS.

Required Information

Enter the beginning and ending dates of the corporation's income year regardless of whether the corporation is a calendar year or fiscal year filer. Also, enter the corporation's Connecticut Tax Registration Number, Federal Employer Identification Number (FEIN), total assets, gross receipts (net of returns and allowances), and North American Industry Classification System (NAICS) code for principal business activity, in the spaces provided at the top of **Form CT-1120**.

NAICS Code for Principal Business Activity

Enter the same business activity code provided to the IRS on federal Form 1120 or federal Form 851 (for affiliates in a federal consolidated return). **Form CT-NAICS**, *NAICS Codes for Principal Business Activity for Connecticut Tax Purposes*, is available on the DRS Web site.

Name and Address

Print or type the information requested in the space provided at the top of **Form CT-1120**. Be sure to enter the corporation's Connecticut Tax Registration Number and FEIN.

Check and Complete all Applicable Boxes

1. Change of Closing Month or Address

Indicate any change to the end of the corporation's filing period by checking off the proper box and attaching an explanation of the change.

To make any changes to the corporation's preprinted address, draw a line through the incorrect information and clearly print the new information, check the *Change of Address* box, and file **Form CT-8822C**, *Corporation Business Tax Change of Address* (available on the DRS Web site). If the *Change of Address* box is checked, a completed **Form CT-8822C** must be attached to **Form CT-1120**.

2. Return Status

Check the corresponding box to indicate the type of return being filed.

If this is the first time the corporation is filing **Form CT-1120**, check the *Initial Return* box.

If the corporation is filing a final return, check the *Final Return* box along with the corresponding box providing the reason for the final return.

If the corporation is filing for a short period, check the *Short Period Return* box.

3. Short Period Return

Check the corresponding box to indicate the reason for a short period return.

4. Final Return

If the corporation is filing a final return, check the corresponding box providing the reason for the final return.

Dissolution

To properly dissolve a domestic corporation you must file a Certificate of Dissolution with the Connecticut Office of the Secretary of the State. A dissolved corporation **must** file a return for the period up to the date of legal dissolution or the date of the final liquidation of assets, whichever is later.

Any dissolved corporation that continues to conduct business **must** file **Form CT-1120** and pay any taxes due. If a corporation has been dissolved by forfeiture and wishes to be reinstated, it must submit a written request for a tax clearance to:

**Department of Revenue Services
Corporation Office Audit Unit
25 Sigourney Street
Hartford CT 06106-5032**

The tax clearance and certificate of reinstatement must be filed with the Connecticut Office of the Secretary of the State.

Withdrawal From State

A foreign corporation that wishes to withdraw from Connecticut must file a written application for withdrawal with the Connecticut Office of the Secretary of the State. Any corporation that has withdrawn must file Connecticut **Form CT-1120** up to the date of withdrawal and pay any taxes due.

Mergers and Reorganizations

A corporation that has merged must file a written application with the Connecticut Office of the Secretary of the State. Any corporation that has merged must file **Form CT-1120** covering the period up to the date of merger and pay any tax due.

For further information about withdrawal from the state, mergers and reorganizations, or dissolutions, contact the Connecticut Office of the Secretary of the State at 860-509-6000.

Any corporation that is reorganized must submit the details concerning the reorganization in writing and disclose the survivor's Connecticut Tax Registration Number. Mail to:

**Department of Revenue Services
PO Box 2937
Hartford CT 06104-2937**

5. Type of Federal Return Filed

Check the appropriate box for the type of federal return filed. If the Consolidated Basis box is checked, you must enter the parent company's name and FEIN.

6. Exchange of Research and Development Tax Credit

Check this box if the corporation is exchanging Research and Development tax credits available under Conn. Gen. Stat. §§12-217j or 12-217n, for a credit refund equal to 65% of the value of the credit, subject to certain limitations. Attach **Form CT-1120RC**, *Research and Experimental Expenditures Credit*, or **Form CT-1120 RDC**, *Research and Development Credit*, and **Form CT-1120 XCH**, *Application for Exchange of Research and Development or Research and Experimental Expenditures Tax Credits by a Qualified Small Business*.

