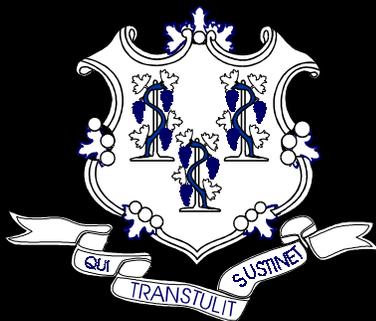


# 1999 FORM CT-1120S

# Connecticut S Corporation Business Tax Return and Instructions

This booklet  
contains:

- Form CT-1120S
- Form CT-1120/  
CT-1120S ATT
- Form CT-1120A
- Form CT-1120SK
- Form CT-1120S EXT
- Forms CT-1120 ESA, ESB,  
ESC, and ESD



Dear Customer:

Over the past five years, the State of Connecticut has cut taxes by \$1.6 billion — with half that amount directly benefiting Connecticut businesses, and the balance reducing the tax burden on individual taxpayers. S corporations are seeing the results of those tax cuts, not only with the reduction in the S corporation business tax rates, but also with the phaseout of the percentage of net income subject to the tax. This is one of the ways Connecticut has recognized the importance of companies of all sizes who have helped contribute to the economic success of our State.

Again this year, there are important tax changes that can save you tax dollars, as well as streamline your tax reporting. Please be sure to read Pages 5 through 9 to learn about changes to tax rates, procedures and tax credits. If you have questions about these changes, our Taxpayer Services personnel are ready to assist you by phone, e-mail or in writing. Use the information on the back cover of this booklet to reach them. Our Web site shown below is a valuable resource and is available 24 hours a day, seven days a week. Use it to download forms and other information that you may need.

At the Department of Revenue Services we are proud of the partnerships we have created with Connecticut businesses. Our efforts continue to be recognized regionally and nationally for their innovation and user-friendly approach to tax administration. If you have comments about our service, or ideas on how we can make improvements, please write or e-mail me through our Web site, or phone. I look forward to hearing from you.

Sincerely,

Gene Gavin  
Commissioner of Revenue Services

Taxpayer information is available on our Web site:  
**[www.state.ct.us/drs](http://www.state.ct.us/drs)**

# CONN-TAX

If you have a touch-tone phone, you can obtain important income tax information 24 hours a day from CONN-TAX, the Department's information line. Call **1-800-382-9463** (toll-free from within Connecticut) or **860-297-5962** (from anywhere), press "1" to be connected to "Income Tax Information Menu," then press "2" to select "Recorded Income Tax Information." Enter the three-digit number next to the topic of your choice shown below, or follow the prerecorded instructions.

## GENERAL INCOME TAX INFORMATION

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### Extended Telephone Hours for the 2000 Filing Season (Option "0"):

- |                             |                |                           |                          |
|-----------------------------|----------------|---------------------------|--------------------------|
| Tuesday, <b>January 25</b>  | (until 7 p.m.) | Thursday, <b>April 6</b>  | (until 7 p.m.)           |
| Thursday, <b>January 27</b> | (until 7 p.m.) | Saturday, <b>April 8</b>  | (8:30 a.m. - 12:00 p.m.) |
| Tuesday, <b>February 1</b>  | (until 7 p.m.) | Thursday, <b>April 13</b> | (until 7 p.m.)           |
| Thursday, <b>February 3</b> | (until 7 p.m.) |                           |                          |

### 2000 Extended Telephone Personal Assistance and Walk-in Hours:

(25 Sigourney Street, Hartford Only)

- |                           |                          |
|---------------------------|--------------------------|
| Saturday, <b>April 15</b> | (8:30 a.m. - 12:00 p.m.) |
| Monday, <b>April 17</b>   | (until 8 p.m.)           |
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## WHAT THIS BOOKLET CONTAINS

Read the instructions contained in this booklet carefully before preparing the Connecticut *S Corporation Business Tax Return*. This booklet contains information and instructions regarding the following forms:

**Form CT-1120S**, *S 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/CT-1120S ATT** contains the following computation schedules:

- Schedule H**, *Connecticut Apportioned Operating Loss Carryover*; and
- Schedule I**, *Dividend Deduction*

**Form CT-1120A** is used to compute the apportionment factors for the net income and the minimum tax base.

**Form CT-1120SK** is used to summarize an S corporation's claim for available business tax credits.

**Form CT-1120S EXT** is the application that is required for obtaining an extension of time to file **Form CT-1120S**.

**Forms CT-1120 ESA, ESB, ESC, and ESD** are used to file estimated corporation business tax installments for the 2000 income year.

For information on how to obtain forms or other information from the Department of Revenue Services refer to the back cover.

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# OTHER TAXES FOR WHICH THE CORPORATION MAY BE LIABLE

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The information that follows is intended to be a general description of certain other Connecticut taxes for which a corporation may be liable. Failure to pay these or any taxes for which the corporation may be 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 the Department of Revenue Services, the corporation must complete **Form REG-1, *Application for Tax Registration Number***. 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 Department's Registration Unit at 860-297-4885.

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## 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

Anyone who maintains an office or transacts business in Connecticut and who is considered an employer for federal income tax withholding purposes must withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

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## Controlling Interest Transfer Tax

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

# LEGISLATIVE CHANGES AFFECTING CONNECTICUT CORPORATION BUSINESS TAX

## Tax Rate Decreases

Conn. Gen. Stat. §12-214 (a)(1) specifies the effective dates and rate changes to the corporation business tax. Income years and corresponding rates are:

For Income Years Beginning On or After	But Before	Tax Rate
1/1/1997	1/1/1998	10.50%
1/1/1998	1/1/1999	9.50%
1/1/1999	1/1/2000	8.50%
1/1/2000	-	7.50%

## Phaseout of S Corporation Business Tax

Conn. Gen. Stat. §12-217(c)(2) provides for the phaseout of the S corporation business tax by reducing the percentage of net income subject to the corporation business tax for income years beginning on or after January 1, 1997. For income years beginning on or after January 1, 2001, S corporations will no longer be subject to the corporation business tax.

S corporation shareholders will pay personal income tax on the portion of their pro-rata share of nonseparately stated income as well as their Connecticut sourced portion of their pro rata share of separately stated income, that is not subject to the corporation business tax, when filing **Form CT-1040**, **Form CT-1040 NR/PY**, **Form CT-1120SI** or **Form CT-G**.

For Income Years Beginning On or After	But Before	Net Income Subject to Tax
1/1/1997	1/1/1998	90%
1/1/1998	1/1/1999	75%
1/1/1999	1/1/2000	55%
1/1/2000	1/1/2001	30%
1/1/2001	-	0%

## Corporations Annualizing Estimated Payments

For income years beginning on or after January 1, 1999, corporations are allowed to make quarterly estimated tax payments using an annualized method. See **Informational Publication 99(13.1)**, *Calculating Annualized Estimated Corporation Business Tax Installments and Worksheet CT-1120S AE*, for further information. (Conn. Gen. Stat. §12-242d)

## Domestic Insurance Companies Exempt from Corporation Business Tax

For income years beginning on or after January 1, 1999, domestic insurance companies are exempt from the Connecticut corporation business tax. (Conn. Gen. Stat. §12-214)

## Late Payment Penalty

For income years beginning on or after January 1, 1999, a corporation that has been granted a filing extension may avoid a late payment penalty provided the outstanding balance due is 10% or less **and** is paid with the filing of the corporation business tax return. (1999 Conn. Pub. Acts 121, §6)

## Net Operating Loss Carryforward Increased

A corporation is allowed a five-year carryforward for net operating losses incurred prior to income years beginning January 1, 2000, and a twenty-year carryforward for net operating losses incurred in income years beginning on or after January 1, 2000. (1999 Conn. Pub. Acts 173, §39)

## **Deduction of the Value of Capital Gain Realized from the Sale of Preserved Land**

In arriving at net income, a corporation may deduct from gross income 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 non-profit land conservation organization, where such land is permanently preserved as protected open space, or to a water company where such land is to be permanently preserved as protected open space or as Class I or Class II water company land.

*(1999 Conn. Pub. Acts 235, §5)*

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## **Corporations as Limited Partners in a Partnership**

For income years beginning on or after January 1, 1999, corporations that are limited partners in a partnership not otherwise carrying on or doing business within the state, other than an investment partnership, may elect to apportion their net income inside and outside the state as provided under the provisions of the Connecticut corporation business tax.

*(1999 Conn. Pub. Acts 121, §4)*

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## **Financial Service Companies Exempt from Minimum Tax**

For income years beginning on or after January 1, 1999, financial service companies will no longer be subject to the minimum tax (\$250) or the capital base tax.

*(Conn. Gen. Stat. §12-219)*

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## **Special Apportionment Available to Financial Service Companies**

For income years beginning on or after January 1, 1999, a qualifying financial service company is allowed to apportion its net income to Connecticut using a single factor gross receipts formula in which the income is sourced based on the billing address of the financial service company's customers.

*(Conn. Gen. Stat. §12-218b)*

## **Passive Investment Companies (PICs) Exempt from Corporation Business Tax**

For income years beginning on or after January 1, 1999, a corporation business tax exemption applies to a Connecticut passive investment company (PIC) created by a qualifying financial service company to hold and manage loans that are secured by real property. A PIC must maintain an office in Connecticut and employ at least five full-time equivalent employees.

*(Conn. Gen. Stat. §12-213)*

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## **Add-back of Intangible Property Costs and Interest Expenses Between Related Corporations**

For income years beginning on or after January 1, 1999, a corporation must add-back otherwise deductible intangible property costs and interest expenses paid or incurred, directly or indirectly, in transactions with related corporations, unless it can demonstrate by clear and convincing evidence that such add-back adjustments are unreasonable or it enters into an agreement with the Commissioner to use an alternate method of apportionment.

*(Conn. Gen. Stat. §12-218c)*

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## **Repeal of Security Brokerage Services Election**

For income years beginning on or after January 1, 1999, the apportionment election for Securities Brokerage Companies has been eliminated and such companies must apportion their income to Connecticut based on the location of the securities brokerage firms' customers.

*(Conn. Gen. Stat. §12-218)*

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# LEGISLATIVE CHANGES AFFECTING CONNECTICUT CORPORATION BUSINESS TAX CREDITS

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For a brief overview of all Connecticut Corporation Business Tax Credits,  
see Pages 19 through 22.

## NEW CREDITS

### Credit for Displaced Workers Hired by Electric Suppliers

For income years beginning on or after January 1, 1999, a new corporation business tax credit will be allowed to any electric supplier that hires a displaced worker who has been terminated as a direct result of electric industry restructuring. The available credit is \$1,500 for each displaced worker hired for at least six months. (*Conn. Gen. Stat. §12-217bb*)

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### Small Business Guaranty Fee

For income years beginning on or after January 1, 1999, a new tax credit is available equal to the amount paid during the income year by a small business to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing from the Small Business Administration. (*1999 Conn. Pub. Acts 173, §42*)

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### Donation of Open Space Land

For income years beginning on or after January 1, 1999, a new credit is available equal to 50% of any donation of open space land. A *donation of open space land* means the value of any land conveyed without financial consideration, or the value of any discount of the sale price in any sale of land or any interest in land to the state, a political subdivision of the state or a nonprofit land conservation organization. The donated land must be permanently preserved as protected open space. The amount of donation shall be based on the use value of the donated open space land. (*1999 Conn. Pub. Acts 173, §47*)

## Historic Homes Rehabilitation

For income years beginning on or after January 1, 2000, a new tax credit voucher system will be administered by the Connecticut Historical Commission for rehabilitating historic homes or making contributions to qualified rehabilitation projects. The Connecticut Historical Commission may allocate tax credits in an amount equal to 30% of the projected qualified rehabilitation expenditures. (*1999 Conn. Pub. Acts 173, §§34-37*)

## CHANGES TO EXISTING CREDITS

### Credit for Fixed Capital Investment

The Fixed Capital Investment Credit increases to 4% for income years beginning on or after January 1, 1999, and to 5% for income years beginning on or after January 1, 2000. (*Conn. Gen. Stat. §12-217w*)

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### Credit for Human Capital Investment

The Human Capital Investment Credit increases to 4% for income years beginning on or after January 1, 1999, and to 5% for income years beginning on or after January 1, 2000. (*Conn. Gen. Stat. §12-217x*)

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### Clean Alternative Fuel

The Clean Alternative Fuel credit is extended to any income year beginning prior to January 1, 2002. (*1999 Conn. Pub. Acts 173, §41*)

## **Neighborhood Assistance Act Tax Credit**

### **Contributions to Open Space Acquisition Funds**

A new Neighborhood Assistance Act provision allows a tax credit for contributions made to open space acquisition funds. A 40% credit is available for the donation of money to an open space acquisition fund of any political subdivision of the state or any nonprofit land conservation organization which qualifies under Conn. Gen. Stat. §12-631(h) and is used for the purchase of land, interest in land or permanent conservation restriction on land, which is to be permanently preserved as protected open space. (1999 Conn. Pub. Acts 235, §1)

### **Program Limitation Increases**

For income years beginning on or after January 1, 2000, the amount of available credits for eligible businesses under the Neighborhood Assistance Program increases from \$4 million to \$5 million in any one fiscal year. (1999 Conn. Pub. Acts 173, §45)

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## **S Corporations Eligible to Claim Corporation Business Tax Credits**

Conn. Gen. Stat. §12-217 provides that an S corporation is eligible to claim corporation business tax credits to the extent and in the same percentage that net income of the S corporation is subject to the corporation business tax. For the 1999 income year, 55% of the S corporation's net income is subject to the corporation business tax. Thus, the corporation may claim 55% of 1999 credits (including carryforwards). The remaining 45% may be carried forward or backward if the credit so allows.

