

TAX INCENTIVES

Urban and Industrial Site Tax Credit Program

- ▶ Dollar-for-dollar corporate tax credit of up to 100% of an investment up to a maximum of \$100,000,000

Corporate Business Tax Credits

- ▶ Financial institutions constructing new facilities and adding new employees can receive a credit of as much as 50% of the tax for up to 10 years; may be extended for an additional 5 years; based on size of the facility and level of employment
- ▶ 5% credit for fixed capital investment in tangible personal property
- ▶ 5% credit for investments in human capital: employee training, childcare, facilities and subsidies and donation to higher education for advancement of technology
- ▶ 10% credit for increased investment in machinery and equipment for companies with 250 or fewer full-time permanent employees in CT; 5% credit for companies with 251 to 800 full-time permanent employees in CT
- ▶ From 1-6% of R&D expenditures based on the amount of such expenditures and size of company
- ▶ 20% of the R&D expenditures in CT in the current income year exceeding R&D expenditures of the prior taxable year
- ▶ Unused R&D credits can be carried forward and, for companies with gross income of \$70 million or less, can be sold to the state for 65% of their value
- ▶ Credit equal to 100% of property taxes owed and paid on electronic data processing hardware peripheral equipment and software; credit may be applied against certain other CT taxes
- ▶ 25% credit for any increase in grants to institutions of higher learning for R&D related to technology advancement over the average grants provided during the preceding 3 years
- ▶ 100% credit against the premium, corporation or income tax for investment over 10 years in an investment fund creating insurance-related facilities and jobs
- ▶ 100% credit for SBA loan guarantee fees paid by companies with less than \$5 million in gross receipts

Corporate Business Tax Exemptions

- ▶ All insurance companies, Connecticut incorporated and non-Connecticut incorporated
- ▶ Corporate income, insurance premium and sales and use taxes for certain banks, insurers and investment companies locating in the Hartford Financial Service Export Zone that conduct all business with non-U.S. persons
- ▶ Capital gains from the sale of protected open space or Class I or II water company land to the state or certain entities
- ▶ Non-U.S. corporations whose sole activities in CT are trading stocks, securities or commodities of their own account

Corporate Sales Tax Exemptions

- ▶ 100% on (a) machinery used in the manufacturing of finished products or in the bio-technology industry and (b) materials, tools and fuel used in the manufacture or fabrication of finished products or in the biotechnology industry 50% on machinery, tolls fuels and equipment that may not meet the requirement for the 100% exemption



DECD

State of Connecticut
Department of Economic and
Community Development

“ DECD regional managers are the main point of contact for all your business needs. Let our team help your team get you going in the right direction.”

*James F. Abromaitis
Commissioner, DECD*

contact us

www.YouBelongInCT.com

- ▶ 100% on computer and data processing services beginning July 1, 2002; declining 1% annually from current 3%
- ▶ 100% on repair, replacement and component parts for manufacturing machinery
- ▶ 100% on calibration services, registration and compliance services related to ISO 9000 and personnel training services offered by colleges or universities
- ▶ 100% on vehicles powered by alternative fuels, vehicle conversion equipment and alternative fuel filling-station equipment
- ▶ 100% on fuel and electric power used in manufacturing or to heat a manufacturing facility provided that 75% usage test is met
- ▶ 100% of the cost of services related to creating and maintaining a Web site
- ▶ 100% of the cost of aircraft, repair, parts and services on aircraft exceeding 6,000-lbs. maximum takeoff weight
- ▶ 100% on safety apparel worn by employees
- ▶ 100% on goods purchased inside or outside CT for use outside CT providing all conditions are met

▶ Real & Personal Property Tax Exemptions

- ▶ 100% for 5 years on newly acquired and installed machinery and equipment eligible for 5-7 year depreciation
- ▶ 100% for inventories
- ▶ 30-100% from the increase assessment for personal property for manufacturers and 20-50% for eligible real property improvements can be offered by towns for 2-7 years, depending on the investment amount
- ▶ 100% for unbundled software, machinery & equipment that will be exempt under 12-81 (72) once installed and used
- ▶ 100% for 5 years on new commercial motor vehicles weighing over 26,000 lbs. that are used to transport freight for hire and all new commercial vehicles weighing over 55,000 lbs.

▶ Targeted Investment Community (TIC) Benefits

- ▶ 5-year, 80% real property and personal property tax abatements for manufacturers. 5-year, 40-80% real property and personal property abatements for service, telecommunications and computer related providers, depending on amount invested
- ▶ 5-year, 50-80% tax abatements for personal property when part of a process technology upgrade, depending on the asset acquired
- ▶ Manufacturers or firms conducting R&D related to manufacturing and newly constructed distribution facilities may be eligible to receive a state corporate business tax credit of 25% for 10 years
- ▶ Corporate business tax credit ranging from 15-50% for 10 years is available to certain selected service, telecommunications and computer-related facilities based upon the number of jobs created

▶ Additional TIC Benefits

Within Enterprise Zones or within areas of certain non-TIC municipalities designed for Enterprise Zone Benefits

- ▶ Manufacturers and certain service firms may obtain a 50% corporate business tax credit for 10 years; must meet specific hiring thresholds and investment requirements
- ▶ 100% - 3-year corporate tax credit followed by a 50% - 7-year credit for businesses created after January 1, 1997; must employ (a) 375 or more with 40% residing in an Enterprise Zone, or (b) fewer than 375 with 150 residing in an Enterprise Zone
- ▶ **Enterprise Corridor Zone Benefits**
 - ▶ Selected communities bordering Route 8 and I-395 are eligible for full Enterprise Zone level benefits

in touch

DECD
State of Connecticut
Department of Economic and
Community Development

505 Hudson Street
Hartford, CT 06106
1.800.392.2122

www.YouBelongInCT.com