

# Form CT-1120CR

## Combined Corporation Business Tax Return

### Instructions

# 2010

Complete this return in blue or black ink only.

#### Corporations That Qualify for Combined Reporting:

- Any taxpayer included in a consolidated return for federal income tax purposes may elect to file a combined return together with all other companies that are subject to the tax imposed under Chapter 208 or Chapter 209 of the Connecticut General Statutes and are included in the federal consolidated corporation income tax return.
- Any taxpayer not included in a federal consolidated return but which owns or controls, either directly or indirectly, substantially all the capital stock of one or more corporations may, at the discretion of the Commissioner of Revenue Services, be required, or permitted by written approval, to make a return on a combined basis covering these other corporations.

#### Consent and Notice of Election

Each corporation that consents to be included in a combined corporation business tax return must submit **Form CT-1120CC**, *Combined Return Consent*, for the initial income year for which the election is being made. The election to file a combined return must be made by the electing corporations not later than the due date or the extended due date of the returns for which the election is made. The election to file a combined return must be in effect for at least five income years, and will continue in effect thereafter, until it is revoked.

#### Change of Election

Any corporation that has elected to file a combined return may subsequently revoke its election even though it continues to be included in a federal consolidated corporation income tax return with other corporations that are subject to the Connecticut corporation business tax. The revocation will not be effective before the fifth income year immediately following the initial income year in which the corporation elected to file a combined return. The election to file a separate return must be submitted in writing on **Form CT-1120CC-R**, *Revocation of Election and Consent to File Combined Corporation Business Tax Return*, by each corporation included in the combined return. The election to file separate returns must be made by the electing corporations by the due date or the extended due date of the separate returns for the initial income year for which the election is made. The election to file separate returns is irrevocable for five successive income years. After five income years, the corporations may elect to file a combined corporation business tax return.

#### Attachments Required

Attach to **Form CT-1120CR**, *Combined Corporation Business Tax Return*, a complete copy of the federal consolidated return, including income statements and balance sheets, federal M-1 adjustments, and a schedule of intercompany eliminations as filed with the Internal Revenue Service (IRS).

#### Form CT-1120 Required

**Form CT-1120**, *Corporation Business Tax Return*, must be completed and attached to Form CT-1120CR for each corporation included.

#### Payment Options

**Pay Electronically:** Visit [www.ct.gov/TSC](http://www.ct.gov/TSC) to use the **Taxpayer Service Center (TSC)** to make a direct tax payment. After logging into the **TSC**, select the *Make Payment Only* option and choose a tax type from the drop down box. Using this option authorizes the Department of Revenue Services (DRS) to electronically withdraw a payment from your bank account (checking or savings) on a date you select up to the due date. As a reminder, even if you pay electronically you must still file your return on or before the due date. Tax not paid on or before the due date will be subject to penalty and interest.



**Pay by Credit Card or Debit Card:** You may elect to pay your tax liability using a credit card (American Express®, Discover®, MasterCard®, or VISA®) or comparable debit card. A convenience fee will be charged by the service provider. You will be informed of the amount of the fee and you may elect to cancel the transaction. At the end of the transaction you will be given a confirmation number for your records.

There are three ways to pay by credit card or comparable debit card:

- Login to your account in the **TSC** and select *Make Payment by Credit Card*;
- Visit: [www.officialpayments.com](http://www.officialpayments.com) and select *State Payments*; or
- Call Official Payments Corporation toll-free at **1-800-2PAY-TAX** (1-800-272-9829) and follow the instructions. You will be asked to enter the Connecticut Jurisdiction Code: 1777.

Your payment will be effective on the date you make the charge.

**Pay by Mail:** Make check payable to **Commissioner of Revenue Services**. To ensure payment is applied to your account, write "2010 Form CT-1120CR" and your Connecticut Tax Registration Number on the front of the check. Be sure to sign your check and paper clip it to your return. Do not send cash. DRS may submit your check to your bank electronically.