A special rule applies to S corporations claiming a credit under the Neighborhood Assistance Act. Any S corporation with an income year beginning on or after January 1, 1999, but before December 31, 2000, shall be eligible for the entire available credit under the Act.

Corporations subject to the capital base tax or minimum tax are not affected by the phaseout and may use applicable credits in full. (1999 Conn. Pub. Acts 83, §1)

## **Housing Program Contribution**

For income years beginning on or after January 1, 1999, the total amount of tax credits allowed for investments in low and moderate income housing programs in any one fiscal year, under Conn. Gen. Stat. §8-395, is increased from \$1 million to \$5 million and the tax credit allowed per business firm is increased from \$50,000 to \$75,000. (1999 Conn. Pub. Acts 173, §33)

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## **Research and Experimental Incremental Expenditures Credit**

For income years beginning on or after January 1, 2000, the 15-year credit carryforward that has been available only to biotechnology companies will be extended to all corporations. (Conn. Gen. Stat. §12-217j)

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## **Research and Development Nonincremental Expenditures Credit**

For income years beginning on or after January 1, 1999, the amount of credit under Conn. Gen. Stat. §12-217n available to businesses that have revenues in excess of \$3 billion, employing more than 2,500 employees and headquartered in an enterprise zone, shall be the tentative credit allowed for research and development expenses or 3.5% of the total expenses, whichever is greater. (1999 Conn. Pub. Acts 1, §28 (June Spec. Sess.))

For income years beginning on or after January 1, 2000, Conn. Gen. Stat. §12-217n allows a 6% credit for research and development nonincremental expenditures incurred by qualified small businesses.

For purposes of this credit, a qualified small business is defined as a business that reported gross income of \$100 million or less in the previous income year.

## **Exchange of Tax Credits**

For income years beginning on or after January 1, 2000, a qualified small business may exchange tax credits available under Conn. Gen. Stat. §12-217j (tax credit for research and experimental expenditures) and Conn. Gen. Stat. §12-217n (rolling tax credit for research and development). This only applies to credits that can not be "taken" in the taxable year in which the credit could otherwise be taken as a result of having no tax liability under the corporation business tax. Any credit that can be carried forward may be exchanged with the state for a cash payment equal to 65% of the value of the credit or carried forward at full value. (1999 Conn. Pub. Acts 173, §38)

## **Opportunity Certificate Credit**

For income years beginning on or after January 1, 1999, to meet the requirements for the Opportunity Certificate Tax Credit under Conn. Gen. Stat. §12-217y, a qualifying employee must work 25 hours per week for the 1999 fiscal year and 30 hours per week for fiscal year 2000 and thereafter. Also, the number of hours per week an employee participates in a job training program approved by the Labor Commissioner shall be included in calculating the number of hours such employee is employed. (1999 Conn. Pub. Acts 203, §1)

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# GENERAL INFORMATION

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## Where to Get Help

Assistance is available from 8:00 a.m. to 5:00 p.m., Monday through Friday, by visiting any of the Department's offices listed on the back cover of this booklet. If you visit, be sure to bring your **COMPLETED** federal Form 1120S, *U. S. Income Tax Return for S Corporations*.

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## Where to Get Additional Forms and Publications

Connecticut tax forms and publications may be obtained from any of the resources listed on the back cover of this booklet. The fastest way to obtain forms is to download them from our Web site listed on the front and back covers of this booklet. However, copies of Connecticut S corporation business tax forms are also available at most public libraries by photocopying them from the 1999 *Connecticut Package X* on file at the libraries. Forms may also be obtained by writing to:

**Department of Revenue Services**  
**Forms Unit**  
**25 Sigourney Street**  
**Hartford CT 06106-5032**

or by calling **1-800-382-9463** (toll-free from within Connecticut) and selecting **Option 2**, or **860-297-4753** (from anywhere). Both numbers are available 24 hours a day.

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## Who Must File Form CT-1120S?

**Form CT-1120S**, *S Corporation Business Tax Return*, must be filed by every corporation that carries on business or has the right to carry on business in Connecticut and files with the Internal Revenue Service as an S corporation. Any S corporation dissolved or withdrawn from Connecticut is subject to the corporation business tax up to the date of dissolution or withdrawal.

**IMPORTANT:** In addition to filing **Form CT-1120S**, S corporations must **separately** file **Form CT-1120SI**, *Connecticut S Corporation Information and Composite Income Tax Return*, by the 15th day of the fourth month following the close of its taxable year (April 15 for calendar year filers).

Corporate limited partners in one or more investment partnerships that are otherwise not doing business in Connecticut are exempt from filing a Connecticut S Corporation Business Tax Return.

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## Accounting Period and Method of Accounting

An S corporation's accounting period and method of accounting for Connecticut tax purposes must be the same as the S corporation's accounting period and method of accounting for federal tax purposes.

If an S corporation's accounting period or method of accounting is changed for federal tax purposes, the accounting period or method of accounting must be changed for Connecticut tax purposes.

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## When to File Form CT-1120S

Every S corporation must file a return for a taxable period ending December 31 not later than April 15 of the following year, and, for any other taxable period, not later than the fifteenth day of the fourth month following the close of the taxable period. The return will be timely filed if the date shown by the U.S. Postal Service cancellation mark is on or before the due date of the return. If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date. (Due to the Patriots' Day holiday, this return will be timely filed if received or if the date shown by the U.S. Postal Service cancellation mark is on or before April 18, 2000.) If the return is filed late, the S corporation will be subject to penalties and interest.

**NOTE:** On or after October 1, 1999, taxpayers can use certain private delivery services, in addition to the U.S. Postal Service, for delivering returns, claims, statements or other documents, or payments, and meet the timely mailing as timely filing/payment rules. DRS has accepted the list of private delivery services that is currently published by the Internal Revenue Service. The following is the current list of designated private delivery services: Airborne Express (Airborne), DHL Worldwide Express (DHL), Federal Express (FedEx), and United Parcel Service (UPS). This list is subject to change. For more information see **Special Notice 99(14)**, *Designated Private Delivery Services*.

## How to Request an Extension

To get an extension of time to file the annual return, the S corporation must file **Form CT-1120S EXT**, *Application for Extension of Time to File S Corporation Business Tax Return*, not later than the fifteenth day of the fourth month following the close of the taxable period, together with payment of the total tax due. The timely filing of **Form CT-1120S EXT** will automatically extend the due date for six months.

**Form CT-1120S 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 will be computed at the rate of 1% per month or fraction thereof.

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## Where to File

Use the pre-addressed envelope enclosed with your return. Mail your return to:

**State of Connecticut  
Department of Revenue Services  
PO Box 150406  
Hartford CT 06115-0406**

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## Filing an Amended Return

Any S 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 the amended federal Form 1120S must be attached to substantiate any changes to federal net income.

## Internal Revenue Service Changes

Corrections to ordinary income (loss) from trade or business activities by the Internal Revenue Service must be reported to the Commissioner of Revenue Services within 90 days after receipt of the final notice of correction from the Internal Revenue Service. 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 setting forth the reason additional time is required.

## Estimated Tax Requirements

Every S corporation carrying on or having the right to carry on business in Connecticut whose estimated current year's tax exceeds \$1,000 must file estimated tax payment coupons. Refer to 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 S corporation tax liability exceeding \$1,000 in the prior taxable year. Use of these preprinted forms will ensure accuracy and timeliness in processing your estimated tax payments. If an S corporation does not receive preprinted estimated coupons, **Forms CT-1120 ESA, ESB, ESC, ESD**, and instructions are included in the forms section of this booklet.

The required annual payment is the lesser of:

<b>1st installment</b>
30% of prior year's tax or 27% of current year's tax.
<b>2nd installment</b>
70% of prior year's tax or 63% of current year's tax.
<b>3rd installment</b>
80% of prior year's tax or 72% of current year's tax.
<b>4th installment</b>
100% of prior year's tax or 90% of current year's tax.

The due dates for the required annual payments (for calendar year filers) are:

- **1st installment - March 15, 2000**
- **2nd installment - June 15, 2000**
- **3rd installment - September 15, 2000**
- **4th installment - December 15, 2000**

Effective for income years beginning on or after January 1, 1999, the estimated tax payments may be based on the applicable percentage of the current year's tax determined by annualizing net income. See **Informational Publication 99(13.1)**, *Calculating Annualized Estimated Corporation Business Tax Installments and Worksheet CT-1120S AE*, for further information.

## Interest and Penalties

Interest will be computed at the rate of 1% (.01) per month or fraction thereof from the 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 underpayments or late payments of tax cannot be waived.

### Late payment penalty

The penalty for underpayment of tax is 10% (.10) of such amount due or \$50, whichever is greater. For income years beginning on or after January 1, 1999, a taxpayer that has been granted a filing extension may avoid a late payment penalty provided the outstanding balance due is 10% or less **and** is paid with the filing of the S Corporation Business Tax Return.

### Late filing penalty

In the event that no tax is due, the Commissioner of Revenue Services **may** impose a \$50 penalty for the late filing of any return or report that is required by law to be filed.

### Willful failure to file or pay

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

### 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.

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## Waiver of Penalty

A corporation may be entitled to a waiver of penalty if the failure to file or pay tax was due to reasonable cause. Before a penalty waiver can be granted, a taxpayer must pay all tax and interest due. Interest on underpayments or late payments of tax cannot be waived. Requests for a penalty waiver must be in writing and contain a clear and complete explanation. Be sure to include the Connecticut Tax Registration Number, taxable filing period, and the name of the

original form filed or billing notice received. Attach the request to the **front** of **Form CT-1120S**, or mail separately to:

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

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## Retention of Records

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. However, if the S corporation reports a net operating loss or credit carryforward or carryback, the statute of limitations may be longer.

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## Tax Clearance/Tax Status

Any request for tax clearance or tax status must be submitted in writing and must state:

1. Name and address of taxpayer;
2. Connecticut Tax Registration Number;
3. Reason for request; and
4. Tax types for which the tax clearance or tax status is being requested.

Mail your request to:

**Department of Revenue Services  
Refunds, Clearances, and Adjustments Unit  
25 Sigourney Street  
Hartford CT 06106-5032**

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## Copies of Returns

A copy of a previously filed Connecticut tax return may be requested from the Department by completing **Form LGL-002, *Request for Disclosure of Tax Return or Tax Return Information***.

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## Tax Status Requests

The Department will send information pertaining to tax status requests directly to the S corporation's last known address as shown on the Department's records. In situations where anyone other than a corporate officer or director requests tax status information, the requester must include a completed **LGL-001, *Power of Attorney***.

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# FORM CT-1120S GENERAL INSTRUCTIONS

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Attach a completed copy of your federal S corporation tax return to Form CT-1120S, including all schedules and attachments as filed with the Internal Revenue Service.

## Required Information

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

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## Name and Address

Remove the preprinted label from the back of this booklet and place it over the corporation name and address block of the return. Be sure the information on the label is correct. If you need to make any changes, draw a line through the incorrect information and clearly print the new information. Using the label reduces the possibility of error in processing your return.

If there is no preprinted label, print or type the information requested in the space provided at the top of **Form CT-1120S**. Be sure to enter the S corporation's Connecticut Tax Registration Number and Federal Employer Identification Number.

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## Annualization

If the corporation is annualizing its income, check this box. Complete **Form CT-1120I**, *Computation of Interest Due on Underpayment of Estimated Tax*, and attach it to this return. See **Informational Publication 99(13.1)**, *Calculating Annualized Estimated Corporation Business Tax Installments and Worksheet CT-1120S AE*, for further information.

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## Change of Address/Closing Month

Indicate any change of address by checking off the mailing address box on **Form CT-1120S**. Indicate any change to the end of your filing period by checking off the proper box and attaching an explanation of the change.

## Return Status

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

If the S corporation is legally dissolved or withdrawn, check the **"Final Return"** box.

If the S corporation is filing for a short period, check the **"Short Period Return"** box along with the corresponding box providing the reason for the short period.

In the spaces provided enter the state in which the S 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. An S corporation must enter the date it began business operations in Connecticut.

