

**FORM CT-1120 RDC**

**Research and Development Credit**

(Rev. 12/99)

FOR INCOME YEAR		ELIGIBILITY CERTIFICATE NUMBER (If applicable)
Beginning	1999, and Ending	

Corporation Name	CT TAX REGISTRATION NUMBER										
											000

**Purpose**  
Complete **Form CT-1120 RDC, Research and Development Credit**, to claim the credit against the Connecticut corporation business tax for research and development expenses paid or incurred during the income year where the research and development was conducted in Connecticut pursuant to Conn. Gen. Stat. §12-217n (as amended by 1999 Conn. Pub. Acts 1, §28 (June Spec. Sess.)). For income years beginning on or after January 1, 1999, the amount of credit 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 or 3.5% of the total expenses, whichever is greater. An eligibility certificate from the Department of Economic and Community Development (DECD) must be obtained prior to claiming the credit by a company that pays or incurs research and development expenses in excess of two hundred million dollars for the income year. For further information see **Informational Publication 95(2.1), A Guide to Connecticut Corporation Business Tax Credits**, or contact DECD, 505 Hudson Street, Hartford CT (860-270-8143). **Form CT-1120 RDC** and a copy of the eligibility certificate, if applicable, must be attached to the Connecticut Corporation Business Tax Return for each income year for which the credit is claimed. This form must be accompanied by a detailed schedule that identifies the research and experimental expenditures as to the type, amount, and location in Connecticut where conducted. Only amounts spent directly on such research and development expenditures will be allowed. Overhead and other expenses, including general and administrative expenses which relate to a corporation's activities as a whole and not specifically to the research and development effort, will not qualify.

**Definition**  
Connecticut research and development expenditures are those amounts deductible under I.R.C. §174, as in effect on May 28, 1993, (determined without regard to §280C(c) thereof), and basic research payments as defined under I.R.C. §41, to the extent not deducted under I.R.C. §174. The expenditures must be paid or incurred by the taxpayer for research and development and basic research conducted in Connecticut. Qualifying expenditures may include, but are not limited to:

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

**Credit Computation**  
Complete Part I, Tentative Research and Development Credit Computation, to arrive at the tentative credit that is allowed for the income year based upon the research and development expenditures paid or incurred in Connecticut during the income year. The tentative credit in Part I must be calculated in accordance with the eligibility certificate issued by DECD before completing Part II, Research and Development Credit Computation. The tentative credit may be reduced for any workforce reductions in Connecticut (see chart below).

—This form must be attached to **Form CT-1120** or **Form CT-1120S**—

PART I - TENTATIVE RESEARCH AND DEVELOPMENT CREDIT COMPUTATION		
1.	Amount of Connecticut research and development expenditures for 1999 income year (Attach detailed schedule)	1
2.	Amount of excess Connecticut research and experimental expenditures for 1999 income year pursuant to Conn. Gen. Stat. §12-217j (1999 <b>Form CT-1120RC</b> , Line 3)	2
3.	Amount of excess grant expenditures to institutions of higher education in Connecticut for research and development pursuant to Conn. Gen. Stat. §12-217l (1999 <b>Form CT-1120GC</b> , Line 7)	3
4.	Total excess expenditures (Add Line 2 and Line 3)	4
5.	Net research and development expenditures for 1999 (Subtract Line 4 from Line 1)	5
6.	Tentative credit for 1999 (Multiply amount on Line 5 by percentage amount from the <i>Tentative Credit Rate Schedule</i> below), or 3.5% of total expenses (if applicable)	6
7.	Reduction of tentative credit for 1999 (from <i>Connecticut Wage Base Reduction Schedule</i> , Column C below)	7
8.	<b>ALLOWABLE TENTATIVE CREDIT FOR 1999</b> (Subtract Line 7 from Line 6)	8

**TENTATIVE CREDIT RATE SCHEDULE**

If Net Research and Development Expenditures (Line 5) are:	The tentative credit allowed is:
\$50 million or less	1% of Net Research and Development Expenditures
more than \$50 million but not more than \$100 million	\$500,000 + 2% of amount over \$50 million
more than \$100 million but not more than \$200 million	\$1.5 million + 4% of amount over \$100 million
more than \$200 million	\$5.5 million + 6% of amount over \$200 million

**CONNECTICUT WAGE BASE REDUCTION SCHEDULE**  
(applicable if net research and development expenses exceed \$200 million)

Workforce Reduction Percentage	Column A	Column B	Column C
	Reduction Percentage	Tentative Credit (Part I, Line 6)	Tentative Credit Reduction (Col. A x Col. B)
not more than 2%	0%		<b>- 0 -</b>
more than 2% but not more than 3%	10%		
more than 3% but not more than 4%	20%		
more than 4% but not more than 5%	40%		
more than 5% but not more than 6%	70%		
more than 6%	100%		

**PART II - RESEARCH AND DEVELOPMENT CREDIT COMPUTATION**

1.	Allowable tentative credit for 1999 (from Part I, Line 8)		1	
2.	Multiply Line 1 by 33 $\frac{1}{3}$ % (.3333)		2	
3.	Enter the 1999 Connecticut corporation business tax liability (or combined corporation business tax liability) due after the application of the total amount of Connecticut corporation business tax credits (except the Research and Development Credit).		3	
4.	Multiply Line 3 by 50% (.5)		4	
5a.	Multiply Line 1 by two (2)	5a		
5b.	Enter 90% (.9) of Line 3	5b		
5.	Enter the lesser of Line 5a or Line 5b		5	
6.	Enter the greater of Line 4 or Line 5		6	
7.	<b>1999 RESEARCH AND DEVELOPMENT CREDIT</b> Enter the lesser of Line 2 or Line 6 on <b>Form CT-1120K</b> or <b>Form CT-1120SK</b> , Part I-D, Line 20		7	

**PART III - COMPUTATION OF RESEARCH AND DEVELOPMENT CREDIT CARRYFORWARD**

		<b>A</b> Total Credit Earned	<b>B</b> Credit Applied 1995 to 1998	<b>C</b> Carryforward to 1999 (Subtract Column B from Column A)	<b>D</b> Credit Applied to 1999	<b>E</b> Carryforward to 2000 (Lines 1 through 4, Subtract Column D from Column C. Line 5, subtract Column D from Column A)
1.	<b>1995 Form CT-1120 RDC,</b> Part I, Line 4					
2.	<b>1996 Form CT-1120 RDC,</b> Part I, Line 1					
3.	<b>1997 Form CT-1120 RDC,</b> Part I, Line 1					
4.	<b>1998 Form CT-1120 RDC,</b> Part I, Line 8					
5.	<b>1999 Form CT-1120 RDC,</b> Part I, Line 8					
6.	Total Research and Development Credit Carryforward to <b>2000</b> (Add Lines 1 through 5, Column E)					