#### Where to File

Mail return **with payment to:**

Department of Revenue Services  
State of Connecticut  
PO Box 2974  
Hartford CT 06104-2974

Mail return **without payment** to:

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

### Amended Return

Any company that fails to include items of income or deduction or makes any other error on a return must file a Connecticut amended return as follows:

- If a corporation is amending Form CT-1120CR for income years beginning on or after January 1, 2006, an amended return must be filed on **Form CT-1120CR**, and the *Amended* box must be checked.
- If a corporation is amending Form CT-1120CR for income years beginning prior to January 1, 2006, an amended return should be filed using **Form CT-1120X**, *Amended Corporation Business Tax Return*.

A copy of federal Form 1120X, Amended U.S. Corporation Income Tax Return, must be attached to substantiate any changes to federal net income.

### For Further Information

Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only), **or**
- **860-297-5962** (from anywhere).

**TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling 860-297-4911.

### Forms and Publications

Visit the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) to download and print Connecticut tax forms and publications.

### Line Instructions

Enter the beginning and ending dates of the parent or designated Connecticut parent corporation's income year regardless of whether the corporation is a calendar year or fiscal year filer. Also enter the corporation's Connecticut Tax Registration Number and Federal Employer Identification Number (FEIN).

### Check and Complete Applicable Boxes

**1. Address Change** - Check the *address change* box, and file **Form CT-8822C**, *Corporation Business Tax Change of Address* (available on the DRS website). If the *address change* box is checked, a completed Form CT-8822C must be attached to Form CT-1120CR.

**2. Return Status** - Check the corresponding box to indicate the type of combined return being filed.

If this is the first time the corporation is filing Form CT-1120CR, check the *Initial* box and attach Form CT-1120CC.

If the corporation is legally dissolved or withdrawn, check the *Final* box and complete *Line 3*, below.

If the corporation is filing a short period return, check the *Short period* box.

If the corporation is filing an amended return, check the *Amended* box.

**3. Final Return** - If the corporation is filing a final combined return, check the corresponding box providing the reason for the final return:

- **Dissolution**

To properly dissolve a domestic corporation you must file a Certificate of Dissolution with the Connecticut Office of the Secretary of the State. A dissolved 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 corporation that continues to conduct business **must** file Form CT-1120 and pay any taxes due. If a 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 Tax Audit Unit  
25 Sigourney St Ste 2  
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 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 corporation that has withdrawn must file Connecticut Form CT-1120 up to the date of withdrawal and pay any taxes due.

- **Mergers and Reorganizations**

A corporation that has merged must file a written application with the Connecticut Office of the Secretary of the State. Any corporation that has merged must file Connecticut Form CT-1120 covering the period up to the date of merger and pay any tax due.

For further information about withdrawal from the state, mergers and reorganizations, or dissolutions, contact the Connecticut Office of the Secretary of the State at 860-509-6000.

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

Department of Revenue Services  
State of Connecticut  
PO Box 2937  
Hartford CT 06104-2937

**4. Type of Federal Return Filed** - Check the box if the federal return was filed on a consolidated basis. If the *Consolidated Basis* box is checked, enter the parent company's name and FEIN.

**5. Exchange of Research and Development Tax Credits** - Check the **Yes** box if any included corporation is exchanging Research and Development tax credits available under Conn. Gen. Stat. §§12-217j or 12-217n, for a credit refund equal to 65% of the value of the credit, subject to certain limitations. Attach **Form CT-1120RC**, *Research and Experimental Expenditures Credit*, or **Form CT-1120 RDC**, *Research and Development Credit*, and **Form CT-1120 XCH**, *Application for Exchange of Research and Development or Research and Experimental Expenditures Tax Credits by a Qualified Small Business*.

**6. Annualization** - Check the corresponding box if the corporation is annualizing its income. Complete **Form CT-1120I**, *Computation of Interest Due on Underpayment of Estimated Tax*, and attach it to Form CT-1120CR.

See **Informational Publication 2010(10)**, *Q & A on Estimated Corporation Business Tax and Worksheet CT-1120AE*.

**7. Interest or Intangible Expense Add Back** - Check the **Yes** box if any corporation pays, accrues, or incurs interest expenses or intangible expenses, costs, and related interest expenses to a related member. Attach **Form CT-1120AB**, *Summary of Add Back and Exceptions to Add Back of Interest and Intangible Expenses*.