7. Previous Combined Return

If the corporation was included in Connecticut **Form CT-1120CR**, *Combined Corporation Business Tax Return*, for the previous year and is filing a separate return this year, or if this is the first year the corporation is electing or revoking combined status, check the corresponding box and attach **Form CT-1120CC**, *Combined Return Consent*, or **Form CT-1120CC-R**, *Revocation of Election and Consent to File Combined Corporation Business Tax Return*.

8. Combined Return

Check the corresponding box if the corporation is included in **Form CT-1120CR**.

9. Principal Place of Business

If the principal place of business is located outside Connecticut, enter the name of the state where it is located.

Enter the state in which the corporation filed its Articles of Incorporation and the date of organization. If incorporated outside of Connecticut, enter the date qualified to do business in Connecticut. A corporation must enter the date it began business operations in Connecticut.

10. Exempt Corporation

If the corporation is exempt from Connecticut corporation business tax, check this box and attach an explanation of the exemption. The explanation must include the statutory cite for the exemption. See *Who Must File Form CT-1120*.

11. Annualization

Check the corresponding box if the corporation is annualizing its income.

Complete **Form CT-1120I**, *Computation of Interest Due on Underpayment of Estimated Tax*, and attach it to **Form CT-1120**.

See **Informational Publication 2004(19)**, *Guide to Calculating Annualized Estimated Corporation Business Tax Installments and Worksheet CT-1120AE*.

12. Interest Add Back

Check the corresponding box if the corporation is subject to the interest add back or intangible expense add back paid to a related member. Complete **Form CT-1120AB**, *Add Back and Exceptions to Add Back of Interest and Intangible Expenses*, and attach it to **Form CT-1120**.

13. Passive Investment

Check the corresponding box if this corporation is filing **Form CT-1120 PIC**, *Information Return for Passive Investment Companies*. If this box is checked, **Form CT-1120 PIC** must be attached. Passive investment companies are exempt from the corporation business tax, but must file **Form CT-1120 PIC**.

FORM CT-1120 LINE INSTRUCTIONS

Rounding Off to Whole Dollars

You must round off cents to the nearest whole dollar on your return and schedules. Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents.

However, if you need to add two or more amounts to compute the amount to enter on a line, include cents and round off **only** the total.

Example: Add two amounts (\$1.29 + \$3.21) to compute the total (\$4.50) to enter on a line. \$4.50 is rounded to \$5.00 and entered on the line.

If you do not round, DRS will disregard the cents.

Schedule A - Computation of Tax on Net Income

A corporation entitled to apportion its income must complete either **Form CT-1120A**, *Corporation Business Tax Return Apportionment Computation*, or one of the special apportionment forms listed below:

- Air carriers use **Form CT-1120A-A**, *Corporation Business Tax Return Apportionment Computation – Air Carriers*.
- Motor bus companies and motor carriers engaged in multistate business use **Form CT-1120A-BMC**, *Corporation Business Tax Return Apportionment Computation – Motor Bus and Motor Carrier Companies*.

- Financial service companies use **Form CT-1120A-FS**, *Corporation Business Tax Return Apportionment Computation of Income From Financial Service Company Activities*.
- Manufacturers use **Form CT-1120A-MFG**, *Corporation Business Tax Return Apportionment Computation – Manufacturing Companies*.
- Broadcasters and production entities use **Form CT-1120A-BPE**, *Corporation Business Tax Return Apportionment Computation – Broadcasters and Production Entities*.
- Corporations that receive income from rendering securities brokerage services use **Form CT-1120A-SBC**, *Corporation Business Tax Return Apportionment Computation – Securities Brokerage Services*.
- Corporations that derive income from credit card activities use **Form CT-1120A-CCA**, *Corporation Business Tax Return Apportionment Computation of Income From Credit Card Activities*.
- If a corporation is a limited partner in one or more limited partnerships (other than an investment partnership) and is not otherwise carrying on or doing business in Connecticut, the partnership may elect for any income year to apportion its net income inside and outside the state as provided under the corporation business tax. Use **Form CT-1120A-LP**, *Corporation Business Tax Return Apportionment of Limited Partnership Interests*.

