
New Jobs Creation Tax Credit

Description

A tax credit is available to **taxpayers** that create at least 10 **new jobs** in Connecticut. This tax credit is administered by the Department of Economic and Community Development (DECD). This credit may be applied against the tax imposed under sections 12-202 or 12-210 of Chapter 207, and Chapters 208 and 212 of the Connecticut General Statutes.

Definitions

Taxpayer means a person subject to tax under Chapters 207, 208, or 212 of the Connecticut General Statutes.

Commissioner means the Commissioner of DECD.

New job means a **full-time job** which: 1) did not exist in this state prior to the taxpayer's application to the Commissioner for an eligibility certificate, and 2) is filled by a **new employee**.

New employee means a person hired by the taxpayer to fill a new job. A new employee does not include a person who was employed in Connecticut by a **related person** with respect to the taxpayer within the prior 12 months.

Full-time job means a job in which an employee is hired to work at least 35 hours per week and does not include a temporary or seasonal job.

Related person means: (A) a corporation, limited liability company, partnership, association, or trust controlled by the taxpayer, (B) an individual, corporation, limited liability company, partnership, association, or trust that is in control of the taxpayer, (C) a corporation, limited liability company, partnership, association, or trust controlled by an individual, corporation, limited liability company, partnership, association, or trust that is in control of the taxpayer, or (D) a member of the same controlled group as the taxpayer.

Application and Approval Process

Any taxpayer planning to claim this tax credit must first complete an application with the commissioner. The Commissioner shall determine whether the taxpayer

making the application is eligible for the tax credit and whether the proposed job growth: 1) is economically viable only with the use of the tax credit; 2) would provide a net benefit to the economic development and employment opportunities in the state; and 3) conforms to the state plan of conservation and development.

The application may be approved in whole or in part if the Commissioner concludes that the increase in the number of jobs is economically viable only with the use of the tax credit and that the revenue generated due to the economic development and employment opportunities created in the state exceed the tax credit and any other tax credits to be taken.

Upon approval of the tax credit, the Commissioner shall issue a tax credit allocation notice certifying that the tax credit will be available to be claimed by the taxpayer if the taxpayer otherwise meets the requirements of the statute.

Credit Percentage

The tax credit allowed is an amount up to 60% of the income tax deducted and withheld from the wages of new employees and paid over to the state according to Chapter 229 of the Connecticut General Statutes.

No later than 30 days after the close of the taxpayer's income year, the taxpayer shall provide DECD with information regarding the number of new jobs created for the year and the income tax deducted and withheld from the wages of such new employees and paid over to the state for such year. The Commissioner shall issue a certificate of eligibility which includes the amount of the credit certified for the year. The tax credit may be granted to a taxpayer for not more than five successive income years.

How to Claim the Credit

Complete **Form CT-1120 NJC**, *New Jobs Creation Tax Credit*, and attach it to **Form CT-1120K**, *Business Tax Credit Summary*. The tax credit shall be claimed in the income year in which it is earned.

Carryforward/Carryback Limitations

No carryforward or carryback is allowed.

Recapture Provisions

A taxpayer shall be required to recapture a percentage of the tax credit allowed if:

- The number of new employees on account of which a taxpayer claimed the tax credit decreases to less than the number for which the Commissioner issued an eligibility certificate during any of the four years succeeding the first full income year following the issuance of an eligibility certificate; **and**
- Those employees are not replaced by other employees who have not been shifted from an existing location of the taxpayer or a related person in this state.

The taxpayer will be required to recapture a percentage of the credit as follows:

Year	Percentage
Recapture Year 1	90% of the credit allowed
Recapture Year 2	65% of the credit allowed for the entire period of eligibility
Recapture Year 3	50% of the credit allowed for the entire period of eligibility
Recapture Year 4	30% of the credit allowed for the entire period of eligibility

Where to Get Application and Additional Information

Direct inquires to:

*Department of Economic
and Community Development*
505 Hudson Street
Hartford CT 06106
860-270-8045
www.ct.gov/ecd

References

Conn. Gen. Stat. §12-217ii, as amended by 2007
Conn. Pub. Acts 250, §18