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## Final Return

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

## Dissolution

To properly dissolve a domestic S corporation you must file a Certificate of Dissolution with the Connecticut Office of the Secretary of the State. A dissolved S 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 S corporation which continues to conduct business must file an S Corporation Business Tax Return and pay any taxes due. If an S 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  
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 S 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 S corporation that has withdrawn must file a Connecticut **Form CT-1120S** up to the date of withdrawal and pay any taxes due.

### Mergers and Reorganizations

An S corporation that has merged must file a written application with the Connecticut Office of the Secretary of the State. Any S corporation that has merged must file a Connecticut **Form CT-1120S** covering the period up to the date of merger and pay any tax due. For further information contact the Connecticut Office of the Secretary of the State at **860-509-6000**.

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

**Department of Revenue Services  
Operations Division  
Registration Unit  
25 Sigourney Street  
Hartford CT 06106-5032**

### QSSS Information

If this return includes the assets, liabilities, and items of income, deduction, and credit of a subsidiary that is a Qualified Subchapter S Subsidiary (QSSS) as defined in I.R.C. §1361(b)(3)(B), then check the appropriate box. Attach a copy of the federal election form for

each QSSS included in this return and a schedule listing the names and Connecticut Tax Registration Numbers of each QSSS.

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### Combined Return

If this corporation was included in a Connecticut Combined Corporation Business Tax Return in the prior year, refer to **Form CT-1120CR**, *Combined Corporation Business Tax Return*, for instructions on deleting the corporation from the combined return for the current year.

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### Financial Service Company

If the corporation is a financial service company, check the corresponding box and attach **Form CT-1120A-FS**.

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### Attachments to be Filed with Return

Attach a completed copy of the corporation's federal Form 1120S including all schedules and attachments used in arriving at ordinary income (loss) from trade or business activities. Remember to attach a copy of the federal QSSS election form for each QSSS included in this return.

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## FORM CT-1120S LINE INSTRUCTIONS

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### Computation of Net Income

**Line 1** - Enter the ordinary income (loss) from federal Form 1120S, Line 21.

**Line 2** - Enter the amount from **Form CT-1120S**, *Schedule F*, Line 8 (total unallowable deduction for S corporation business tax).

**Line 3** - Enter otherwise deductible interest expenses and costs and intangible expenses and costs directly or indirectly paid, accrued or incurred to, or in connection directly or indirectly with one or more direct

or indirect transactions with one or more related members. *Interest expenses and costs* means amounts directly or indirectly allowed as deductions under I.R.C. §163 for purposes of determining taxable income under the Internal Revenue Code to the extent such expenses and costs are directly or indirectly for, related to, or in connection with the direct or indirect acquisition, maintenance, management, ownership, sale, exchange or disposition of intangible property.

Intangible expenses and costs includes:

- (a) Expenses, losses and costs for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property to the extent such amounts are allowed as deductions or costs in determining taxable income before operating loss deduction and special deductions for the taxable year under the Internal Revenue Code;
- (b) Losses related to or incurred in connection directly or indirectly with factoring transactions or discounting transactions;
- (c) Royalty, patent, technical, and copyright fees;
- (d) Licensing fees; and
- (e) Other similar expenses and costs.

**Intangible property** means patents, patent applications, trade names, trademarks, service marks, copyrights, and similar types of intangible assets. **Related member** means a person that, with respect to the taxpayer during all or any portion of the taxable year, is a related entity, a component member as defined in I.R.C. §1563(b), or is a person to or from whom there is attribution of stock ownership in accordance with I.R.C. §1563(e). **Related Entity** - see definition in Conn. Gen. Stat. §12-218c(6)

**Line 4** - Add Lines 1, 2, and 3 and enter the total on Line 4.

**Line 5** - 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 non-profit 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 6** - 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 Line 1 of this form;
- Such income was received from a related member who filed a Connecticut corporation business tax return for the same income year; and
- Such income was required to be added back by the related member under Conn. Gen. Stat. §12-218c.

For definitions of **interest expenses and costs**, **intangible property**, and a **related member**, see Line 3 instructions above. For definition of **related entity** - see definition in Conn. Gen. Stat. §12-218c(6).

**Line 7** - Add Line 5 and Line 6 and enter the total on Line 7.

**Line 8** - Subtract Line 7 from Line 4 and enter the result on Line 8.

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## Schedule A - Computation of Tax on Net Income

An S corporation entitled to apportion its income must complete **Form CT-1120A, Corporation Business Tax Return Apportionment Computation, Schedule Q or R**, whichever is applicable, and carry the result to *Schedule A*, Line 2. An S corporation must not include separately stated items in the apportionment fraction on *Schedule R*. Special apportionment forms are applicable for certain businesses.

- Air carriers use **Form CT-1120A-A, Apportionment - Air Carriers**.
- Motor bus companies and motor carriers engaged in multistate business use **Form CT-1120A-BMC, Apportionment - Bus Companies and Motor Carriers**.
- Financial Service companies use **Form CT-1120A-FS, Corporation Business Tax Return Apportionment Computation of Income from Financial Service Companies Activities**.
- S corporations that receive income for services performed for regulated investment companies may elect to use **Form CT-1120A-IRIC, Corporation Business Tax Return Apportionment Computation - Income From Services to Regulated Investment Companies**.
- S corporations that receive income from rendering securities brokerage services use **Form CT-1120A-SBC, Corporation Business Tax Return Apportionment Computation - Securities Brokerage Services**.
- S corporations that derive income from credit card activities may elect to use **Form CT-1120A-CCA, 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 otherwise not 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. (1999 Conn. Pub. Acts 121, §4) Complete **Form CT-1120A-LP, Corporation Apportionment of Limited Partnership Interests**.

**Line 1** - Enter the net income from **Form CT-1120S, Computation of Net Income**, Line 8 above. An S corporation that may not apportion its income must also enter this amount on *Schedule A*, Line 3.

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

**Line 3** - Multiply Line 1 by Line 2 and enter the result on Line 3. If not entitled to apportion, enter the amount from Line 1.

**Line 4** - Enter the amount of any unused losses from **Form CT-1120/CT-1120S ATT, Schedule H**, Line 6, Column A, attributable to Connecticut business operations as reported in years ending December 31, 1994, and thereafter.

Losses may be carried forward for five 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.

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

**Line 6** - Multiply Line 5 by 55% (.55) and enter the result on Line 6.

**Line 7** - Multiply Line 6 by 8.50% (.0850) and enter the result on Line 7.

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## Schedule B - Computation of Minimum Tax on Capital

Use *Schedule B* to compute the minimum tax on the capital of an S corporation pursuant to Conn. Gen. Stat. §12-219.

**Line 1** - Enter the amount shown on **Form CT-1120S, Schedule D**, Line 6, Column C. An S corporation that does not apportion its minimum tax base must also enter this amount on **Form CT-1120S, Schedule B**, Line 3.

**Line 2** - An S corporation entitled to apportion its minimum tax base must complete **Form CT-1120A**, and 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 6 places.

**Line 3** - Multiply Line 1 by Line 2 and enter the result on Line 3. If not entitled to apportion, enter the amount from Line 1.

**Line 4** - Enter the number of months the S 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.

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## Schedule C - Computation of Amount Payable

**Line 1(a)** - Enter the amount from **Form CT-1120S, Schedule A**, Line 7, **Form CT-1120S, Schedule B**, Line 6, or \$250, whichever is greatest.

**Line 1(b)** - If an S 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 that is three years after the date that a revolving loan fund is established by such S corporation, the credit amount specified in the notice must be recaptured.

This amount should be reported on the first Connecticut S corporation business tax return required to be filed on or after the date of notice. If any amount of the recaptured credit has not been paid to the Commissioner of Revenue Services on or before the due date of such return, the amount shall accrue interest at the rate of 1% (.01) per month or fraction thereof, from the due date to the date of payment.

**Line 1** - Add lines 1(a) and 1(b) and enter the result on Line 1.

**Line 2** - Enter the total tax credits from **Form CT-1120SK**, *S Corporation Business Tax Credit Summary*, Part III, Line 13, Column B.

**Line 3** - Subtract Line 2 from Line 1 and enter the result on Line 3. If the result is negative, enter zero.

**Line 4** - Enter on Lines 4a, 4b and 4c all prepayments you have made. Enter the total on Line 4.

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

**Line 6(a)** - Enter penalty if applicable. (See *Interest and Penalties*, Page 12.)

**Line 6(b)** - Enter interest due on tax not paid by the original due date. (See *Interest and Penalties*, Page 12.)

**Line 6(c)** - Enter interest due on underpayment of estimated tax. (Complete and attach **Form CT-1120I**.)

**Line 6** - Add Lines 6(a), 6(b) and 6(c) and enter the total on Line 6.

**Line 7(a)** - Enter the amount of overpayment to be credited to 2000 estimated tax.

**Important:** Overpayments are credited only as of the date of receipt of the completed **Form CT-1120S**.

**Line 7(b)** - Enter the amount of overpayment to be refunded.

**Line 7** - Enter the sum of Lines 7(a) and 7(b).

**Line 8** - Balance Due - Add Line 5 and Line 6 and enter the result on Line 8.

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## Schedule D - 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. (Refer to federal Form 1120S, Schedule L, Line 22.)

**Line 2** - Enter the beginning (Column A) and ending (Column B) values of any paid-in or capital surplus, including retained earnings. Any deficit must be

reported as a negative number. (Refer to federal Form 1120S, Schedule L, Lines 23 and 24.)

**Line 3** - Enter the beginning (Column A) and ending (Column B) values of all surplus reserves (including deferred taxes). A reserve is an amount set aside or deducted from current or retained earnings for meeting future liabilities. Attach a schedule of all surplus reserves to support the amounts shown on Line 3.

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

**Line 5** - Enter the total holdings of stock from **Form CT-1120S**, *Schedule E* in Column A and Column B. Enter the average of Column A and Column B on Line 5, Column C.

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

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## Schedule E - Holdings of Stock

List 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 **Form CT-1120S**, *Schedule D*, 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.

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## 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 all payroll taxes deducted in arriving at federal ordinary income (loss) from trade or business activities.

**Line 2** - Enter all real property taxes deducted in arriving at federal ordinary income (loss) from trade or business activities.

**Line 3** - Enter all personal property taxes deducted in arriving at federal ordinary income (loss) from trade or business activities.

**Line 4** - Enter all sales and use taxes deducted in arriving at federal ordinary income (loss) from trade or business activities.

**Line 5** - Enter any other taxes not based on income or profits deducted in arriving at federal ordinary income (loss) from trade or business activities.

**Line 6** - Enter the amount of Connecticut corporation business tax deducted in the computation of federal ordinary income (loss) from trade or business activities.

**Line 7** - Enter any corporate tax on or measured by income or profits imposed by any state (other than Connecticut), or political subdivision, or the District of Columbia, deducted in the computation of federal ordinary income (loss) from trade or business activities.

**Line 8** - Add the amounts on Lines 6 and 7 in Column B and enter the result on Line 8. Enter also on **Form CT-1120S**, *Computation of Net Income*, Line 2.

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## Schedule G - Additional Required Information

**Corporate Officers** - Enter officers' names, complete home addresses and corporate titles.

**Line 1** - If the principal place of business is located outside of Connecticut, enter the name of the state where it is located.

In the spaces provided, 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.

**Line 2** - Enter the Connecticut towns in which the S corporation owned or leased (as lessee) real or tangible personal property or performed any services. Attach schedule if necessary.

**Line 3(a)** - If the S corporation transferred a controlling interest in an entity owning Connecticut real property, the S corporation (the transferor) is subject to the controlling interest transfer tax. Enter the name and Federal Employer Identification Number of the entity in which a controlling interest was transferred. The transferor is required to file **Form AU-330**, *Controlling Interest Transfer Taxes*.

**Line 3(b)** - If the S corporation owned Connecticut real property and was the entity in which a controlling interest was transferred, enter the name and Federal Employer Identification Number of the transferor. The transferor is subject to the controlling interest transfer tax.

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

**Line 4** - Corrections to ordinary income (loss) from trade or business activities by the Internal Revenue Service must be reported within 90 days after receipt of the final notice of correction from the Internal Revenue Service. All federal adjustments must be reported using **Form CT-1120X**.

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## Signature

The return must be signed by a duly authorized officer.

Anyone who is paid to prepare the return must sign the return and enter the preparer's Federal Employer Identification Number.

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# CONNECTICUT CORPORATION BUSINESS TAX CREDITS

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The following information provides a brief overview of the Connecticut corporation business tax credits. More detailed information about Connecticut tax credits is available in DRS **Informational Publication 95(2.1)**, *A Guide to Connecticut Corporation Business Tax Credits*. See the back cover for where to get forms and publications. To order this publication, send a 9" x 12" self-addressed envelope with \$1.43 postage affixed to DRS.

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## Apprenticeship Training Credit in Manufacturing, Plastic and Construction Trades

A credit against the Connecticut corporation business tax is available to corporations that employ apprentices who are receiving training in the manufacturing, plastic, or construction trades.