Line 1 - Enter the net income from *Schedule D*, Line 18.

Line 2 - Enter the appropriate apportionment fraction from **Form CT-1120A**, *Schedule Q*, Line 2; *Schedule R*, Line 6, Column C; or from the appropriate forms previously referenced. The fraction must be expressed as a decimal and carried to six places.

Line 3 - Enter the amount from Line 1 multiplied by Line 2, or enter the amount from Line 1, if not entitled to apportion.

Line 4 - Enter the amount of any unused losses from **Form CT-1120 ATT**, *Schedule H*, Line 6, Column A, attributable to Connecticut business operations as reported in years ending December 31, 1999, and thereafter.

Net operating losses incurred for income years beginning prior to January 1, 2000, may be carried forward for five successive income years. Net operating losses incurred for income years beginning on or after January 1, 2000, may be carried forward for 20 successive income years. Losses may not be carried back. The loss entered here is limited to the loss attributed to Connecticut according to the method of apportionment prescribed in Conn. Gen. Stat. §12-218. See **Form CT-1120CR** instructions for information about using carryforward losses on a combined return.

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

Line 6 - Multiply Line 5 by 7.5% (.075) and enter the result on Line 6.

Schedule B - Computation of Minimum Tax on Capital

Use *Schedule B* to compute the minimum tax on the capital of a corporation. The minimum tax on capital does not apply to real estate investment trusts, regulated investment companies, or interlocal risk management agencies formed under Chapter 113a of the Connecticut General Statutes. For each financial service company, the minimum tax on capital is \$250.

Line 1 - Enter the amount shown on *Schedule E*, Line 6, Column C.

Line 2 - Corporations, other than air carriers, enter the apportionment fraction from **Form CT-1120A**, *Schedule S*, Line 3, Column C. The fraction must be expressed as a decimal and carried to six places.

Line 3 - Enter the amount from Line 1 multiplied by Line 2, or enter the amount from Line 1, if not entitled to apportion.

Line 4 - Enter the number of months the corporation carried on business or had the right to carry on business

in Connecticut, whichever is greater. A fractional part of a month is counted as a full month.

Line 5 - Multiply Line 3 by Line 4. Divide the result by 12 and enter the amount on Line 5.

Line 6 - Multiply Line 5 by 0.31% (.0031) and enter the result on Line 6. The maximum tax for *Schedule B* is \$1,000,000.

Schedule C - Computation of Amount Payable

Line 1(a) - Enter the amount from *Schedule A*, Line 6; *Schedule B*, Line 6; or \$250, whichever is greater.

Line 1(b) - Multiply Line 1(a) by 25% (.25) and enter the result on Line 1(b). If Line 1a is \$250, enter zero.

Line 1(c) - Currently, there are two tax credits subject to recapture. If a corporation has received a notice from Connecticut Housing Finance Authority (CHFA) indicating that 60% or more of a revolving loan fund has not been properly loaned on or before the date three years after the date a revolving loan fund was established by such corporation, the credit amount specified in the notice must be recaptured. This amount should be reported on the first **Form CT-1120** to be filed on or after the date of notice.

If the fixed capital on account of which a corporation claimed a tax credit is not held and used in Connecticut in the ordinary course of the corporation's trade or business in Connecticut for three full years following its acquisition, the corporation is required to recapture 100% of the amount of the credit allowed on the corporation business tax return required to be filed for the income year immediately following the income year during which the three-year period expires.

If the fixed capital on account of which a corporation claimed the credit is not held and used in Connecticut in the ordinary course of the corporation's trade or business in Connecticut for five full years following its acquisition, the corporation will be required to recapture 50% (.50) of the amount of the credit allowed on its corporation business tax return required to be filed for the income year immediately succeeding the income year during which the five-year period expires.