**8. Passive Investment Companies** - Check the corresponding box if any included corporation is filing **Form CT-1120 PIC**, *Information Return for Passive Investment Companies*. If the **Yes** box is checked, Form CT-1120 PIC must be attached. A passive investment company must be related to a financial services company or to an insurance company. Passive investment companies are exempt from the corporation business tax, but must file Form CT-1120 PIC.

### **Rounding Off to Whole Dollars**

You must round off cents to the nearest whole dollar on your return and schedules. If you do not round, DRS will disregard the cents. Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents.

### **Part I - Separate Taxes of Corporations Included in the Combined Return**

Each corporation included in Form CT-1120CR is required to calculate its tax as if it were not included in a combined return. Complete Part I and attach a separate Form CT-1120, including all appropriate schedules such as **Form CT-1120 ATT**, *Corporation Business Tax Return Attachment Schedules H, I, and J*; **Form CT-1120A**, *Corporation Business Tax Return Apportionment Computation*; **Form CT-1120K**, *Business Tax Credit Summary*.

Attach a schedule showing the name, Connecticut Tax Registration Number, and FEIN of each affiliate added to or deleted from the group since the filing of the prior year Form CT-1120CR. Also attach Form CT-1120CC or Form CT-1120CC-R, as required.

### **Part II - Computation of Combined Net Income**

The combined net income is the sum of the separate net income or loss of each corporation included in the return, but only to the extent it is separately apportioned to Connecticut in accordance with the provisions of Conn. Gen. Stat. §§12-218, 12-218a, 12-218b, or 12-244, whichever is applicable.

Do not include intercompany rents in the computation of the property factor of the apportionment fraction if the lessor and lessee are included in the combined return. See Conn. Gen. Stat. §12-223b(a).

Do not include receipts from any other company included in the combined return in the computation of the receipts factor of the apportionment fraction. See Conn. Gen. Stat. §12-223b(b).

### **Operating Loss Carryovers**

The provisions of Conn. Gen. Stat. §12-217 pertaining to operating loss carryovers only apply to companies filing separate returns. There are specific regulations regarding the application of operating loss carryovers for companies filing a combined return. See Conn. Agencies Regs. §12-223a-2, Combined Operating Loss.

**Line 4** - Enter the amount of interest expenses paid to a related member as reported on Form CT-1120AB, Part I A, Line 1.

**Line 5** - Enter the amount of intangible expenses paid to a related member as reported on Form CT-1120AB, Part I B, Line 3.

**Line 6** - Enter the amount of the federal bonus depreciation allowed under IRC §168(k) and claimed on federal Form 4562, Depreciation and Amortization.

**Line 7** - Enter the cancellation of debt income amount deferred on IRC §108(i) election statement attached to federal Form 1120.

**Line 8** - Enter the Domestic Production Activities deduction permitted under IRC §199 and reported on federal Form 1120, Line 25.

**Line 9** - Enter any other income amount. Attach an explanation.

**Line 11a** - Enter the sum of the amounts entered on **Form CT-1120 ATT**, *Corporation Business Tax Return Attachment Schedules H, I, and J; Schedule I*, Line 2.

**Line 11b** - Enter the sum of the amounts entered on Form CT-1120 ATT, *Schedule I*, Line 3.

**Line 11c** - Enter the sum of the amounts entered on Form CT-1120 ATT, *Schedule I*, Line 4.

**Line 11d** - Enter the amounts of intercorporate dividends from corporations included in this combined return not otherwise deducted.

**Line 13** - 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 nonprofit 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 land or as Class I or Class II water company.

### Part III - Computation of Combined Minimum Tax Base

The combined minimum tax base is the sum of the separate minimum tax base of each corporation included in the return, but only to the extent the base is separately apportioned to Connecticut in accordance with the provisions of Conn. Gen. Stat. §§12-219a or 12-244.