For application information, call the Department of Labor (DOL) at 860-263-6035 and request Form AT-45. (*Conn. Gen. Stat. §12-217g* and *Conn. Agencies Regs. §§12-217g-1 through 12-217g-10*)

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## Electronic Data Processing Equipment Property Tax Credit

A credit equivalent to 100% of the property tax owed and paid on electronic data processing (EDP) equipment during the income year may be applied against certain business taxes.

**Form CT-1120 EDPC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to Department of Revenue Services (DRS), Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217t*)

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## Clean Alternative Fuel Credits (10% and 50%) for Vehicles, Equipment and Related Filling or Recharging Stations

A credit of 10% is available for expenses paid or incurred for the incremental cost of purchasing a vehicle which is exclusively powered by a clean alternative fuel.

A credit of 50% is available for the amount spent directly on **certain** improvements.

For additional information contact DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217i*)

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## Employer-Assisted Housing Tax Credit

A credit is available for contributions made to a revolving loan fund established to provide loans for housing located in Connecticut for employees who meet income eligibility limits.

Applications can be obtained by calling the Tax Credit Unit of CHFA at 860-571-4265. Applications should be submitted to CHFA by November 1 for the following income year. (*Conn. Gen. Stat. §12-217p*)

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## Financial Institutions Credit

A credit is available for financial institutions that build and occupy a facility of at least 900,000 sq. ft. and create and maintain new jobs in Connecticut.

To apply for the credit, financial institutions must submit a proposal to the Commissioner of Economic and Community Development. For additional information contact Department of Economic and Community Development (DECD) at 860-270-8050. (*Conn. Gen. Stat. §§12-217u and 36-2*)

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## Housing Program Contribution Credit

A credit may be applied against various Connecticut business taxes for contributions made to housing programs sponsored, developed or managed by nonprofit corporations which benefit low and moderate income individuals and families.

Application information can be obtained by calling CHFA at 860-571-4377. Applications must be submitted between October 15 and November 15 annually. Applications are approved on a first-come, first-served basis. (*Conn. Gen. Stat. §8-395 and Conn. Agencies Regs. §§8-395-1 through 8-395-10*)

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### **Manufacturing Facility Credit for Facilities Located in a Targeted Investment Community/Enterprise Zone**

A credit is available of 50% of that portion of the Connecticut corporation business tax that is allocable to a manufacturing facility, as defined under Conn. Gen. Stat. §32-9p, which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits, provided the facility became eligible after the designation of such zone.

A credit of 25% may be applied against the portion of the Connecticut corporation business tax that is allocable to a manufacturing facility that is located in a targeted investment community or other area with enterprise zone level benefits.

**Form CT-1120 TIC/EZ** must be attached to the Connecticut corporation business tax return.

For application information, call DECD at 860-270-8143 and request the Urban Jobs/Enterprise Zone Program questionnaire.  
(*Conn. Gen. Stat. §12-217e*)

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### **Connecticut Insurance Reinvestment Fund Credit**

A credit is available for investments in Connecticut insurance companies made through a fund manager who is registered with the Insurance Commissioner.

**Form CT-1120 IRF** must be attached to the Connecticut corporation business tax return.

Application information can be obtained by calling DECD at 860-270-8039.  
(*Conn. Gen. Stat. §38a-88a*)

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### **Traffic Reduction Programs Credit**

A credit equal to 50% of the amount spent for the direct costs of traffic reduction programs and services instituted to achieve the goals of the Federal Clean Air Act is available.

For application information, call the Department of Transportation (DOT) at 860-594-2844.  
(*Conn. Gen. Stat. §12-217s*)

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### **Machinery and Equipment Expenditures Credit**

A credit may be applied against the Connecticut corporation business tax that is based upon a percentage of the incremental increase in expenditures for machinery and equipment acquired for and installed in a Connecticut facility.

**Form CT-1120 MEC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division, 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere).  
(*Conn. Gen. Stat. §12-217o*)

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### **Service Facility Credit**

A credit is available to service facilities located outside of an enterprise zone in a targeted investment community.

For application information call DECD at 860-270-8143. (*Conn. Gen. Stat. §12-217e*)

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### **Opportunity Certificate Credit**

A credit of \$125 per month for each full month of employment may be applied against the Connecticut corporation business tax by Connecticut businesses that hire recipients of the temporary family assistance program.

**Form CT-1120 OC** must be attached to the Connecticut corporation business tax return.

For additional information call DOL, Program Support Unit at 860-263-6060. (*Conn. Gen. Stat. §12-217y*)

## **Neighborhood Assistance Program Credit**

A credit may be applied against various Connecticut corporation business taxes by business firms which make cash investments of at least \$250 to certain community programs that have received both municipal and state approval.

For application information, call DRS Research Unit at 860-297-5687. Applications, in the form of pledges, are accepted annually between September 15 and October 1. (*Conn. Gen. Stat. §§12-631 through 12-638*, and *Conn. Agencies Regs. §§12-638-1 through 12-638-8*)

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## **Enterprise Zone Credit for Qualifying New Corporations**

A credit is available to a qualifying corporation which is created in an enterprise zone on or after January 1, 1997, and meets certain employment eligibility requirements.

For application information call DECD at 860-270-8143. (*Conn. Gen. Stat. §12-217v*)

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## **Research and Development Grants to Institutions of Higher Education**

A credit is available against the Connecticut corporation business tax for the incremental increase in amounts spent by any corporation for any grant or combination of grants to an institution of higher education in Connecticut made for the purposes of research and development related to advancements in technology.

**Form CT-1120GC** must be attached to the Connecticut corporation business tax return.

For additional information contact DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217l*)

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## **Research and Development Nonincremental Expenditures Credit**

A credit may be applied against the Connecticut corporation business tax for research and development expenses incurred in Connecticut.

**Form CT-1120 RDC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217n*)

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## **Research and Experimental Incremental Expenditures Credit**

A credit is available against the Connecticut corporation business tax for the incremental increase in research and experimental expenditures incurred in Connecticut.

**Form CT-1120RC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217j*)

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## **Fixed Capital Investment Credit**

A credit is available to corporations for amounts paid or incurred for any new tangible personal property that meets certain criteria.

**Form CT-1120 FCIC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere). (*Conn. Gen. Stat. §12-217w*)

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## **Human Capital Investment Credit**

A credit is available for amounts paid or incurred for certain types of Human Capital Investments such as in-state job training and work education of persons employed in Connecticut, certain donations or capital contributions to institutions of higher learning; planning site preparation, construction, renovation, or acquisition of daycare facilities in this state; or child care subsidies paid to employees employed in this state.

**Form CT-1120 HCIC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere).  
(*Conn. Gen. Stat. §12-217x*)

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### **Credit for Displaced Workers Hired by Electric Suppliers**

A credit may be applied against the Connecticut corporation business tax by Connecticut electric suppliers that hire displaced workers who have been terminated as a direct result of electric industry restructuring, for a minimum period of 6 months.

**Form CT-1120 DEWC** must be attached to the Connecticut corporation business tax return.

Direct inquiries to DRS, Taxpayer Services Division at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere).  
(*Conn. Gen. Stat. §12-217bb*)

### **Small Business Guaranty Fee Credit**

A credit may be applied against the Connecticut corporation business tax equal to the amount paid during an income year by a small business to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing from the SBA. This credit shall not reduce the corporation business tax below the minimum tax (\$250).

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere).  
(*1999 Conn. Pub. Acts 173, §42*)

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### **Donation of Open Space Land Credit**

A credit may be applied against the Connecticut corporation business tax equal to 50% of any donation of open space land. The amount of donation shall be based on the use value of the donated open space land.

Direct inquiries to DRS, Taxpayer Services Division, at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (from anywhere).  
(*1999 Conn. Pub. Acts 173, §47*)

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## **1999 FORM CT-1120SK INSTRUCTIONS**

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**Form CT-1120SK**, *S Corporation Business Tax Credit Summary*, must be attached to **Form CT-1120S**, *S Corporation Business Tax Return*, when tax credits from the current income year are being claimed or when carryforward credit balances exist from 1998. Additional information is available in the Department's **Informational Publication 95(2.1)**, *A Guide to Connecticut Corporation Business Tax Credits*. To order this publication, send a self-addressed 9" x 12" envelope with \$1.43 postage affixed to:

**Department of Revenue Services  
Mail Unit, Corporation Credit Guide  
25 Sigourney Street  
Hartford CT 06106-5032**

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 and all 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 any and all other credits have been applied.

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## Part I-A — Financial Institutions Tax Credit

**Line 1** - Enter the credit for financial institutions constructing new facilities in Connecticut. The initial Certificate of Eligibility issued by the Department of Economic and Community Development (DECD) must be attached to and made a part of the tax return. Enter in Part I-A, Column A, the credit earned in 1999. S corporations computing tax based on net income (**Form CT-1120S, Schedule A**), multiply the amount in Column A by 55% (.55) and enter the result in Column B. S corporations computing tax based on capital (**Form CT-1120S, Schedule B**), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 2.

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## Part I-B — Tax Credits with Carryback Provisions

Enter in Part I-B, Lines 2 through 4, Column A, all of the credits that were earned in 1999 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** or the appropriate amended tax return. For credits that also have a carryforward provision, complete Part I-D.

S corporations computing tax based on net income (**Form CT-1120S, Schedule A**), multiply the amount in Column A by 55% (.55) and enter the result in Column B. Except for Neighborhood Assistance credit, see instructions for Part I-B, Line 2, below.

S corporations computing tax based on capital (**Form CT-1120S, Schedule B**), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 4.

Enter in Column D the difference between the amount of credit claimed (Column A) and the amount applied in the current year (Column C).

Any credit balance that remains after applying the credits to the current year's tax may be carried back if the credit has not expired. The taxpayer must maintain a tax credit schedule for each credit item included in the carryback balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried back.

**Line 2** - Enter the Neighborhood Assistance Act (NAA) Credit computed according to the provisions of Conn. Gen. Stat. §§12-631 through 12-638. A copy of the NAA tax credit approval letter issued by DRS, must be attached to and made a part of the tax return.

A special rule applies to S corporations claiming a credit under the Neighborhood Assistance Act. Any S corporation with an income year beginning on or after January 1, 1999, but before December 31, 2000, shall be eligible for the entire available credit under the Act. S corporations computing tax based on net income **do not** have to multiply the amount in Column A by 55% (.55).

**Line 3** - Enter the Housing Program Contribution Credit computed according to the provisions of Conn. Gen. Stat. §8-395. A copy of the tax credit voucher issued by the Connecticut Housing Finance Authority (CHFA) must be attached to and made a part of the tax return. If you are claiming a credit carryforward, also complete Part I-D.

**Line 4** - Enter the Employer-Assisted Housing Credit computed according to the provisions of Conn. Gen. Stat. §12-217p. A copy of the Certificate of Compliance issued by CHFA must be attached to and made a part of the tax return. If you are claiming a credit carryforward, also complete Part I-D.

**Line 5** - Add Lines 2 through 4 in Column A, Column B, Column C, and Column D, and 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 13, Column A all of the credits that were earned in 1999 that can only be applied to the current year's corporation business tax. S corporations computing tax based on net income (**Form CT-1120S, Schedule A**), multiply the amount in Column A by 55% (.55) and enter the result in Column B.

S corporations computing tax based on capital (**Form CT-1120S, Schedule B**), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 6.

**Line 6** - Enter the Apprenticeship Training Credit computed according to the provisions of Conn. Gen. Stat. §12-217g. Eligibility Certificate Form AT-45, issued by the Department of Labor, must be attached to and made a part of the tax return.

**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**.

**Line 8** - For corporations other than biotechnology companies, enter the Research and Experimental Expenditures Credit, as computed on **Form CT-1120RC, Research and Experimental Expenditures Credit**, Part I, Line 4.

**Line 9** - Enter the credit for Research and Development Grants to Institutions of Higher Education, as computed on **Form CT-1120GC, 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. The Certificate of Eligibility issued by DOT, must be attached to and made a part of the tax return.

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

**Line 13** - Enter the credit for the Donation of Open Space Land.

**Line 14** - Add Lines 6 through 13 in Column A, Column B and Column C and enter the totals in the spaces provided.

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## Part I-D — Tax Credits with Carryforward Provisions

This schedule enables a corporation to account for any credits with carryforward provisions that were earned in 1999.

Enter in Part I-D, Lines 15 through 24, Column A, all of the credits that were earned in 1999 that have a carryforward provision. S corporations computing tax based on net income (**Form CT-1120S, Schedule A**), multiply the amount in Column A by 55% (.55) and enter the result in Column B. S corporations computing tax based on capital (**Form CT-1120S, Schedule B**), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 10.

Enter in Column D the difference between the amount of credit claimed (Column A) and the amount applied in the current year (Column C).

