

# Form CT-990T

## Connecticut Unrelated Business Income Tax Return

### Instructions

# 2018

#### General Instructions

Complete this return in blue or black ink only.

Please note that each form is year specific. To prevent any delay in processing your return, the correct year's form must be submitted to DRS.

#### Who Must File

**Form CT-990T** must be filed by any organization that has unrelated business taxable income attributable to a trade or business carried on within Connecticut and meets all of the following conditions:

- Is exempt from taxation under the provisions of IRC § 501;
- Is an organization described in IRC § 511(a)(2)(A) or a trust described in IRC § 511(b)(2); **and**
- Is subject to taxation on income from an unrelated trade or business under the provisions of the Internal Revenue Code.

#### Return Due Date

The due date for Form CT-990T is the same as the due date of federal Form 990-T.

If the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed by the next business day.

#### Request for Extension to File

To get an extension of time to file the annual return, the organization must file **Form CT-990T EXT, Application for Extension of Time to File Unrelated Business Income Tax Return**, no later than the due date of the return, with payment of the total tax due. Filing Form CT-990T EXT automatically extends the due date for six months.

#### Amended Returns

Any organization that fails to include items of income or deduction or makes any other error on a return must file an amended Form CT-990T and check the *amended return* box.

If an organization has filed an amended federal return with the Internal Revenue Service (IRS) making changes to its federal unrelated business taxable income, then within 90 days of the IRS final determination on that amended federal return the organization shall file an amended Form CT-990T, checking the *amended return* box, and attach a copy of the amended federal return.

If the IRS has made corrections to an organization's federal unrelated business taxable income, the organization shall report those changes within 90 days after the IRS final determination by filing an amended Form CT-990T and checking the *amended return* box. If an extension of time is necessary to report changes, an extension request must be submitted in writing to the Commissioner of Revenue Services stating the reason the additional time is required.

#### Estimated Tax

Every organization subject to the tax on unrelated business income whose tax for the current income year is more than \$1,000 must make estimated tax payments. See General Instructions on **Forms CT-990T ESA, ESB, ESC, and ESD, Estimated Unrelated Business Income Tax**. Safe harbor provisions have been established for calculating the required estimated tax installment due.

#### Interest

Interest accrues at 1% per month or fraction of a month from the due date of the return through the date of payment.

Interest due on the underpayment of estimated tax is computed using **Form CT-11201, Computation of Interest Due on Underpayment of Estimated Tax**.

#### Penalty

##### Late Payment Penalty

The penalty for underpayment of tax is 10% of the tax due or \$50, whichever is greater. However, an organization that has been granted a filing extension may avoid a late payment penalty provided the outstanding balance due is 10% or less of the tax due **and** is paid at the time Form CT-990T is filed.

##### Late Filing Penalty

If no tax is due, the Commissioner of Revenue Services may impose a \$50 penalty for the late filing of any return or report that is required by law to be filed.

##### Criminal Penalties

Anyone who willfully fails to pay the tax or to file a return will be fined up to \$1,000, or imprisoned up to one year, or both, in addition to any other penalty.

Where any person willfully files a tax return known by that person to be fraudulent or false in any material matter, that person may be fined up to \$5,000 or imprisoned from one to five years, or both.

##### Waiver of Penalty

To make a penalty waiver request, taxpayers must complete and submit **Form DRS-PW, Request for Waiver of Civil Penalty**, to the Department of Revenue Services (DRS) Operations Bureau/Penalty Waiver. A fully completed Form DRS-PW must be submitted to the following address:

Department of Revenue Services  
Operations Bureau/Penalty Waiver  
PO Box 5089  
Hartford CT 06102-5089

DRS will not consider a penalty waiver request unless it is accompanied by a fully completed and properly executed Form DRS-PW. For detailed information about the penalty waiver process, see **Policy Statement 2018(3), Requests for Waiver of Civil Penalties**.

##### Signature

Form CT-990T must be signed by a corporate officer or fiduciary.

##### Paid Preparer Signature

A paid preparer must sign and date Form CT-990T. Paid preparers must also enter their Social Security Number (SSN) or Preparer Tax Identification Number (PTIN) and their firm's Federal Employer Identification Number (FEIN) in the spaces provided.

##### Paid Preparer Authorization

If the organization wishes to authorize the Department of Revenue Services (DRS) to contact the paid preparer who signed the 2018 Connecticut Unrelated Business Income Tax Return to discuss it, 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 organization is authorizing DRS to call the paid preparer to answer any questions that may arise during the

processing of the 2018 Connecticut Unrelated Business Income Tax Return. The organization 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 Form CT-990T or the status of the organization's refund or payment;
- Respond to certain DRS notices that the organization may have shared with the preparer regarding math errors, offsets, and return preparation. The notices will not be sent to the preparer; **and**
- The organization is **not** authorizing the paid preparer to receive any refund check, bind the organization to anything (including additional tax liability), or otherwise represent the organization 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 2019 Connecticut Unrelated Business Income Tax Return.