If any income and expenses are eliminated in Part II, Line 20, the intangible property of the corporation eliminating the income shall not be taken into account in apportioning under the minimum tax base as provided by the provisions of Conn. Gen. Stat. §12-219a.

### Part IV - Computation of Amount Payable

**Line 2d** - Multiply the number of companies included in this combined return, less one (the parent or designated parent), by \$250. Each affiliate included in the combined return must pay the minimum tax of \$250.

**Line 3** - To compute the surtax, multiply the amount on Line 2c by 10%. If Line 2c is \$250, enter "0."

**Line 4** - Enter the total tax credits that must be recaptured. The following tax credits are subject to recapture:

- Historic Preservation
- Employer-Assisted Housing
- Fixed Capital Investment
- New Jobs Creation
- Urban and Industrial Site Reinvestment

In most cases, other than the Fixed Capital Investment tax credit, the corporation will have been advised by the agency administering the tax credit that recapture is required. A corporation is required to recapture the Fixed Capital Investment tax credit when the fixed capital is not held and used in Connecticut by the corporation for five full years following its acquisition. See **Form CT-1120 FCIC**, *Fixed Capital Investment Tax Credit*, to calculate the amount of tax credit that must be recaptured. See **Informational Publication 2010(13)**, *Guide to Connecticut Business Tax Credits*.

**Line 6** - To compute the preference tax, subtract Line 5, *Total Combined Tax*, from Line 1, *Total Separate Taxes*. If the amount is zero or less, enter "0." If the amount is greater than zero, enter the amount up to a maximum of \$500,000.

**Lines 17** - Enter amount to be credited to 2011 estimated tax, or refunded.

Overpayment of tax liability for a previous income year is credited against the current estimated tax liability as of the receipt date of Form CT-1120CR and **not Form CT-1120 EXT**, *Application*

*for Extension of Time to File Corporation Business Tax Return*. Accordingly, an overpayment cannot be determined to exist until a completed return is filed. Overpayments will be treated as estimated tax paid on the fifteenth day of the third month (March 15 for calendar year filers), if Form CT-1120CR is filed by the fifteenth day of the third month following the close of the income year. **A request to apply an overpayment to the following income year is irrevocable.** See IP 2010(10).

### Part V - Connecticut Combined Operating Loss Carryover

**Lines 1 through 13** - Enter the amount of the combined Connecticut apportioned operating income (loss) carryover from the preceding income years indicated as reported on Connecticut corporation business tax returns filed for those years. Net operating losses incurred in income years beginning on or after January 1, 2000, may be carried forward for 20 successive income years.

**Line 14** - Add Lines 1 through 13 in Column D and Column E, enter the total on Line 14, Column D and Column E. Enter the amount from Line 14, Column D on Part II, *Computation of Combined Net Income*, Line 27, *Combined Total* column.

### Signature

The return must be signed by a duly authorized officer.

### Paid Preparer Signature

A paid preparer must sign and date Form CT-1120CR. Paid preparers must also enter their Social Security Number (SSN) or Preparer Tax Identification Number (PTIN) and their firm's FEIN in the spaces provided.

### Paid Preparer Authorization

If the corporation wishes to allow DRS to contact the paid preparer who signed the 2010 Combined Corporation Business Tax Return, check the **Yes** box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Signature" section of the return. It does not apply to the firm, if any, shown in that section.

If the **Yes** box is checked, the corporation is authorizing DRS to call the paid preparer to answer any questions that may arise during the processing of the 2010 Combined Corporation Business Tax Return. The corporation is also authorizing the paid preparer to:

- Give DRS any information that is missing from the return;
- Call DRS for information about the processing of the corporation's return or the status of the corporation's refund or overpayment; **and**
- Respond to certain DRS notices that the corporation may have shared with the preparer regarding math errors, offsets, and return preparation. The notices will be sent to the preparer.

The corporation is not authorizing the paid preparer to receive any refund check, bind the corporation to anything (including additional tax liability), or otherwise represent the corporation before DRS. The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing the 2011

Combined Corporation Business Tax Return. This is on or before the first day of the month following the due date of the company's corresponding federal income tax return for the income year (April 1 for calendar year filers).