Any credit balance that remains after applying the credits to the current year's tax may be carried forward if the credit has not expired. The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried forward.

**Line 15** - If you are claiming the Housing Program Contribution Credit, complete Part I-B, Line 3. Your carryforward amount for the Housing Program Contribution Credit is the unused amount from Part I-B, Line 3. A copy of the tax credit voucher issued by CHFA must be attached to and made a part of the tax return.

**Line 16** - If you are claiming the Employer-Assisted Housing Credit, complete Part I-B, Line 4. Your carryforward amount for the Employer-Assisted Housing Credit is the unused amount from Part I-B, Line 4. A copy of the certificate of compliance issued by CHFA must be attached to and made a part of the tax return.

**Line 17** - Enter the Opportunity Certificate Credit, as computed on **Form CT-1120 OC**, *Opportunity Certificate Credit*. A copy of the tax credit approval letter must be attached to and made a part of the tax return.

**Line 18** - Enter the total credit for Clean Alternative Fuel relating to vehicles, equipment and filling/recharging stations, as computed according to the provisions of Conn. Gen. Stat. §12-217i. 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 19** - For biotechnology companies only, enter the Research and Experimental Expenditures Credit, as computed on **Form CT-1120RC**, *Research and Experimental Expenditures Credit*, Part I, Line 4.

**Line 20** - Enter the allowable Research and Development Credit as computed on **Form CT-1120 RDC**, *Research and Development Credit*, Part II, Line 7.

**Line 21** - Enter the allowable Fixed Capital Investment Credit as computed on **Form CT-1120 FCIC**, *Fixed Capital Investment Credit*.

**Line 22** - Enter the allowable Human Capital Investment Credit as computed on **Form CT-1120 HCIC**, *Human Capital Investment Credit*.

**Line 23** - Enter the allowable Insurance Reinvestment Fund Credit, as computed on **Form CT-1120 IRF**, *Insurance Reinvestment Fund Credit*.

**Line 24** - Enter the credit for the Small Business Administration Guaranty Fee. This credit shall not reduce the corporation business tax below the minimum tax (\$250).

**Line 25** - Add Lines 15 through 24 in Column A, Column B, Column C, and Column D and enter the totals in the spaces provided.

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

**Line 26** - Enter on Line 26, the allowable Electronic Data Processing Equipment Property Tax Credit as computed on **Form CT-1120 EDPC**, *Electronic Data Processing Equipment Property Tax Credit*. Enter in Part I-E, Column A, the credit earned in 1999. S corporations computing tax based on net income (**Form CT-1120S**, *Schedule A*), multiply the amount in Column A by 55% (.55) and enter the result in Column B. S corporations computing tax based on capital (**Form CT-1120S**, *Schedule B*), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 12.

Enter in Column D the difference between the amount of credit claimed (Column A) and the amount applied in the current year (Column C).

Any credit balance that remains after applying the credits to the current year's tax may be carried forward if the credit has not expired. The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried forward.

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## **Part II — Carryforward Credits from 1998 Income Year**

This schedule enables a corporation to account for any credits that were earned in a preceding income year which were not applied to or were in excess of the 1998 Connecticut corporation business tax. These credits will be applied to the 1999 corporation business tax after first applying the credits calculated in Part I-A, Part I-B, and Part I-C. This schedule only lists credits which have a carryforward provision.

Enter in Part II, Lines 1 through 13, Column A, the total amount of carryforward credits from 1998.

S corporations computing tax based on net income (**Form CT-1120S, Schedule A**), multiply the amount in Column A by 55% (.55) and enter the result in Column B. S corporations computing tax based on capital (**Form CT-1120S, Schedule B**), and those subject to the minimum tax (\$250), enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the corporation business tax. Column C cannot exceed the amount from Part III, Line 8.

Any credit balance that remains after applying the credits to the current year's tax may be carried forward if the credit has not expired. The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried forward.

**Line 1** - Enter any available credit carryforward balance for Air Pollution Abatement Facilities. Credits may be carried forward for nine successive income years. A copy of the approval letter issued by the Department of Environmental Protection (DEP) or a copy of **CERT-117, Certificate For Purchases of Tangible Personal Property Incorporated into or Consumed in Air Pollution Control Facilities**, or both, must be attached to and made a part of the tax return.

**Line 2** - Enter any available credit carryforward balance for Industrial Waste Treatment Facilities. Credits may be carried forward for four successive income years. A copy of the approval letter issued by the DEP or a copy of **CERT-124, Certificate For Purchases in Connection with Water Pollution Control Facilities**, or both, must be attached to and made a part of the tax return.

**Line 3** - Enter any available credit carryforward balance for the NAA tax credit program for income year 1994. Tax credits earned during income year 1994 must first be carried back to the five preceding income years, and then carried forward to the five succeeding income years. Carryforward provisions are no longer available for NAA tax credits issued after January 1, 1995. Beginning with the 1995 income year, NAA tax credits may only be carried back to the two preceding income years.

**Line 4** - Enter any available credit carryforward balance for Child Day Care tax credit. Credits may only be carried forward to the five succeeding income years.

**Line 5** - Enter any available credit carryforward balance for the Housing Program Contributions Credit (formerly Low and Moderate Income Housing). Credits must first be carried back to the five preceding income years, and then be carried forward to the five succeeding income years.

**Line 6** - Enter any available credit carryforward balance for Clean Alternative Fuel relating to vehicles, equipment and filling or recharging stations under Conn. Gen. Stat. §12-217i. Credits may be carried forward for three succeeding income years.

**Line 7** - Enter any available credit carryforward balance for the Employer-Assisted Housing Credit. Credits must first be carried back to the five preceding income years and then be carried forward to the five succeeding income years.

**Line 8** - Enter any available credit carryforward balance for the Electronic Data Processing Equipment Property Tax Credit from 1998 **Form CT-1120 EDPC**, Part II, Line 6.

**Line 9** - Enter any available credit carryforward balance for the Research and Development Credit from 1998 **Form CT-1120 RDC**, Part IV, Line 5. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken. Any balance may be carried forward to each successive income year until the credit is fully taken.

**Line 10** - This carryforward is available to biotechnology companies only. Enter any credit carryforward balance for the Research and Experimental Expenditures Credit from 1998 **Form CT-1120RC**, Part II, Line 3. Any unused credit balance can be carried forward and applied to each successive income year until the credit is fully taken. The maximum carryforward period is 15 years.

**Line 11** - Enter any available credit carryforward balance for the Opportunity Certificate Credit from 1998 **Form CT-1120 OC**, Part II, Line 2. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

**Line 12** - Enter any available credit carryforward balance for the Fixed Capital Investment Credit from 1998 **Form CT-1120 FCIC**. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

**Line 13** - Enter any available credit carryforward balance for the Human Capital Investment Credit from 1998 **Form CT-1120 HCIC**. Any balance may be carried forward to each successive income year for five years, until the credit is fully taken.

**Line 16** - Add Lines 1 through 13 in Column A, Column B and Column C, and enter the totals in the spaces provided. Line 16, Column A is the corporation's credit carryforward balance from 1998 for all above credits. Line 16, Column B, is the amount of carryforward tax credit from 1998 allowed to be applied to the 1999 corporation business tax. Line 16, Column C, is the amount of credit actually applied to the 1999 corporation business tax.

Any credit balance that remains after applying the credits to the current year's tax may be carried forward if the credit has not expired. The taxpayer must maintain a tax credit schedule for each credit item included in the carryforward balance. The schedule must indicate the year in which the credit was originally claimed and the income years to which the credit was carried forward.

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### **Part III — Tax Credits Applied to the S Corporation Business Tax**

This schedule enables a corporation to apply credits earned from Part I and Part II against the 1999 S corporation business tax.

**Line 1** - Enter the amount from **Form CT-1120S**, *Schedule C*, Line 1.

**Line 2** - Enter the amount from **Form CT-1120SK**, Part I-A, Line 1, Column B, in both columns. Do not exceed the amount on Line 1 above.

**Line 3** - Subtract Line 2, Column A, from Line 1, Column A. Enter the result on Line 3.

**Line 4** - Enter the amount from **Form CT-1120SK**, Part I-B, Line 5, Column B, in both columns. Do not exceed the amount on Line 3 above.

**Line 5** - Subtract Line 4, Column A, from Line 3, Column A. Enter the result on Line 5.

**Line 6** - Enter the amount from **Form CT-1120SK**, Part I-C, Line 14, Column B, in both columns. Do not exceed the amount on Line 5 above.

**Line 7** - Subtract Line 6, Column A, from Line 5, Column A. Enter the result on Line 7.

**Line 8** - Enter the amount from **Form CT-1120SK**, Part II, Line 16, Column B, in both columns. Do not exceed the amount on Line 7 above.

**Line 9** - Subtract Line 8, Column A, from Line 7, Column A. Enter the result on Line 9.

**Line 10** - Enter the amount from **Form CT-1120SK**, Part I-D, Line 25, Column B, in both columns. Do not exceed the amount on Line 9 above.

**Line 11** - Subtract Line 10, Column A, from Line 9, Column A. Enter the result on Line 11.

**Line 12** - Enter the amount from **Form CT-1120SK**, Part I-E, Line 26, Column B in both columns. Do not exceed the amount on Line 11 above.

**Line 13** - Add Lines 2, 4, 6, 8, 10, and 12, Column B. Enter here and on **Form CT-1120S**, *Schedule C*, Line 2 and attach the 1999 **Form CT-1120SK**, *S Corporation Business Tax Credit Summary*.

# CONNECTICUT TAX ASSISTANCE

## FOR TAX INFORMATION

- Visit the DRS Web site at:  
[www.state.ct.us/drs](http://www.state.ct.us/drs)
- Call CONN-TAX:  
1-800-382-9463 (toll-free from within Connecticut) or  
1-860-297-5962 (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day, seven days a week by calling 860-297-4911.

Personal Taxpayer Assistance is available during business hours listed at right. Extended hours will be offered January through April. Call Conn-Tax or visit our Web site for details.

- Write to:  
Department of Revenue Services  
Taxpayer Services Division  
25 Sigourney Street  
Hartford CT 06106-5032

## FORMS AND PUBLICATIONS

May be obtained 24 hours a day, seven days a week by using any of the following resources:

- Internet  
Preview and download forms and publications from the DRS Web site at: [www.state.ct.us/drs](http://www.state.ct.us/drs)
- DRS TaxFax  
Call 860-297-5698 from the handset attached to your fax machine and select from the menu; or
- Telephone  
From a touch-tone phone call:  
1-800-382-9463 (toll-free from within Connecticut) and select Option "2", or  
1-860-297-4753 (from anywhere).

## WALK-IN OFFICES

For free assistance or forms, visit our offices from 8:00 a.m. to 5:00 p.m. (Monday through Friday). For pre-recorded directions to DRS offices call CONN-TAX. If you require special accommodations, please advise the Department representative.

**BRIDGEPORT**  
10 Middle Street  
203-579-6251

**HAMDEN**  
3074 Whitney Avenue, Bldg. #2  
203-287-8243

**HARTFORD**  
25 Sigourney Street  
860-297-5962

**NORWICH**  
2 Cliff Street  
860-889-2669

**WATERBURY \***  
91 Schraffts Drive  
203-596-4310

\* This office will be moving in 2000. To verify the address, please call before you visit.

## STATEWIDE SERVICES

For information on statewide services and programs, visit the ConneCT Web site at [www.state.ct.us](http://www.state.ct.us)

For questions about federal taxes, contact the Internal Revenue Service (IRS) at 1-800-829-1040.  
To order federal tax forms, call 1-800-829-3676.

## DEPARTMENT OF REVENUE SERVICES MISSION STATEMENT

The Mission of the Connecticut Department of Revenue Services is to administer the tax laws of the State of Connecticut and collect the tax revenues in the most cost effective manner; achieve the highest level of voluntary compliance through accurate, efficient, and courteous customer services; and perform in a manner which instills public confidence in the integrity, and fairness of the state's tax programs.

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**S CORPORATION BUSINESS TAX RETURN**

(Rev. 12/99)

**ENTER INCOME YEAR BEGINNING** \_\_\_\_\_, 1999, **AND ENDING** \_\_\_\_\_, \_\_\_\_\_

<b>LABEL HERE</b>	Total Assets	Corporation Name	Connecticut Tax Registration Number
	Gross Receipts	Number and Street	000
	Federal Principal Business Activity Code	City or Town	Date Received (for Department use only)
	Audited By <input type="checkbox"/> F <input type="checkbox"/> O	State ZIP Code	Federal Employer ID Number

**CHECK AND COMPLETE ALL APPLICABLE BOXES** Is this corporation annualizing its income?  Yes (Attach Form CT-11201)

**Change of:**  Mailing Address  Closing Month **Return status:**  Initial Return  Final Return  Short Period Return

If this is a short period, please check corresponding box:  Merger  Acquisition  Change of Filing Status

If this is a final return, has the corporation:

Dissolved  Withdrawn  Merged/Reorganized (Enter survivor's CT Tax Registration Number) \_\_\_\_\_

Does this return include the assets, liabilities and items of income, deduction and credit of a QSSS?  Yes  No

If yes, indicate how many QSSSs are included in this return \_\_\_\_\_. Attach a copy of the federal QSSS election Form 966 and a schedule listing the name and Connecticut Tax Registration Numbers of each QSSS.

