

(Rev. 12/00)

**S Corporation Business Tax Credit Summary  
Instructions**

**Form CT-1120SK**, *S Corporation Business Tax Credit Summary*, must be attached to **Form CT-1120S**, *S Corporation Business Tax Return*, or the applicable tax form whenever tax credits from the current income year are being claimed or carryforward credit balances exist from the prior year. Additional information about Connecticut tax credits is available in DRS **Informational Publication 95(2.1)**, *Guide to Connecticut Corporation Business Tax Credits*, and **Special Notice 2000(15)**, *Connecticut Corporation Business Tax Credits, 1999 - 2000 Update*. These publications are available on the DRS Web site or by mail. To order these publications separately, send a 9" x 12" self-addressed envelope with \$1.43 postage affixed, for each publication; or to order both publications together, send a 9" x 12" self-addressed envelope with \$2.31 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.

All applicable credit forms, schedules, and any letters of approval or eligibility received from the agency administering the tax credit must be attached to and made part of this tax return.

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**Part I-A — Financial Institutions Tax Credit**

**Line 1** - Enter the credit for financial institutions constructing new facilities in Connecticut. Attach the initial Certificate of Eligibility issued by the Department of Economic and Community Development (DECD). Enter in Part I-A, Column A, the credit earned in 2000. S corporations computing tax based on net income (**Form CT-1120S, Schedule A**) multiply the amount in Column A by 30% (.30) 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 of \$250, enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the S 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 2000 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 30% (.30) and enter the result in Column B. Special rules apply to the NAA Credit and the Housing Program Contribution Credit. See Part I-B, Lines 2 and 3. S corporations computing tax based on capital (**Form CT-1120S, Schedule B**) and those subject to the minimum tax of \$250 enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the S 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. Attach a copy of the NAA tax credit approval letter issued by DRS.

A special rule applies to S corporations claiming a credit under the NAA. 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 30%. Enter the amount from Column A in Column B.

**Line 3** - Enter the Housing Program Contribution Credit computed according to the provisions of Conn. Gen. Stat. §§8-395, as amended by 2000 Conn. Pub. Acts 170, §23. Attach a copy of the tax credit voucher issued by the Connecticut Housing Finance Authority (CHFA). If you are claiming a credit carryforward, also complete Part I-D, Line 14. S corporations computing tax based on net income **do not** have to multiply the amount in Column A by 30%. Enter the amount from Column A in Column B.

**Line 4** - Enter the Employer-Assisted Housing Credit computed according to the provisions of Conn. Gen. Stat. §12-217p. Multiply the amount in Column A by 30% (.30) and enter the result in Column B. Attach a copy of the Certificate of Compliance issued by CHFA. If you are claiming a credit carryforward, also complete Part I-D, Line 15.

**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.

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## Part I-C — Tax Credits without Carryback or Carryforward Provisions

Enter in Part I-C, Lines 6 through 12, Column A, all of the credits that were earned in 2000 that can only be applied to the current year's tax. S corporations computing tax based on net income (**Form CT-1120S, Schedule A**) multiply the amount in Column A by 30% (.30) 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 of \$250, enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the S 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. Attach the Eligibility Certificate issued by the Department of Labor (DOL).

**Line 7** - Enter the Manufacturing Facility Credit as computed on **Form CT-1120 TIC/EZ, Manufacturing Facility Credit for Facilities Located in a Targeted Investment Community/Enterprise Zone**. Attach a copy of the certificate of eligibility issued by DECD.

**Line 8** - Enter the credit for new or used computers donated to a local or regional board of education, or public school. Attach a copy of the letter of approval issued by DRS.

**Line 9** - Enter the credit for Research and Development Grants to Institutions of Higher Education, as computed on **Form CT-1120GC, 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, as amended by 2000 Conn. Pub. Acts 174, §23. Attach the Certificate of Eligibility issued by DOT.

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

**Line 13** - Add Lines 6 through 12 in Column A, Column B, and Column C, and enter the totals in the spaces provided.

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

This schedule enables an S corporation to account for any credits with carryforward provisions that were earned in 2000.

Enter in Part I-D, Lines 14 through 25, Column A, all of the credits that were earned in 2000 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 30% (.30) 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 of \$250, enter the amount from Column A in Column B.

Enter in Column C the amount actually applied to the S 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).

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 14** - If you are claiming the Housing Program Contribution Credit, complete Part I-B, Line 3. Attach a copy of the tax credit voucher issued by CHFA.

**Line 15** - If you are claiming the Employer-Assisted Housing Credit, complete Part I-B, Line 4. Attach a copy of the certificate of compliance issued by CHFA.

