

(Rev. 12/07)

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

For Income Year		
Beginning	2007	Ending

Company Name	Connecticut Tax Registration Number
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Complete this form in order to exchange with the State of Connecticut any tax credit under Conn. Gen. Stat. §§12-217j or 12-217n for a credit refund equal to 65% of the value of the credit. A taxpayer may receive not more than \$1.5 million in any one income year. See *Conn. Gen. Stat. §12-217ee*.

This form must be attached to **Form CT-1120**, *Corporation Business Tax Return*, **Form CT-1120U**, *Unitary Corporation Business Tax Return*, or **Form CT-1120CR**, *Combined Corporation Business Tax Return*, on or before the due date or, if applicable, the extended due date of the year's return. No application for refund of the tax credit may be made after the due date or extended due date of the return.

Eligibility

In order to be eligible for a credit refund, a taxpayer must have no corporation business tax liability. For purposes of this tax credit refund, payment of a capital base tax under Conn. Gen. Stat. §12-219 in a year that the taxpayer reports no net income as defined in Conn. Gen. Stat. §12-213, or payment of the \$250 minimum tax under Conn. Gen. Stat. §§12-219 or 12-223c, shall not be considered a liability.

Check the appropriate box on Form CT-1120, Form CT-1120U, or Form CT-1120CR and attach this form and **Form CT-1120RC**, *Research and Experimental Expenditures Credit*, or **Form CT-1120 RDC**, *Research and Development Credit*, to the original return for the above income year. This form must be completed in its entirety.

Definitions

Qualified Small Business means a company that has gross income for the previous income year that does not exceed \$70 million and has not met this test through transactions with a related person.

Conn. Gen. Stat. §12-217ee(d).

Gross Income means gross income as defined by the Internal Revenue Code including any interest or exempt interest dividends, but not including dividends received by a domestic United States corporation from a foreign corporation on account of foreign taxes deemed paid when the domestic corporation elects the foreign tax credit or dividends received directly or indirectly from a passive investment company.

Conn. Gen. Stat. §12-213(a)(9)(A)-(C).

Related Person means a corporation, partnership, association, or trust controlled by the corporation; an individual, corporation, partnership, association, or trust that is in control of the corporation; a corporation, partnership, association, or trust controlled by an individual, corporation, partnership, association, or trust that is in control of the corporation; or a member of the same controlled group as the corporation.

Conn. Gen. Stat. §12-217w.

Additional Information

Contact the Department of Revenue Services, Taxpayer Services Division at **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) or **860-297-5962** (from anywhere).

Complete this form in blue or black ink only.

Part I - Eligibility Criteria			
1.	Does the company report no net income but pay the tax on capital on Form CT-1120, <i>Schedule C</i> , Line 1a? If Yes , the company may be eligible to obtain a tax credit refund.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Did the company engage in transactions with related persons during the 2007 income year? If Yes , identify the related persons, their gross incomes, their relationship to the company, and provide an organizational chart of related persons in which the company is a member. Also attach a separate schedule describing each of the company's transactions with these related persons during the 2007 income year, the gross income of the company derived from each of these transactions, and the dates of these transactions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Enter the total gross income of the company for the previous income year from all sources, including the total gross income of the company derived from transactions with related persons, as noted above. The gross income of the company should be annualized if this application is for a short period. If the total gross income of the company for the previous income year exceeds \$70 million, the company is not eligible for an exchange of tax credits. Do not check the applicable box on Form CT-1120, Form CT-1120U, or Form CT-1120CR.	\$ _____ .00	
4.	Does the company or its combined group, on the date of this application, have any taxes due and unpaid to the State of Connecticut including interest, penalties, fees, and other related charges? If Yes , attach a schedule that describes the nature and amounts of any unpaid taxes.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part II - Computation of Exchange Amount

1a.	Enter the amount of 2007 Research and Experimental Expenditures Credit from 2007 Form CT-1120RC , Part I, Line 4.	1a.		
1b.	Enter the amount of 2007 Research and Experimental Expenditures Credit applied from 2007 Form CT-1120RC, Part II, Line 11, Column D.	1b.		
1.	Enter the amount of 2007 Research and Experimental Expenditures Credit available for exchange. Subtract Line 1b from Line 1a.		1.	
2a.	Enter the amount of 2007 Research and Development Credit from 2007 Form CT-1120 RDC , Part II, greater of Line 2 or Line 7.	2a.		
2b.	Enter the amount of 2007 Research and Development Credit applied from 2007 Form CT-1120 RDC, Part III, Line 13, Column D.	2b.		
2.	Enter the amount of 2007 Research and Development Credit available for exchange. Subtract Line 2b from Line 2a.		2.	
3.	Add Line 1 and Line 2.		3.	
4.	Total Credit Refund Requested: Multiply amount on Line 3 by 65% (.65). Maximum credit refund is \$1.5 million. Do not exceed \$1.5 million.		4.	

Part III - Required Attachments

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

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

Contact Person

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