Was this company included in a Connecticut Combined Corporation Business Tax Return for any prior year?  Yes  No

Is this corporation a financial service company?  Yes (Attach Form CT-1120A FS)  No

**- ATTACH A COMPLETE COPY OF FEDERAL FORM 1120S INCLUDING ALL SCHEDULES AS FILED WITH THE INTERNAL REVENUE SERVICE -**

**COMPUTATION OF NET INCOME**

1. Federal ordinary income (loss) (Federal Form 1120S, Line 21) .....	▶	1	
2. Unallowable deduction for corporation tax (Schedule F, Line 8) .....	▶	2	
3. Intangible expenses and interest expenses paid to a related member (See instructions) .....	▶	3	
4. TOTAL (Add Lines 1, 2 and 3) .....	▶	4	
5. Capital gain from sale of preserved land .....	▶	5	
6. Other (Attach explanation) .....	▶	6	
7. TOTAL (Add Line 5 and Line 6) .....	▶	7	
8. NET INCOME (Subtract Line 7 from Line 4) .....	▶	8	

**SCHEDULE A - COMPUTATION OF TAX ON NET INCOME**

1. Net income (Line 8 above) (If 100% Connecticut, also enter on Schedule A, Line 3) .....	▶	1	
2. Apportionment fraction (Carry to six places. See instructions.) .....	▶	2	0.
3. Connecticut net income (Multiply Line 1 by Line 2) .....	▶	3	
4. Operating loss carryover (Form CT-1120/CT-1120S ATT, Schedule H, Line 6, Column A) .....	▶	4	
5. Connecticut S corporation net income or loss (Subtract Line 4 from Line 3) .....	▶	5	
6. Connecticut S corporation net income subject to tax: Multiply Line 5 by 55% (.55) .....	▶	6	
7. TAX: Multiply Line 6 by 8.50% (.085) .....	▶	7	

**SCHEDULE B - COMPUTATION OF MINIMUM TAX ON CAPITAL**

1. Minimum tax base (Schedule D, Line 6, Column C) (If 100% Connecticut, enter also on Line 3) .....	▶	1	
2. Apportionment fraction (Carry to six places. See instructions.) .....	▶	2	0.
3. Multiply Line 1 by Line 2 .....	▶	3	
4. Number of months covered by this return .....	▶	4	
5. Multiply Line 3 by Line 4, then divide by 12 .....	▶	5	
6. TAX: (3 and 1/10 mills per dollar. Multiply Line 5 by .0031) (Maximum tax for Sch. B is \$1,000,000) .....	▶	6	

**SCHEDULE C - COMPUTATION OF AMOUNT PAYABLE (MINIMUM TAX \$250)**

<b>1. TOTAL TAX</b>	(a) Tax (Larger of Schedule A, Line 7, Schedule B, Line 6 or \$250) .....	▶	1a		▼ <b>ENTER TOTAL OF LINES 1a and 1b</b> ▼
	(b) Recapture of Tax Credits (See instructions) .....	▶	1b		
	2. Tax Credits (Form CT-1120SK, Part III, Line 13, Column B) .....	▶	2		
3. Balance of tax payable (Subtract Line 2 from Line 1. If zero or less, enter -0-) .....	▶	3			
<b>4. TAX PAYMENTS</b>	(a) Paid with application for extension, Form CT-1120S EXT .....	▶	4a		▼ <b>ENTER TOTAL OF LINES 4a, 4b, 4c</b> ▼
	(b) Paid with estimates (Forms CT-1120 ESA, ESB, ESC & ESD) .....	▶	4b		
	(c) Overpayment from prior year .....	▶	4c		
5. Balance of tax due (overpaid) (Subtract Line 4 from Line 3) .....	▶	5			
6. Add Penalty ▶(6a) _____ Interest ▶(6b) _____ CT-1120I Interest ▶(6c) _____	▶	6			
7. Amount to be credited to 2000 estimated tax ▶(7a) _____ Refunded ▶(7b) _____	▶	7			
8. Balance due with this return (Add Line 5 and Line 6) .....	▶	8			

<p><b>Mail to:</b> State of Connecticut Department of Revenue Services PO Box 150406 Hartford CT 06115-0406</p>	<p><b>Make check payable to:</b> COMMISSIONER OF REVENUE SERVICES. Write the S corporation's Connecticut Tax Registration Number and "1999 Form CT-1120S" on the check. Attach check to return with paper clip. DO NOT STAPLE.</p>	<p><input type="checkbox"/> Check if you do not want a booklet sent to you next year. Checking this box does not relieve you of your responsibility to file.</p>
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SCHEDULE D - COMPUTATION OF MINIMUM TAX BASE (See instructions)	COLUMN A	COLUMN B	COLUMN C
	BEGINNING OF YEAR	END OF YEAR	(COLUMN A plus COLUMN B) DIVIDED BY 2
1. Capital stock (Federal Schedule L, Line 22) .....			
2. Surplus and undivided profits (Federal Schedule L, Line 23 and Line 24) .....			
3. Surplus reserves (Attach schedule) .....			
4. Total (Add Lines 1, 2 and 3) Enter average in Column C .....			
5. Holdings of stock of private corporations (Schedule E) Enter average in Column C ..			
6. Balance (Subtract Column C, Line 5 from Column C, Line 4. Enter here and on Schedule B, Line 1) .....			

SCHEDULE E - HOLDINGS OF STOCK		
NAME OF CORPORATION	BEGINNING OF YEAR AMOUNT	END OF YEAR AMOUNT
TREASURY STOCK		
TOTAL Enter here and on Schedule D, Line 5 .....		

SCHEDULE F - TAXES	COLUMN A	COLUMN B
1. Payroll		
2. Real property		
3. Personal property		
4. Sales and use		
5. Other (See instructions)		
6. Connecticut corporation business (deducted in the computation of federal ordinary income (loss))		
7. Tax on or measured by income or profits imposed by other states or political subdivisions (deducted in the computation of federal ordinary income (loss)) ATTACH SCHEDULE		
8. Total unallowable deduction for Connecticut corporation business tax purposes (Add Column B, Line 6 and Line 7. Enter here and on front, Computation of Net Income, Line 2) .....		

SCHEDULE G - ADDITIONAL REQUIRED INFORMATION		
Name of Officer	Home Address	Title

- Is the principal place of business located in Connecticut?  Yes  No If "No," enter State where principal place of business is located \_\_\_\_\_ State of incorporation \_\_\_\_\_ Date of organization \_\_\_\_\_ Date qualified in Connecticut \_\_\_\_\_ Date business began in Connecticut \_\_\_\_\_
- In what Connecticut towns does the corporation own or lease (as lessee) real or tangible personal property, or perform services?  
\_\_\_\_\_
- a. Did this corporation transfer a controlling interest in an entity owning Connecticut real property?  Yes  No  
If "Yes," enter: Entity Name  \_\_\_\_\_ Federal Employer ID Number  \_\_\_\_\_  
b. Was there a transfer of a controlling interest in your company owning Connecticut real property?  Yes  No  
If "Yes," enter: Transferor Name  \_\_\_\_\_ Federal Employer ID Number  \_\_\_\_\_
- Last taxable year this corporation was audited by the Internal Revenue Service  \_\_\_\_\_  
Were adjustments reported to Connecticut?  Yes  No (If "No," attach explanation.)

**DECLARATION:** I declare under penalty of false statement that I have examined this return and, to the best of my knowledge and belief, it is true, complete and correct. (The penalty for false statement is imprisonment not to exceed one year or a fine not to exceed two thousand dollars, or both.) Declaration of preparer (other than the taxpayer) is based on all information of which preparer has any knowledge.

SIGN HERE  Keep a copy of this return for your records	Signature of Corporate Officer	Title	Date	Telephone Number ( )
	Paid Preparer's Signature		Date	Federal Employer ID Number
	Firm's Name and Address			Telephone Number ( )



# 1999 FORM CT-1120/CT-1120S ATT INSTRUCTIONS

Form CT-1120/CT-1120S ATT must be attached to Form CT-1120, *Corporation Business Tax Return*, or Form CT-1120S, *S Corporation Business Tax Return*, whenever Schedule H or I is used in the calculation of the Connecticut corporation business tax.

## SCHEDULE H – CONNECTICUT APPORTIONED OPERATING LOSS CARRYOVER

**Lines 1 through 5** - Enter the amount of the Connecticut apportioned operating loss carryover from the five preceding income years as reported on Connecticut corporation business tax returns filed for those years.

**Line 6** - Add Lines 1 through 5 and enter the total on Line 6, Column A and Column B. Enter the amount from Line 6, Column A on Form CT-1120 or Form CT-1120S, *Schedule A*, Line 4.

## SCHEDULE I – DIVIDEND DEDUCTION (FORM CT-1120 ONLY)

**Line 1** - Enter in Column A total dividend income included in the computation of federal taxable income, except for dividends received from a real estate investment trust, unless those dividends are: (1) deductible under I.R.C. §243 or (2) received by a qualified dividend recipient from a qualified real estate investment trust.

**Line 2** - Enter in Column A dividends from less than 20% owned domestic corporations, which would include dividends from money market funds. The deduction is limited to 70% of gross dividends less related expenses. Multiply Column A by Column B (.70) and enter in Column C. Enter in Column D related expenses. (Attach schedule of related expenses and computation.) Subtract Column D from Column C and enter in Column E.

**Line 3** - Dividend Balance: Subtract Line 2 from Line 1 and enter on Line 3, Column A. Multiply Column A by Column B (1.0) and enter in Column C. Enter in Column D related expenses. (Attach schedule of related expenses and computation.) Subtract Column D from Column C and enter in Column E.

**Line 4** - Enter in Column E total dividend deduction. Add Column E, Line 2 and Column E, Line 3. Enter total here and on Form CT-1120, *Computation of Net Income*, Line 6.



**FORM CT-1120A**  
**INSTRUCTIONS FOR SCHEDULES Q, R AND S**

*Complete this form and file as a part of the Corporation Business Tax Return only if the company carried on business within and outside of Connecticut and was taxable in another state during the income year for which the return is filed.*

**A corporation entitled to apportion its income must complete Schedule Q or R, whichever is applicable. Special apportionment forms are applicable for certain business types:**

- AIR CARRIERS use **Form CT-1120A-A**, *Corporation Business Tax Return Apportionment Computation - Air Carriers*.
- COMPANIES whose income is derived from credit card activities principally located in distressed municipalities may elect to calculate their apportionment fraction on **Form CT-1120A-CCA**.
- COMPANIES whose income is derived from services performed for regulated investment companies may elect to calculate their apportionment fraction on **Form CT-1120A-IRIC**.
- SECURITIES BROKERAGE SERVICES COMPANIES calculate their apportionment fraction on **Form CT-1120A-SBC**.
- COMPANIES (not otherwise conducting business in Connecticut) who are limited partners in a limited partnership doing business in Connecticut may apportion their limited partnership distribution on **Form CT-1120A-LP**.
- MOTOR BUS COMPANIES and MOTOR CARRIERS calculate their apportionment fraction on **Form CT-1120A-BMC**. Income derived from sources other than carrying passengers or tangible property for hire must be apportioned by an apportionment fraction calculated on **Form CT-1120A**, *Schedule Q or R*.
- FINANCIAL SERVICE COMPANIES calculate their apportionment fraction on **Form CT-1120A-FS**.

**SCHEDULE Q - APPORTIONMENT OF NET INCOME**

This schedule should be completed only by companies that derive business income from operations which do not involve the manufacture, sale or use of tangible property or real property. **Item 1(a)** should include all receipts from business carried on within Connecticut. The components of the receipts factor in *Schedule Q* will be determined in the same manner as in *Schedule R*.

**SCHEDULE R - APPORTIONMENT OF NET INCOME**

This schedule should be completed only by companies that derive business income from operations which involve the manufacture, sale or use of tangible personal or real property.

**Item 1.** Enter on Line 1(a) through Line 1(d) the average monthly net book value for each category of tangible personal and real property that is held and owned or rented by the corporation. Average monthly net value is computed by multiplying by eight the gross rents paid directly or indirectly for the use or possession of the property. Include interest, taxes, insurance and repairs to the property. Royalties are excluded. Enter on Line 1(e) items such as construction-in-progress, interest in partnerships, etc. A corporation that owns an interest in a partnership or joint venture should include its pro rata share of its apportionment factor (property, payroll, and receipts) in the numerator and denominator of the Connecticut statutory apportionment formula (Conn. Gen. Stat. §12-218) which is used to determine the corporation's portion of its total net income subject to the Connecticut corporation business tax. Total the amounts and divide Column A by Column B to compute the apportionment fraction, carried to six decimal places.