#### Attachments to be Filed With Return

Attach a complete copy of federal Form 990-T as filed with the IRS, including all schedules and attachments used in arriving at federal unrelated business taxable income. Attach **Form CT-1120K, Business Tax Credit Summary**, to Form CT-990T if the organization is claiming the Electronic Data Processing Property tax credit, the Urban and Industrial Site Reinvestment tax credit, or a carryforward balance of either tax credit for the current income year.

#### Payment Options

**Pay Electronically:** Visit [portal.ct.gov/TSC](http://portal.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 DRS to electronically withdraw from your bank account (checking or savings) a payment 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 Mail:** Make check payable to **Commissioner of Revenue Services**. To ensure payment is applied to your account, write "2018 Form CT-990T" and the Connecticut Tax Registration Number on the front of your check. Sign your check and paper clip it to the front of your return. Do not send cash. DRS may submit your check to your bank electronically.

Failure to file or failure to pay the proper amount of tax due will result in penalty and interest charges. It is to your advantage to file when your return is due whether or not you are able to make full payment.

#### Where to File

Mail paper return to:

Department of Revenue Services  
State of Connecticut  
PO Box 5014  
Hartford CT 06102-5014

#### 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).

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

#### Forms and Publications

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

#### Specific Instructions

##### Name and Address

If you did not receive the correct preprinted form, enter the correct name and address, and check the change of mailing address box on the front of Form CT-990T.

##### Required Information

Enter the beginning and ending dates of the organization's income year even if the organization is a calendar year filer. Also enter the Connecticut Tax Registration Number and FEIN in the spaces provided at the top of Form CT-990T. Additionally, check all applicable boxes for change of mailing address or closing month, initial return, amended return, or final return.

##### Annualization

If the organization is annualizing its income, check the corresponding box and complete Form CT-1120I. See **Informational Publication 2018(9), 2018 Q&A on Estimated Corporation Business Tax and Worksheet CT-1120AE**.

##### Change of Address

File **Form CT-8822C, Corporation Business Tax Change of Address**, to notify DRS of any change in the physical location or mailing address of the organization. See *Forms and Publications*, above.

##### Final Return

If this is a final return, check the final return box. Also check the corresponding box below providing the reason for the final return:

- **Dissolution**

A domestic organization is properly dissolved by the filing of a Certificate of Dissolution with the Connecticut Secretary of the State. A dissolved organization must file a return for the period up to the date of legal dissolution or the date of final liquidation of assets, whichever is later. Any dissolved organization that continues to conduct business must file Form CT-990T and pay any taxes due.

If an organization has been dissolved by forfeiture and wishes to be reinstated, it must submit a written request for a tax clearance to: DRS Corporation Tax Audit Unit, 450 Columbus Blvd Ste 1, Hartford CT 06103-1837. 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 organization that wishes to withdraw from Connecticut must file a written application for withdrawal with the Connecticut Office of the Secretary of the State. Any organization that has withdrawn must file Connecticut Form CT-990T up to the date of withdrawal and pay any taxes due.

- **Mergers and Reorganizations**

An organization that has merged must file a written application with the Connecticut Office of the Secretary of the State. An organization that has merged must file a return covering the period up to the date of merger.

Any organization that is reorganized must submit the details concerning the reorganization in writing and disclose the survivor's Connecticut Tax Registration Number to: DRS Operations Division, Registration Unit, 450 Columbus Blvd Ste 1, Hartford CT 06103-1837.

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.

**Type of Organization**

Check the type of organization filing Form CT-990T.

- All organizations must enter the date on which business activity subjecting them to the Connecticut tax on unrelated business income began in Connecticut.
- Indicate the nature of the unrelated business activity. If more than one, list in order of percentage of total receipts. State the broad field of unrelated business activity as well as the specific product or services (for example, retail sales, paper goods).
- If the organization is a corporation, enter the state and date of incorporation. If not incorporated in Connecticut, enter the date a Certificate of Authority was issued by the Connecticut Secretary of the State.

**Status Letter Requests**

Requests for status letters must be submitted in writing on the organization’s letterhead and must include:

- Name and address of the organization;
- Connecticut Tax Registration Number;
- Tax types for which the tax status is being requested;
- A statement that clearly explains the reason for the status letter request;
- The mailing address for the status letter if it is different from the address of the organization;
- The original signature and title of the authorized representative making the request; **and**
- A properly executed **Form LGL-001, Power of Attorney**, signed by an authorized representative of the business if the status letter is requested by anyone other than an authorized representative of the organization.