Line 1 - Add Line 1(a), Line 1(b), and Line 1(c) and enter the total on Line 1. If no tax credits are being claimed, also enter this amount on Line 6.

Line 2 - Multiply Line 1 by 30% (.30) and enter the result on Line 2.

Line 3 - Enter the greater of the amount on Line 2 or \$250.

Line 4 - Subtract Line 3 from Line 1 and enter the result on Line 4.

Line 5 - Enter the total tax credits applied from **Form CT-1120K**, *Business Tax Credit Summary*, Part II, Line 11. Do not exceed the amount on Line 4.

Line 6 - Subtract Line 5 from Line 1 and enter the result on Line 6.

Line 7 - Enter on Lines 7(a), 7(b), and 7(c), all prepayments made. Enter the total on Line 7.

Line 8 - Subtract Line 7 from Line 6 and enter the result on Line 8.

Line 9(a) - Enter penalty if applicable. See *Interest and Penalties*.

Line 9(b) - Enter interest due on tax not paid by the original due date. See *Interest and Penalties*.

Line 9(c) - Enter interest due on underpayment of estimated tax. Complete and attach **Form CT-1120I**, *Computation of Interest Due on Underpayment of Estimated Tax*.

Line 9 - Add Lines 9(a), 9(b), and 9(c) and enter the total on Line 9.

Line 10(a) - Enter the amount of overpayment to be credited to 2005 estimated tax.

Overpayment of tax liability for a preceding income year is credited against the current estimated tax liability as of the receipt date of a completed tax return and **not** a tentative tax return. An overpayment cannot be determined to exist until a completed return is filed. Overpayments will be treated as estimated tax paid on March 15, if the tax return is filed by March 15. **Your request to apply an overpayment to the following tax year is irrevocable.**

Line 10(b) - Enter the amount of overpayment to be refunded.

Line 10 - Add Line 10(a) and Line 10(b) and enter the total on Line 10.

Line 11 - Balance Due - Add Line 8 and Line 9. Enter the total on Line 11.

Schedule D - Computation of Net Income

Line 1 - Enter your federal taxable income (loss) before net operating loss and special deductions as filed on your federal return.

Line 2 - Enter all interest income exempt from federal taxation.

Line 3 - Enter the amount from *Schedule F*, Line 8 (total unallowable deduction for corporation business tax).

Line 4 - Enter the amount of interest expenses paid to a related member as reported on **Form CT-1120AB**, Part I A, Line 1.

Line 5 - Enter the amount of intangible expenses paid to a related member as reported on **Form CT-1120AB**, Part I B, Line 1.

Line 6 - Enter the amount of the federal bonus depreciation allowed under I.R.C. §168(k) and claimed on federal Form 4562, Depreciation and Amortization.

Line 7 - Add Lines 1 through 6 and enter the total on Line 7.

Line 8 - Enter the dividend deduction calculated on **Form CT-1120 ATT**, *Corporation Business Tax Return Attachment, Schedule I*, Line 4.

Line 9 - Enter the amount of any available capital loss carryover not deducted in computing federal capital gain. This amount is limited to the amount of the capital gain reported on the federal return as prescribed in Conn. Gen. Stat. §12-217.

Line 10 - Enter the value of any capital gain realized from the sale of any land, or interest in land, to the state, any political subdivision of the state, or to any nonprofit land conservation organization where such land is to be permanently preserved as protected open space or to a water company (as defined in Conn. Gen. Stat. §25-32a), where such land is to be permanently preserved as protected open space or as Class I or Class II water company land.

Line 11 - Enter the federal bonus depreciation recovery amount from **Form CT-1120 ATT**, *Schedule J*, Line 6.

Line 12 - Enter the amount of exceptions to interest add back as reported on **Form CT-1120AB**, Part II A, Line 1.

Line 13 - Enter the amount of exceptions to interest add back as reported on **Form CT-1120AB**, Part II A, Line 2.