**Item 2.** This factor must include all compensation paid by the corporation during the income year to officers and all other employees inclusive of salaries and wages which have been capitalized and not claimed as a deduction in the income year of the return.

**Item 3.** Enter the gross receipts from sales and other sources during the income year. Include the following: receipts from sales of tangible property delivered or shipped to a purchaser within this state regardless of the f.o.b. point or other conditions of sale; receipts from services performed within Connecticut; rents and royalties from property situated within Connecticut; royalties from patents and copyrights used within Connecticut; interest earned from assets managed or controlled within the state; net gains from sales or other disposition of intangible assets managed or controlled within the state; and net gains from sales or disposition of tangible assets situated within the state. If losses from sales or other dispositions of such tangible or intangible assets exceed the gains, then enter zero for the net gains. Dividends are excluded from the receipts factor. All other receipts earned within Connecticut not included above must be apportioned.

**Item 4.** This factor is the same as Item 3, Column C.

**Item 6.** Divide the total on Line 5 by the number of factors used. For example, if the taxpayer derives net income from manufacturing, this line would contain the sum of its property factor, payroll factor and the receipts factors on Lines 3 and 4, divided by four (less the number, if any, of factors that are not applicable).

**SCHEDULE S - MINIMUM TAX BASE APPORTIONMENT**

**Item 3.** This apportionment factor must include the average monthly net book value of all assets exclusive of holdings of stock of private (nongovernmental) corporations. The intangible assets of a company that has its principal place of business within Connecticut are deemed to have a tax situs within Connecticut, unless it can be clearly established that some or all of the assets are held in connection with business conducted during the income year outside of Connecticut.

**APPORTIONMENT IN SPECIAL CASES**

Conn. Gen. Stat. §12-221a provides for deviation from the statutory apportionment method under certain extraordinary circumstances. The return of a taxpayer requesting relief must be filed initially on the statutory basis using the formula methods prescribed in Conn. Gen. Stat. §§12-218, 12-218b, 12-219a or 12-244 for computing the net income and the minimum tax base, together with (1) payment of the tax due on the applicable base as so computed and (2) a statement containing a specific alternative method. Data supporting the contention that the operation of the statutory method is grossly inequitable and attributes to Connecticut an undue proportion of the taxpayer's net income or minimum tax base must be provided. Permission to determine the tax on an alternative basis will not be considered in any case in which this procedure has not been strictly followed.

Since the statutory method is designed to produce a reasonable apportionment within and outside Connecticut, it must be used in all cases except those in which it has been determined by the Commissioner of Revenue Services that an exception should be made. While the statutory method may produce a result substantially different from that produced by some other method, that fact alone does not justify an exception. It is the responsibility of the taxpayer to show that the statutory apportionment fraction, when applied to its business, provides grossly inequitable results and that the income attributed to Connecticut is out of proportion to the business transacted in Connecticut. The variance must be significant enough to invalidate the assumption that the statutory method is reasonable.

The commissioner will notify the company as to whether the proposed alternative method of apportionment is accepted or rejected. If the proposed method is accepted, the tax will be adjusted. The return may be audited within three years after the date filed. If the taxpayer is aggrieved by the audit findings, a hearing may be granted, provided a request for a hearing is filed within 60 days after issuance of the notice of assessment.



**PART I - TAX CREDITS FROM 1999 INCOME YEAR (Continued)**

**PART I-E Electronic Data Processing Equipment Property Tax Credit**

		<b>A</b> Credit Amount Claimed	<b>B</b> Credit Available (See instructions)	<b>C</b> Amount Applied	<b>D</b> Carryforward Amount
26	Electronic Data Processing Equipment Property Tax Credit (Form CT-1120 EDPC)		▶		▶

**PART II - CARRYFORWARD CREDITS FROM 1998 INCOME YEAR**

		<b>A</b> Total Amount of Carryforward Credit	<b>B</b> Credit Available (See instructions)	<b>C</b> Amount Applied
1	Air Pollution		▶	
2	Industrial Waste		▶	
3	Neighborhood Assistance		▶	
4	Child Day Care		▶	
5	Housing Program Contribution		▶	
6	Clean Alternative Fuel		▶	
7	Employer-Assisted Housing		▶	
8	Electronic Data Processing Equipment Property Tax Credit (Enter amount from 1998 Form CT-1120 EDPC Part II, Line 6)		▶	
9	Research and Development (Enter amount from 1998 Form CT-1120 RDC, Part IV, Line 5)		▶	
10	Research and Experimental Expenditures for Biotechnology Companies Only. (Enter amount from 1998 Form CT-1120RC, Part II, Line 3.)		▶	
11	Opportunity Certificate		▶	
12	Fixed Capital Investment (1998 Form CT-1120 FCIC, Part II, Column C)		▶	
13	Human Capital Investment (1998 Form CT-1120 HCIC, Part II, Column C)		▶	
14	Connecticut Insurance Reinvestment Fund (Form CT-1120 IRF)			
15	Small Business Administration Guaranty Fee			
16	<b>TOTAL PART II</b> (Add Lines 1 through 15 and enter in the appropriate columns)		▶	

**PART III - TAX CREDITS APPLIED TO THE S CORPORATION BUSINESS TAX**

		<b>A</b> Corporation Business Tax	<b>B</b> Corporation Tax Credits Claimed
1	Corporation business tax (Enter amount from Form CT-1120S, Schedule C, Line 1)		
2	<b>Financial Institutions Credit</b> (Enter amount from Form CT-1120SK, Part I-A, Line 1, Column B in both columns. Do not exceed amount on Line 1 above.)		
3	Corporation business tax balance (Subtract Line 2 from Line 1)		
4	<b>Tax Credits With Carryback Provisions</b> (Enter amount from Form CT-1120SK, Part I-B, Line 5, Column B in both columns. Do not exceed amount on Line 3 above.)		
5	Corporation business tax balance (Subtract Line 4 from Line 3)		
6	<b>Tax Credits Without Carryback or Carryforward Provisions</b> (Enter amount from Form CT-1120SK, Part I-C, Line 14, Column B in both columns. Do not exceed amount on Line 5 above.)		
7	Corporation business tax balance (Subtract Line 6 from Line 5)		
8	<b>Carryforward Credits From 1998</b> (Enter amount from Form CT-1120SK, Part II, Line 16, Column B in both columns. Do not exceed amount on Line 7 above.)		
9	Corporation business tax balance (Subtract Line 8 from Line 7)		
10	<b>Tax Credits With Carryforward Provisions</b> (Enter amount from Form CT-1120SK, Part I-D, Line 25, Column B in both columns. Do not exceed amount on Line 9 above.)		
11	Corporation business tax balance (Subtract Line 10 from Line 9)		
12	<b>Electronic Data Processing Equipment Property Tax Credit</b> (Enter amount from Form CT-1120SK, Part I-E, Line 26, Column B in both columns. Do not exceed amount on Line 11 above.)		
13	<b>TOTAL CORPORATION BUSINESS TAX CREDITS CLAIMED</b> (Add Part III, Lines 2, 4, 6, 8, 10, and 12, Column B, then enter on the appropriate corporation tax form. Do not exceed amount on Line 1.)		▶

**FORM CT-1120S EXT**  
**APPLICATION FOR EXTENSION OF TIME TO FILE**  
**S CORPORATION BUSINESS TAX RETURN**

**S**  
**1999**

**ENTER INCOME YEAR** BEGINNING \_\_\_\_\_, 1999, AND ► ENDING \_\_\_\_\_,

<b>TAXPAYER</b>  (Please type or print)	Corporation Name	CT TAX REGISTRATION NUMBER			
	Number and Street	0 0 0			
	City or Town	State	ZIP Code	DATE RECEIVED (For Dept. Use Only)	
			FEDERAL EMPLOYER ID NUMBER		

**THIS IS A REQUEST FOR A SIX MONTH EXTENSION TO FILE ONLY FORM CT-1120S**

**IMPORTANT**

Each S corporation must submit payment of any tax due or believed to be due with this application for an extension of time to file, whether or not an application for federal extension has been approved. (See instructions)

I request a six-month extension of time, to October 15, 2000, to file my Connecticut S Corporation Business Tax Return for calendar year 1999 or until \_\_\_\_\_ for fiscal year ending \_\_\_\_\_.

A federal extension has been requested on federal Form 7004, *Application for Automatic Extension of Time to File Corporation Income Tax Return* for calendar year 1999, or for fiscal year beginning \_\_\_\_\_, 1999, and ending \_\_\_\_\_, \_\_\_\_\_.  Yes  No

If **NO**, the reason for the Connecticut extension is \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<b>FOR DEPARTMENT OF REVENUE SERVICES USE ONLY</b>
► Ext. To: _____

— NOTIFICATION WILL BE SENT ONLY IF EXTENSION REQUEST IS DENIED —

Does this return include the assets, liabilities, and items of income, deduction, and credit of a subsidiary that is a Qualified Subchapter S Subsidiary (QSSS)?  Yes  No

If yes, attach a copy of the federal QSSS election Form 966 and a schedule listing the name and Connecticut Tax Registration Number of each QSSS.

**TENTATIVE RETURN**

<b>Computation</b>	1. Tentative amount of tax due for this taxable year (Minimum tax \$250) .....	► 1		
	2a. Tax credits .....	2a		
	2b. Payments of estimated tax .....	2b		
	2c. Overpayment from prior year .....	2c		
	2. Total tax credits and payments (Add Lines 2a, 2b and 2c) .....	► 2		
3. <b>Balance due with this return</b> (Subtract Line 2 from Line 1) .....	► 3			

**Make check payable to:** COMMISSIONER OF REVENUE SERVICES. Write the S corporation's Connecticut Tax Registration Number and "1999 Form CT-1120S EXT" on the check. Attach check to return with paper clip. **DO NOT STAPLE.**

**Mail to:** STATE OF CONNECTICUT  
Department of Revenue Services  
PO Box 150406  
Hartford CT 06115-0406

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

**DECLARATION:** I declare under the penalty of false statement that I have examined this return and, to the best of my knowledge and belief, it is true, complete and correct. (The penalty for false statement is imprisonment not to exceed one year or a fine not to exceed two thousand dollars, or both.) Declaration of preparer (other than the taxpayer) is based on all information of which preparer has any knowledge.

<b>SIGN HERE</b>  Keep a copy of this return for your records	Signature of Corporate Officer	Title	Date	Telephone Number ( )
	Paid Preparer's Signature		Date	Federal Employer ID Number
	Firm's Name and Address			Telephone Number ( )

**SEE INSTRUCTIONS ON REVERSE SIDE**

# 1999 FORM CT-1120S EXT Instructions

## Purpose

Use **Form CT-1120S EXT**, *Application for Extension of Time to File S Corporation Business Tax Return*, to request a six-month extension to file **Form CT-1120S**, *S Corporation Business Tax Return*. It is not necessary to include a reason for the Connecticut extension request if an extension on federal Form 7004 was already filed with the Internal Revenue Service.

If federal Form 7004 was not filed, the S corporation can apply for a six-month extension to file **Form CT-1120S**, *Connecticut S Corporation Business Tax Return* provided there is reasonable cause for the request.

**This extension is not an extension to file Form CT-1120SI, S Corporation Information and Composite Income Tax Return. Form CT-1120SI EXT is used for that purpose.**

The Department of Revenue Services will notify the S corporation only if the request for extension is denied.

To obtain a Connecticut filing extension the S corporation must complete **Form CT-1120S EXT** in its entirety, including all tax credits; file it by the fifteenth day of the fourth month following the close of the income year; and pay the amount shown on the front page, Line 3.

**NOTE:** Form CT-1120S EXT **only** extends the **time to file** the Connecticut S Corporation Business Tax Return. Form CT-1120S EXT **does not extend** the **time to pay** the amount of tax due.

## Penalty and Interest

Interest will be assessed at the rate of 1% per month or fraction thereof on any underpayment of tax computed from the fifteenth day of the fourth month following the close of the income year. The penalty for underpayment of tax is 10% (.10) or \$50, whichever is greater. For income years beginning on or after January 1, 1999, a taxpayer that has been granted a filing extension may avoid a late payment penalty provided the outstanding balance due is 10% or less **and** is paid with the filing of the Connecticut S Corporation Business Tax Return. In the event that no tax is due, the Commissioner of Revenue Services may impose a \$50 penalty for the late filing of any return or report that is required by law to be filed.

## When To File Form CT-1120S EXT

File **Form CT-1120S EXT** on or before the fifteenth day of the fourth month following the close of the income year (April 15 for calendar year taxpayers). **If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.** (Due to the Patriots' Day holiday, the extension will be timely if received or if the date shown by the U.S. Postal Service cancellation mark (or acceptable private delivery service) is on or before April 18, 2000.)

