Department of Revenue Services
State of Connecticut

(Rev. 12/15)

Form CT-1120RC

Research and Experimental Expenditures Tax Credit

2015

For Income Year Beginning: _______________________ , **2015** and Ending:________________________ ,_________ .

Corporation name	Connecticut Tax Registration Number

Complete this form in blue or black ink only.

Use **Form CT-1120RC** to claim the credit available under Conn. Gen. Stat. §12-217j equal to 20% of the incremental increase in research and experimental expenditures that are conducted in Connecticut. Attach it to **Form CT-1120K**, *Business Tax Credit Summary*.

Required Attachment

This form must be accompanied by a detailed schedule that identifies the location in Connecticut where the research and experimentation was conducted and the amounts spent directly on research and experimentation in the current income year and in the previous income year.

Definitions

Connecticut research and experimental expenditures are those that may be deducted under §174 of the Internal Revenue Code of 1986 and related regulations. Only amounts spent directly on such research and experimental expenditures will be allowed. Overhead and other expenses, including general and administrative expenses, which relate to a corporation's activities as a whole and not specifically to the research and experimental effort will not qualify.

Qualifying expenditures include but are not limited to:

- Expenditures incurred in connection with the taxpayer's trade or business that represent research and development costs in the experimental or laboratory sense;
- All costs incurred in the development of an experimental or pilot model, a plant process, a product, a formula, an invention, or similar property, and the improvement of already existing property of the type mentioned; **and**
- Costs of obtaining a patent, such as attorney's fees expended in making and perfecting a patent application.

Credit Computation

The credit is equal to 20% of the amount spent by the corporation directly on Connecticut research and experimental expenditures that exceeds the amount spent by that corporation on those expenditures during the previous income year.

Additional Information

See the *Guide to Connecticut Business Tax Credits* available on the Department of Revenue Services (DRS) website at **www.ct.gov/drs***,* or contact DRS at **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) or **860-297-5962** (from anywhere).

Part I - Credit Computation

1.	Enter the amount of Connecticut research and experimental expenditures for the 2015 income year. Attach detailed schedule.	1.		00
2.	Enter the amount of Connecticut research and experimental expenditures for the 2014 income year. Attach detailed schedule.	2.		00
3.	Balance: Subtract Line 2 from Line 1. If zero or less, the corporation is **not eligible** for this credit.	3.		00
4.	**Tax credit:** Multiply Line 3 by 20% (.20). Enter here and on **Form CT-1120K**, Part I-C, Column B.	4.		00

Exchange of Tax Credit

A taxpayer whose gross income does not exceed $70 million and who cannot take the credit as a result of having no tax liability under the corporation business tax may elect to carry 100% of the credit forward or may be eligible to exchange the credit with the state for a credit refund equal to 65% of its value, subject to certain limitations. See Conn. Gen. Stat. §12-217ee. See **Form CT-1120 XCH**, *Application for Exchange of Research and Development or Research and Experimental Expenditures Tax Credits by a Qualified Small Business,* for eligibility.

Only tax credits earned in the current year and entitled to be claimed in the current year may be exchanged.

Application Procedure

Complete Form CT-1120 XCH and submit it with the original return: **Form CT-1120**, *Corporation Business Tax Return;* **Form CT-1120U**, *Unitary Corporation Business Tax Return;* or **Form CT-1120CR**, *Combined Corporation Business Tax Return*.

Visit the DRS website at **www.ct.gov/drs** to download forms and publications.

Carryforward

Any remaining credit balance that exceeds the credit applied or exchanged may be carried forward for 15 income years. No carryback is allowed.

Part II - Computation of Carryforward - See instructions below.

		A Total Credit Earned	B Credit Applied 2000 Through 2014	C Carryforward to 2015. Subtract Column B from Column A.	D Credit Applied to 2015	E Credit Exchanged	F Carryforward to 2016
1.	2000 Form CT-1120RC, Part I, Line 4						
2.	2001 Form CT-1120RC, Part I, Line 4						
3.	2002 Form CT-1120RC, Part I, Line 4						
4.	2003 Form CT-1120RC, Part I, Line 4						
5.	2004 Form CT-1120RC, Part I, Line 4						
6.	2005 Form CT-1120RC, Part I, Line 4						
7.	2006 Form CT-1120RC, Part I, Line 4						
8.	2007 Form CT-1120RC, Part I, Line 4						
9.	2008 Form CT-1120RC, Part I, Line 4						
10.	2009 Form CT-1120RC, Part I, Line 4						
11.	2010 Form CT-1120RC, Part I, Line 4						
12.	2011 Form CT-1120RC, Part I, Line 4						
13.	2012 Form CT-1120RC, Part I, Line 4						
14.	2013 Form CT-1120RC, Part I, Line 4						
15.	2014 Form CT-1120RC, Part I, Line 4						
16.	2015 Form CT-1120RC, Part I, Line 4						
17.	**Total Research and Experimental Expenditures tax credit applied to 2015:** Add Lines 1 through 16, Column D. Enter here and on **Form CT-1120K**, Part I-C, Column C.						
18.	**Total Research and Experimental Expenditures tax credit carryforward to 2016:** Add Lines 2 through 16, Column F. Enter the total here and on Form CT-1120K, Part I-C, Column E.						

Computation of Carryforward Instructions:

Lines 1 through 16, Columns A through D - Enter the amount for each corresponding year.

Lines 1 through 15, Column E - Enter the full amount of credit that was exchanged before the 65% exchange rate was applied, for each corresponding year.

Line 16, Column E - Enter the full amount of credit being exchanged before the 65% exchange rate was applied, from **Form CT-1120 XCH**, Part II, Line 1.

Lines 2 through 15, Column F - Subtract Column D and Column E from Column C.

Line 16, Column F - Subtract Column D and Column E from Column A.