Line 14 - Enter the amount of exceptions to interest add back as reported on **Form CT-1120AB**, Part II A, Line 3.

Line 15 - Enter the amount of exceptions to the add back of intangible expenses paid to a related member as reported on **Form CT-1120AB**, Part II B, Line 1.

Line 16 - Enter the amount received from a related member attributable to intangible expenses and costs or to interest expenses and costs, provided such income was:

- Included on *Schedule D*, Line 1 of this return;
- Received from a related member who filed a Connecticut corporation business tax return for the same income year; **and**

- Required to be added back by the related member under Conn. Gen. Stat. §12-218c or 2003 Conn. Pub. Acts 6, §78(b) (June 30 Spec. Sess.).

Line 17 - Add Lines 8 through 16 and enter the total on Line 17.

Line 18 - Subtract Line 17 from Line 7. Enter the result here and on *Schedule A*, Line 1.

Schedule E - Computation of Minimum Tax Base

Line 1 - Enter the beginning (Column A) and ending (Column B) values of the issued and outstanding capital stock including treasury stock at par or face value, fractional shares, scrip certificates, and payments on subscriptions. (See federal Form 1120, Schedule L, Line 22a and Line 22b.)

Line 2 - Enter the beginning (Column A) and ending (Column B) values of paid-in or capital surplus, including retained earnings. Any deficit must be reported as a negative number. (See federal Form 1120, Schedule L, Lines 23, 24, and 25.)

Line 3 - Enter the beginning (Column A) and ending (Column B) values of all surplus reserves (including deferred taxes). Attach a schedule of all surplus reserves to support the amounts shown on Line 3.

A *reserve* is an amount set aside or deducted from current or retained earnings for meeting future liabilities.

Line 4 - Add Lines 1, 2, and 3 in both Column A and Column B. Enter in Column C the average of Column A and Column B.

Line 5 - Enter the total holdings of stock in Column A and Column B. Enter the average of Column A and Column B on Line 5, Column C.

Attach a schedule that lists the beginning and ending book values of total holdings of stock of private corporations, including treasury stock. The total book value of shares must equal the amount claimed as a deduction on *Schedule E*, Line 5. The book value of stock does not include the value of other assets acquired and held in connection with or incidental to the ownership of such stock.

Private corporations means all non-governmental corporations, whether closely or publicly held.

Line 6 - Subtract Line 5, Column C, from Line 4, Column C. Enter the result here and on **Form CT-1120**, *Schedule B*, Line 1.

Schedule F - Taxes

Conn. Gen. Stat. §12-217 disallows any deduction for the Connecticut corporation business tax and any deduction for taxes imposed on or measured by income or profits by any state, political subdivision, or the District of Columbia.

Line 1 - Enter in Column A all payroll taxes deducted in arriving at federal taxable income.

Line 2 - Enter in Column A all real property taxes deducted in arriving at federal taxable income.

Line 3 - Enter in Column A all personal property taxes deducted in arriving at federal taxable income.

Line 4 - Enter in Column A all sales and use taxes deducted in arriving at federal taxable income.

Line 5 - Enter in Column A any other taxes not based on income or profits deducted in arriving at federal taxable income.

Line 6 - Enter in Column B the amount of Connecticut corporation business tax deducted in arriving at federal taxable income.

Line 7 - Enter in Column B any corporate tax imposed on or measured by income or profits by any state (other than Connecticut) or political subdivision, or the District of Columbia, deducted in the computation of federal taxable income.

Line 8 - Add the amounts on Line 6 and Line 7 in Column B and enter the total on Line 8. Enter also on *Schedule D*, Line 3.

Schedule G - Additional Required Information

Attach a schedule of corporate officers' names, complete home addresses, and corporate titles.

Line 1 - Enter the Connecticut towns in which the corporation owns or leases (as lessee) real or tangible personal property or performed any services.

