

FORM CT-1120K
Business Tax Credit Summary
Instructions

2006

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 2006(15)**, *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.

Conn. Gen. Stat. §12-217aa

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

No tax credit can be applied against the minimum tax of \$250. *Conn. Gen. Stat. §12-219*

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.

Any credit balance that remains after applying the credits to the current year 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 in Part I-A, Column A the credit earned in 2006. Enter in Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount in Part II, Line 1.

Part I-B — Tax Credits With Carryback Provisions

Enter in Part I-B, Column A all of the credits earned in 2006 that have a carryback provision. The credits indicated here are applied to the current year tax first. Any remaining balance may be claimed against a preceding year 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 Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount in Part II, Line 3.

Enter in Column C the amount applied to taxes other than the corporation business tax. The total of Column C cannot exceed the amount in Part III, Line 1.

Enter in 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.

Line 3 - Enter the Housing Program Contribution Credit computed on **Form CT-1120 HPC**, *Housing Program Contribution Credit*, according to the provisions of Conn. Gen. Stat. §8-395 (as amended by 2006 Conn. Pub. Acts 186, §65). Any remaining balance may be carried back to the five immediately preceding income years. If you are claiming a carryforward, also complete Part I-D, Line 16. (See *Part I-D, Line 16* instructions.)

Line 4 - Enter the Employer-Assisted Housing Credit 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. If you are claiming a carryforward, also complete Part I-D, Line 17. (See *Part I-D, Line 17* instructions.)

Line 5 - Add Lines 2 through 4 in Columns A, B, C, and D, and enter the totals.

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

Enter in Part I-C, Column A all of the credits earned in 2006 that can only be applied to the current year tax.

Enter in Column B the amount actually applied to the corporation business tax. The total of Column B cannot exceed the amount in Part II, Line 5.

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

Line 6 - Enter the Apprenticeship Training Credit computed according to the provisions of Conn. Gen. Stat. §12-217g (as amended by 2006 Conn. Pub. Acts 189, §23).

Line 7 - Enter the Manufacturing Facility Credit computed on **Form CT-1120 TIC/EZ**, *Manufacturing Facility Credit for Facilities Located in a Targeted Investment Community/Enterprise Zone*.

Line 8 - Enter the credit for new or used computers donated to a local or regional board of education; or public or nonpublic school.

Line 9 - Enter the credit for Research and Development Grants to Institutions of Higher Education 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 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.

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

Line 13 - Enter the Service Facility Credit computed on **Form CT-1120SF**, *Service Facility Credit*.

Line 14 - Enter the credit for the creation of new jobs computed on **Form CT-1120 NJC**, *New Jobs Creation Tax Credit*.

Line 15 - Add Lines 6 through 14 in Columns A, B, and C, and enter the totals.

Part I-D — Tax Credits With Carryforward Provisions

Part I-D 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 16 - If claiming the Housing Program Contribution Credit, Part I-B, Line 3, must be completed first. Enter in 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.

Line 17 - If claiming the Employer-Assisted Housing Credit, Part I-B, Line 4, must be completed first. Enter in 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.

Line 18 - 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.

Line 19 - 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.

Line 20 - 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.

Line 21 - 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.

Line 22 - 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.

Line 23 - 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.

Line 24 - 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.

Line 25 - 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 tax credit carryforward amount.

Line 26 - 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 the Historic Homes or the Historic Structure Rehabilitation tax credit claimed for the current income year. Enter in Column C the credit 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.

Line 27 - Enter in Column A the amount of the Donation of 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.

Line 28 - 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.

Line 29 - Enter in Column A the amount of the Urban and Industrial Site Reinvestment 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.

Line 30 - Enter in Column B the amount of the Qualified Film Production Expenses 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.

Line 31 - Add Lines 16 through 30 in Columns A through E and enter the totals in the spaces provided. The total of Column C cannot exceed the amount on Part II, Line 7. **In Column D, do not include Line 20 and Line 21 in the total amount.**

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

Line 32 - 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. The amount in Column C cannot exceed the amount in Part II, Line 9. Enter in Column D any amount applied to taxes other than the corporation business tax. Enter in Column E the tax credit carryforward amount

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 and enter the result.

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 and enter the result.

Line 6 - Enter the amount from Form CT-1120K, Part I-C, Line 15, 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 and enter the result.

Line 8 - Enter the amount from Form CT-1120K, Part I-D, Line 31, 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, and enter the result.

Line 10 - Enter the amount from Form CT-1120K, Part I-E, Line 32, Column C. Do not exceed the amount on Line 9. Carryforward credits that expire 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 the 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 creditable amount of tax from the appropriate tax return on Line 1. The amount of tax credits allowable against the insurance premiums and health care center taxes may not exceed 70% (.70) of the amount of tax due.

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, and enter the result.

Line 4 - Enter the amount from Form CT-1120K, Part I-C, Line 15, Column C. Do not exceed the amount on Line 3.

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

Line 6 - Enter the amount from Form CT-1120K, Part I-D, Line 31, Column D. Do not exceed the amount on Line 5.

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

Line 8 - Enter the amount from Form CT-1120K, Part I-E, Line 32, 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.