## Required Information

Enter the beginning and ending dates of the S corporation's income year, corporate name, address, Connecticut Tax Registration Number, and Federal Employer Identification Number.

## Signature

This form must be signed by an officer of the S corporation.

## Others Who May Sign

Anyone (including attorneys, accountants, and enrolled agents) with a signed Power of Attorney on file may sign for the S corporation in place of a corporate officer.

## Where to File

Mail to: State of Connecticut  
Department of Revenue Services  
P O Box 150406  
Hartford CT 06115-0406

**2000 CT-1120 ESB**  
 Payment Coupon - Second Installment  
**ESTIMATED CORPORATION BUSINESS TAX**  
 (Rev. 1/00)

**STATE OF CONNECTICUT**  
**DEPARTMENT OF REVENUE SERVICES**  
**PO Box 2965 Hartford CT 06104-2965** FOR INCOME YEAR ENDING

CHECK HERE  IF CLOSING MONTH HAS CHANGED AND ATTACH EXPLANATION.

**B**

CT TAX REGISTRATION NUMBER ▶	1	Tax shown on preceding year return multiplied by 70% (.70): See instructions on reverse side of this form.	1		
DATE RECEIVED (DRS USE ONLY) ▶	2	Current year second installment (from <i>Schedule 1</i> , Line 4)	2		
FEDERAL EMPLOYER IDENTIFICATION NO. ▶	3	Second installment due (lesser of Line 1 or Line 2)	3		
IS THIS A COMBINED RETURN? ("X" One) <input type="checkbox"/> YES <input type="checkbox"/> NO	4	Amount paid with <b>Form CT-1120 ESA</b> plus overpayment from preceding year	4		
	5	Payment due with this coupon (Subtract Line 4 from Line 3)	▶ 5		

Corporation Name		
Number and Street		
City or Town	State	ZIP Code

**DUE DATE:** No later than the 15th day of the 6th month of the income year.

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

**MAKE CHECK PAYABLE TO:** COMMISSIONER OF REVENUE SERVICES

**MAIL TO:** Department of Revenue Services  
 PO Box 2965  
 Hartford CT 06104-2965

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**2000 CT-1120 ESA**  
 Payment Coupon - First Installment  
**ESTIMATED CORPORATION BUSINESS TAX**  
 (Rev. 1/00)

**STATE OF CONNECTICUT**  
**DEPARTMENT OF REVENUE SERVICES**  
**PO Box 2965 Hartford CT 06104-2965** FOR INCOME YEAR ENDING

CHECK HERE  IF CLOSING MONTH HAS CHANGED AND ATTACH EXPLANATION.

**A**

CT TAX REGISTRATION NUMBER ▶	1	Tax shown on preceding year return multiplied by 30% (.30): See instructions on reverse side of this form.	1		
DATE RECEIVED (DRS USE ONLY) ▶	2	Current year first installment (from <i>Schedule 1</i> , Line 4)	2		
FEDERAL EMPLOYER IDENTIFICATION NO. ▶	3	First installment due (lesser of Line 1 or Line 2)	3		
IS THIS A COMBINED RETURN? ("X" One) <input type="checkbox"/> YES <input type="checkbox"/> NO	4	Overpayment from preceding year applied to this estimate	4		
	5	Payment due with this coupon (Subtract Line 4 from Line 3)	▶ 5		

Corporation Name		
Number and Street		
City or Town	State	ZIP Code

**DUE DATE:** No later than the 15th day of the 3rd month of the income year.

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

**MAKE CHECK PAYABLE TO:** COMMISSIONER OF REVENUE SERVICES

**MAIL TO:** Department of Revenue Services  
 PO Box 2965  
 Hartford CT 06104-2965

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**2000** CT-1120 ESD  
 Payment Coupon - Fourth Installment  
**ESTIMATED CORPORATION BUSINESS TAX**  
 (Rev. 1/00)

STATE OF CONNECTICUT  
 DEPARTMENT OF REVENUE SERVICES  
 PO Box 2965 Hartford CT 06104-2965 FOR INCOME YEAR ENDING

CHECK HERE  IF CLOSING MONTH HAS  
 CHANGED AND ATTACH EXPLANATION.

CT TAX REGISTRATION NUMBER	1	Tax shown on preceding year return multiplied by 100% (1.00): See instructions on reverse side of this form.	1			<b>D</b>
DATE RECEIVED (DRS USE ONLY)	2	Current year fourth installment (from <i>Schedule 1</i> , Line 4)	2			
FEDERAL EMPLOYER IDENTIFICATION NO.	3	Fourth installment due (lesser of Line 1 or Line 2)	3			
IS THIS A COMBINED RETURN? ("X" One)	4	Amount paid with <b>Forms CT-1120 ESA, CT-1120 ESB and CT-1120 ESC</b> plus overpayment from preceding year	4			
<input type="checkbox"/> YES <input type="checkbox"/> NO	5	Payment due with this coupon (Subtract Line 4 from Line 3)	5			

Corporation Name		
Number and Street		
City or Town	State	ZIP Code

**DUE DATE:** No later than the 15th day of the 12th month of the income year.

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

**MAKE CHECK PAYABLE TO:** COMMISSIONER OF REVENUE SERVICES

**MAIL TO:** Department of Revenue Services  
 PO Box 2965  
 Hartford CT 06104-2965

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**2000** CT-1120 ESC  
 Payment Coupon - Third Installment  
**ESTIMATED CORPORATION BUSINESS TAX**  
 (Rev. 1/00)

STATE OF CONNECTICUT  
 DEPARTMENT OF REVENUE SERVICES  
 PO Box 2965 Hartford CT 06104-2965 FOR INCOME YEAR ENDING

CHECK HERE  IF CLOSING MONTH HAS  
 CHANGED AND ATTACH EXPLANATION.

CT TAX REGISTRATION NUMBER	1	Tax shown on preceding year return multiplied by 80% (.80): See instructions on reverse side of this form.	1			<b>C</b>
DATE RECEIVED (DRS USE ONLY)	2	Current year third installment (from <i>Schedule 1</i> , Line 4)	2			
FEDERAL EMPLOYER IDENTIFICATION NO.	3	Third installment due (lesser of Line 1 or Line 2)	3			
IS THIS A COMBINED RETURN? ("X" One)	4	Amount paid with <b>Forms CT-1120 ESA and CT-1120 ESB</b> plus overpayment from preceding year	4			
<input type="checkbox"/> YES <input type="checkbox"/> NO	5	Payment due with this coupon (Subtract Line 4 from Line 3)	5			

Corporation Name		
Number and Street		
City or Town	State	ZIP Code

**DUE DATE:** No later than the 15th day of the 9th month of the income year.

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

**MAKE CHECK PAYABLE TO:** COMMISSIONER OF REVENUE SERVICES

**MAIL TO:** Department of Revenue Services  
 PO Box 2965  
 Hartford CT 06104-2965

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**GENERAL INSTRUCTIONS**

**WHO MUST FILE:** Every corporation carrying on business or having the right to carry on business in Connecticut whose estimated current year tax liability, as shown on *Schedule 1*, Line 3, is more than \$1,000 regardless of whether the corporation was subject to the prior year \$250 minimum tax.

**COMBINED RETURNS:** If you are filing a combined return for an affiliated group of corporations, attach a list of the names and registration numbers of those corporations. Enter the total combined estimated current year tax including preference tax on *Schedule 1*, Line 1.

**TAX SHOWN ON THE PRECEDING YEAR RETURN:** The tax shown on the preceding year's return is the amount of tax before the application of any tax credits.

**INTEREST:** If the current year tax is more than \$1,000 and the estimated payment does not equal (1) 63% of the current year tax or (2) 70% of the tax shown on the preceding year return (without regard to any tax credits), whichever is less, interest will be assessed at the rate of 1% per month (or fraction thereof) on the amount of the underpayment for the period of the underpayment. If a company uses an estimate of its current year's tax to determine the required annual payment and such amount changes during the year, it may find that earlier installments of estimated tax were underpaid. Payments of estimated tax are credited first against underpaid installments in the order in which such installments are required to be paid.

**SCHEDULE 1**

1. Estimated current year tax (before applying corporation business tax credits)	1		
2. Less: estimated corporation business tax credits (See above instructions)	2		
3. <b>SUBTOTAL</b> (Subtract Line 2 from Line 1)	3		
4. Current year second installment: Multiply Line 3 by 63% (.63)	4		

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**GENERAL INSTRUCTIONS**

**WHO MUST FILE:** Every corporation carrying on business or having the right to carry on business in Connecticut whose estimated current year tax liability, as shown on *Schedule 1*, Line 3, is more than \$1,000 regardless of whether the corporation was subject to the prior year \$250 minimum tax.

**COMBINED RETURNS:** If you are filing a combined return for an affiliated group of corporations, attach a list of the names and registration numbers of those corporations. Enter the total combined estimated current year tax including preference tax on *Schedule 1*, Line 1.

**TAX SHOWN ON THE PRECEDING YEAR RETURN:** The tax shown on the preceding year's return is the amount of tax before the application of any tax credits.

**INTEREST:** If the current year tax is more than \$1,000 and the estimated payment does not equal (1) 27% of the current year tax or (2) 30% of the tax shown on the preceding year return (without regard to any tax credits), whichever is less, interest will be assessed at the rate of 1% per month (or fraction thereof) on the amount of the underpayment for the period of the underpayment. If a company uses an estimate of its current year's tax to determine the required annual payment and such amount changes during the year, it may find that earlier installments of estimated tax were underpaid. Payments of estimated tax are credited first against underpaid installments in the order in which such installments are required to be paid.

**SCHEDULE 1**

1. Estimated current year tax (before applying corporation business tax credits)	1		
2. Less: estimated corporation business tax credits (See above instructions)	2		
3. <b>SUBTOTAL</b> (Subtract Line 2 from Line 1)	3		
4. Current year first installment: Multiply Line 3 by 27% (.27)	4		

**GENERAL INSTRUCTIONS**

**WHO MUST FILE:** Every corporation carrying on business or having the right to carry on business in Connecticut whose estimated current year tax liability, as shown on *Schedule 1*, Line 3, is more than \$1,000 regardless of whether the corporation was subject to the prior year \$250 minimum tax.

**INTEREST:** If the current year tax is more than \$1,000 and the estimated payment does not equal (1) 90% of the current year tax or (2) 100% of the tax shown on the preceding year return (without regard to any tax credits), whichever is less, interest will be assessed at the rate of 1% per month (or fraction thereof) on the amount of the underpayment for the period of the underpayment. If a company uses an estimate of its current year's tax to determine the required annual payment and such amount changes during the year, it may find that earlier installments of estimated tax were underpaid. Payments of estimated tax are credited first against underpaid installments in the order in which such installments are required to be paid.

**COMBINED RETURNS:** If you are filing a combined return for an affiliated group of corporations, attach a list of the names and registration numbers of those corporations. Enter the total combined estimated current year tax including preference tax on *Schedule 1*, Line 1.

**TAX SHOWN ON THE PRECEDING YEAR RETURN:** The tax shown on the preceding year's return is the amount of tax before the application of any tax credits.

**SCHEDULE 1**

1. Estimated current year tax (before applying corporation business tax credits)	1		
2. Less: estimated corporation business tax credits (See above instructions)	2		
3. <b>SUBTOTAL</b> (Subtract Line 2 from Line 1)	3		
4. Current year fourth installment: Multiply Line 3 by 90% (.90)	4		

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**GENERAL INSTRUCTIONS**

**WHO MUST FILE:** Every corporation carrying on business or having the right to carry on business in Connecticut whose estimated current year tax liability, as shown on *Schedule 1*, Line 3, is more than \$1,000 regardless of whether the corporation was subject to the prior year \$250 minimum tax.

**INTEREST:** If the current year tax is more than \$1,000 and the estimated payment does not equal (1) 72% of the current year tax or (2) 80% of the tax shown on the preceding year return (without regard to any tax credits), whichever is less, interest will be assessed at the rate of 1% per month (or fraction thereof) on the amount of the underpayment for the period of the underpayment. If a company uses an estimate of its current year's tax to determine the required annual payment and such amount changes during the year, it may find that earlier installments of estimated tax were underpaid. Payments of estimated tax are credited first against underpaid installments in the order in which such installments are required to be paid.

**COMBINED RETURNS:** If you are filing a combined return for an affiliated group of corporations, attach a list of the names and registration numbers of those corporations. Enter the total combined estimated current year tax including preference tax on *Schedule 1*, Line 1.

**TAX SHOWN ON THE PRECEDING YEAR RETURN:** The tax shown on the preceding year's return is the amount of tax before the application of any tax credits.

**SCHEDULE 1**

1. Estimated current year tax (before applying corporation business tax credits)	1		
2. Less: estimated corporation business tax credits (See above instructions)	2		
3. <b>SUBTOTAL</b> (Subtract Line 2 from Line 1)	3		
4. Current year third installment: Multiply Line 3 by 72% (.72)	4		

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