### **Schedule KC - Combined Tax Credits**

*Schedule KC, Combined Tax Credits*, must be completed whenever tax credits are claimed. This schedule contains the combined total of the tax credits which are claimed on **Form CT-1120K, Business Tax Credit Summary**, by the parent corporation and each affiliate in the group. Attach Form CT-1120K to *Schedule KC* for each corporation in the combined group claiming a business tax credit.

All applicable credit forms and schedules must be attached to this tax return. See IP 2010(13) for additional information on Connecticut business tax credits.

#### **Limit on Credits**

The amount of tax credits otherwise allowable against the corporation business tax for any income year shall not exceed 70% of the amount of total tax due prior to the application of the tax credits.

No tax credit can be applied against the minimum tax of \$250 for each included corporation.

#### **Part I - Tax Credits From 2010 Income Year**

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

**Line 1** - Enter in Column A the combined total tax credit amount being applied from **Form CT-1120K**, Part I-A, Line 1, Column B, for financial institutions constructing new facilities in Connecticut.

##### **Part I-B - Tax Credits With Carryback Provisions**

Enter on Line 2 and Line 3, Column A the amounts from Form CT-1120K, Part I-B, Line 2 and Line 3, Column B. This is the combined total of all credits actually applied to the corporation business tax in 2010 that have a carryback provision. The credits indicated here are applied to the current year tax first. Any remaining balance may be claimed against a preceding year tax by filing an amended tax returns.

Enter on Line 2 and Line 3, Column B the combined totals of all credit amounts from Form CT-1120K, Part I-B, Line 2 and Line 3, Column D. This is the combined total of all tax credits which are being carried back to a preceding tax year. For credits that also have a carryforward provision, complete *Schedule KC*, Part I-D.

##### **Part I-C - Tax Credits Without Carryback or Carryforward Provisions**

Enter on Lines 5 through 16, Column A the combined total of all credits applied to the current year corporation business tax from Form CT-1120K, Part I-C, Column B, Lines 5 through 16.

##### **Part I-D - Tax Credits With Carryforward Provisions**

Enter on Lines 18 through 33, Column A the combined total of all tax credit carryforward amounts from previous income years. Enter on Lines 20 through 33, Column B the current year credit amount claimed. Enter on Lines 18 through 33, Column C the amount of tax credit applied to the corporation business tax for the current year. Enter on Lines 18 through 33, Column D the total available credit carryforward to 2011.

**Line 18** - If you are claiming the Housing Program Contribution Credit, complete Part I-B, Line 3, first. Enter in Column A the amount from Form CT-1120K, Part I-D, Line 18, Column A. This is the carryforward amount for the Housing Program Contribution Credit. Enter in Column C the amount from Form CT-1120K, Part I-D, Line 18, Column C. Enter in Column D the amount from Form CT-1120K, Part I-D, Line 18, Column E.

**Line 19** - If you are claiming an Employer-Assisted Housing Tax Credit carryforward, enter in Column A the amount from Form CT-1120K, Part I-D, Line 19, Column A. Enter in Column C the amount from Form CT-1120K, Part I-D, Line 19, Column C. Enter in Column D the amount from Form CT-1120K, Line 19, Column E.

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

**Line 36** - Enter in Columns A through C the amount from Form CT-1120K, Part I-E, Line 36, Columns A through C. Enter in Column D the amount from Form CT-1120K, Part I-E, Line 36, Column E.

#### **Part II - Total Tax Credits Applied**

This section enables a corporation to apply its tax credits in the order required by Conn. Gen. Stat. §12-217aa. This section also allows for the limitation of the amount of tax credits otherwise allowable against the corporation business tax. Enter on Lines 2, 4, 6, 8, and 10 the total amount of tax credits applied to the corporation business tax.

#### **Part III - Credit Reconciliation**

Enter in Column A the name of each corporation included in the combined return claiming a tax credit. Enter in Column B the Connecticut Tax Registration Number of each corporation included in the combined return claiming a tax credit. Enter in Column C the name of the tax credit claimed. Enter in Column D the amount of tax credit applied.