Line 2(a) - If the corporation transferred a controlling interest in an entity where the entity owns, directly or indirectly, an interest in Connecticut real property, the corporation (the transferor) may be subject to the controlling interest transfer tax. Enter the name and FEIN of the entity in which a controlling interest was transferred. The transferor is required to file **Form AU-330**, *Controlling Interest Transfer Taxes*. (Conn. Gen. Stat. §12-638b)

Line 2(b) - If this corporation owned Connecticut real property and was the entity in which a direct or indirect controlling interest was transferred, enter the name and FEIN of the transferor. The transferor may be subject to the controlling interest transfer tax.

The entity in which a direct or indirect controlling interest was transferred is required to file **Form AU-331**, *Controlling Interest Transfer Taxes Informational Return*.

Line 3 - If any other corporation owns a majority of the voting stock of this corporation, enter the name and FEIN of the corporation.

Line 4 - Enter the last taxable year this corporation was audited by the IRS. Corrections to taxable income by the IRS must be reported within 90 days after receipt of the final notice of correction from the IRS.

All federal adjustments must be reported using **Form CT-1120X**.

Signature

The return must be signed by a duly authorized officer.

Paid Preparer Signature

Anyone who is paid to prepare the return must sign and date it. Paid preparers must also enter their Social Security Number or Preparer Tax Identification Number (PTIN), their firm's FEIN, and their firm's address and telephone number in the spaces provided.

Paid Preparer Authorization

If the corporation wants to authorize DRS to contact the paid preparer who signed the 2004 tax return to discuss it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer's Signature* section of the return. It does not apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the corporation is authorizing DRS to call the paid preparer to answer any questions that may arise during the processing of the 2004 corporation business tax return. The corporation is also authorizing the paid preparer to:

- Give DRS any information that is missing from the return;
- Call DRS for information about the processing of the corporation's return or the status of the corporation's refund or payment; **and**
- Respond to certain DRS notices that the corporation may have shared with the preparer regarding math errors, offsets, and return preparation. The notices will not be sent to the preparer.

The corporation is **not** authorizing the paid preparer to receive any refund check, bind the corporation to anything (including additional tax liability), or otherwise represent the corporation before DRS. The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing the 2005 Connecticut Corporation Business Tax Return. This is on or before the first day of the month following the due date of the corporation's corresponding federal income tax return for the income year (April 1 for calendar year filers).

2004 FORM CT-1120K 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 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.

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DRS *Fast-File* is a quick, easy, and secure way for businesses to use the Internet to file and pay certain Connecticut business taxes.



CONNECTICUT TAX ASSISTANCE

	FOR TAX INFORMATION	FORMS AND PUBLICATIONS		
Internet	DRS Web site:			
	www.ct.gov / DRS			
Telephone	CONN-TAX		From a touch-tone phone call:	
	1-800-382-9463 (in-state) or 860-297-5962 (from anywhere) TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.		1-800-382-9463 (in-state) and select Option 2 , or 860-297-4753 (from anywhere) DRS TaxFax - Call 860-297-5698 from the handset attached to your fax machine and select from the menu.	
Write	Department of Revenue Services Taxpayer Services Division 25 Sigourney Street Hartford CT 06106-5032			
Walk-in Offices	Location	Address		Phone
	Bridgeport	10 Middle Street		203-336-7890
	Hartford	25 Sigourney Street		860-297-5962
	Norwich	2 Cliff Street		860-889-2669
	Hamden	3074 Whitney Avenue, Building #2		203-287-8243
	Waterbury	55 West Main Street, Suite 100		203-805-6789
	* IF YOU REQUIRE SPECIAL ACCOMMODATIONS, PLEASE ADVISE THE DRS REPRESENTATIVE *			
FEDERAL TAX INFORMATION		STATEWIDE SERVICES		
For questions about federal taxes , contact the Internal Revenue Service (IRS) at 1-800-829-1040 or visit www.irs.gov To order federal tax forms , call: 1-800-829-3676.		For information on statewide services and programs, visit the ConneCT Web site at www.ct.gov		

Department of Revenue Services
State of Connecticut
25 Sigourney Street
Hartford CT 06106-5032

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