**Line 16** - Enter the Hiring Incentive Tax Credit (formerly Opportunity Certificate Credit) as computed on **Form CT-1120 HIC**, *Hiring Incentive Tax Credit*. Attach a copy of the tax credit approval letter received from DOL.

**Line 17** - Enter the total credit for Clean Alternative Fuel relating to vehicles, equipment, and filling or 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 18** - Enter the Research and Experimental Expenditures Credit as computed on **Form CT-1120RC**, *Research and Experimental Expenditures Credit*.

**Line 19** - Enter the allowable Research and Development Credit as computed on **Form CT-1120 RDC**, *Research and Development Credit*.

**Line 20** - Enter the allowable Fixed Capital Investment Credit as computed on **Form CT-1120 FCIC**, *Fixed Capital Investment Credit*.

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

**Line 22** - Enter the allowable Insurance Reinvestment Fund Credit as computed on **Form CT-IRF**, *Insurance Reinvestment Fund Credit*.

**Line 23** - Enter the credit for the Small Business Administration Guaranty Fee. This credit shall not reduce the corporation business tax below the minimum tax of \$250.

**Line 24** - Enter the credit for Rehabilitation of Historic Homes. Attach a copy of the credit voucher issued by the Connecticut Historical Commission.

**Line 25** - Enter the credit for the Donation of Open Space Land.

**Line 26** - Add Lines 14 through 25 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 27** - Enter on Line 27 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 2000. S corporations computing tax based on net income (**Form CT-1120S**, *Schedule A*) multiply the amount in Column A by 30% (.30) 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 of \$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).

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## Part II — Carryforward Credits from 1999 Income Year

This schedule enables an S 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 1999 Connecticut S corporation business tax. These credits will be applied to the 2000 S 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 that have a carryforward provision.

Enter in Part II, Lines 1 through 14, Column A, the total amount of carryforward credits from 1999.

S corporations computing tax based on net income (**Form CT-1120S**, *Schedule A*) multiply the amount in Column A by 30% (.30) 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 of \$250, enter the amount from Column A in Column B.

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

**Line 1** - Enter any available credit carryforward balance for Air Pollution Abatement Facilities. Credits may be carried forward for nine successive income years. Attach 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.

**Line 2** - Enter any available credit carryforward balance for Industrial Waste Treatment Facilities. Credits may be carried forward for four successive income years. Attach 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.

**Line 3** - Enter any available credit carryforward balance for Child Day Care Tax Credit. Credits may only be carried forward for five succeeding income years.

**Line 4** - Enter any available credit carryforward balance for the Housing Program Contribution Credit.

**Line 5** - 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.

**Line 6** - Enter any available credit carryforward balance for the Employer-Assisted Housing Credit.

**Line 7** - Enter any available credit carryforward balance for the Electronic Data Processing Equipment Property Tax Credit from 1999 **Form CT-1120 EDPC**, Part II, Line 7.

**Line 8** - Enter any available credit carryforward balance for the Research and Development Credit from 1999 **Form CT-1120 RDC**, Part III, Line 6. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken.

**Line 9** - This carryforward is available to biotechnology companies only. Enter any available credit carryforward balance for the Research and Experimental Expenditures Credit from 1999 **Form CT-1120RC**, Part II, Line 4.

**Line 10** - Enter any available credit carryforward balance for the Hiring Incentive Tax Credit (formerly Opportunity Certificate Credit) from 1999 **Form CT-1120 OC**, Part II, Line 4. All allowable credits from prior years must be carried forward and applied before the current year's credit may be taken.

**Line 11** - Enter any available credit carryforward balance for the Fixed Capital Investment Credit from 1999 **Form CT-1120 FCIC**.

**Line 12** - Enter any available credit carryforward balance for the Human Capital Investment Credit from 1999 **Form CT-1120 HCIC**.

**Line 13** - Enter any available credit carryforward balance for the Insurance Reinvestment Fund Credit from 1999 **Form CT-IRF**.

**Line 14** - Enter any available credit carryforward balance for the Small Business Administration Guaranty Fee Credit.

**Line 15** - Add Lines 1 through 14 in Column A, Column B, and Column C. Enter the totals in the spaces provided. Line 15, Column A, is the S corporation's credit carryforward

balance from 1999 for all of the above credits. Line 15, Column B, is the amount of carryforward tax credit from 1999 allowed to be applied to the 2000 corporation business tax. Line 15, Column C, is the amount of credit actually applied to the 2000 S corporation business tax.

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

This schedule enables an S corporation to apply credits earned from Part I and Part II against the 2000 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 13, 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 15, 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 27, 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 28, 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 2000 **Form CT-1120SK, S Corporation Business Tax Credit Summary**.