Mail your status letter request to:

Department of Revenue Services  
Compliance Resolution Unit  
Request for Status Letter  
450 Columbus Blvd Ste 1  
Hartford CT 06103-1837

DRS accepts hand-delivered status letter requests from organizations. However, DRS does not accept status letter requests made by email, fax, or telephone. See **Informational Publication 2018(7), Status Letters**.

**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. However, if you need to add two or more amounts to compute the amount to enter on a line, include cents and round off **only** the total.

**Computation of Income**

**Line 1** - Enter the federal unrelated business taxable income from 2018 federal Form 990-T, Part III, Line 38.

**Line 2** - Enter the amount of the federal net operating loss deduction from 2018 federal Form 990-T, Part III, Line 35.

**Line 3** - Enter the amount of the Connecticut unrelated business income tax, if any, deducted on 2018 federal Form 990-T.

**Line 5** - Enter the refund or credit (if any) for overpayment of tax on Connecticut unrelated business taxable income included in 2018 Connecticut unrelated business taxable income.

**Computation of Tax**

**Line 1** - Enter the unrelated business taxable income from *Computation of Income*, Line 6. An organization that may not apportion its unrelated business taxable income must also enter this amount on *Computation of Tax*, Line 3.

**Line 2** - If the organization is entitled to apportion its income, enter the apportionment fraction computed on *Schedule A*, Line 5. The fraction must be expressed as a decimal and carried to six places.

**Line 3** - Enter the amount of the Connecticut unrelated business taxable income. This amount is either the amount on Line 1 or the amount on Line 1 multiplied by the apportionment fraction on Line 2.

**Line 4** - Enter the amount of operating loss carryover apportioned to Connecticut from *Schedule B*, Line 19. Do not exceed 50% of the amount on Line 3.

**Computation of Amount Payable**

**Line 1** - Taxpayers with gross income less than \$100 million enter the amount from *Computation of Tax*, Line 6. If the amount from federal Form 990-T, Part I, Line 13, Column A is \$100 million or more, also include surtax. To include surtax, multiply the amount from *Computation of Tax*, Line 6 by 110% (1.1) and enter on Line 1.

**Line 4** - Enter the total tax credits applied from Form CT-1120K, Part III, Line 9. Do not exceed the amount on Line 1.

**Line 6** - Enter on Lines 6a through 6c all prepayments that were made. Enter the total on Line 6.

**Line 8a** - Enter penalty if applicable. See the *Penalty* section of these instructions.

**Line 8b** - Enter interest due on tax not paid by the original due date. See the *Interest* section of these instructions.

**Line 8c** - Enter interest due on underpayment of estimated tax. Complete and attach 2018 Form CT-1120I.

**Line 8** - Add Lines 8a through 8c, and enter the total on Line 8.

**Line 9a** - Enter the amount of overpayment to be credited to the following income year.

The overpayment will be treated as estimated tax paid on the fifteenth day of the third month (March 15 for calendar year filers), if the tax return is filed on time or if the tax return is filed within the extension period if a timely request for extension was filed. **A request to apply an overpayment to the following tax year is irrevocable.** See **Informational Publication 2018(9), 2018 Q&A on Estimated Corporation Business Tax and Worksheet CT-1120AE**.

**Line 9b** - Enter the amount of overpayment to be refunded.

**Lines 9c through 9e** – Get the refund faster by choosing **direct deposit**. Complete Lines 9c, 9d, and 9e to have the refund directly deposited into a checking or savings account.

The image shows a portion of Form 101, a direct deposit form. It includes fields for the Name of Depositor, Street Address, City, State, Zip Code, Date, and No. 101. There is a field for 'Pay to the Order of' with a dollar sign and a box for the amount. Below this, there are fields for the Name of your Bank, Street Address, City, State, Zip Code, and a routing number field. The routing number '092125789' is circled in red, and the account number '091 025 025413' is also circled in red. Below the routing number, there is an arrow pointing to the label 'Routing Number'. Below the account number, there is an arrow pointing to the label 'Account Number'. The zip code '0101' is also visible.

Enter the nine-digit bank routing number and the bank account number in Lines 9d and 9e. The bank routing number is the first nine-digit number printed on the check or savings withdrawal slip. The bank account number generally follows the bank routing number. Do not include the check number as part of the account number. Bank account numbers can be up to 17 characters.

If any of the bank information supplied for direct deposit does not match, or the applicable bank account is closed prior to the deposit of the refund, the refund will automatically be mailed.

**Line 9f** – Federal banking rules require DRS to request information about foreign bank accounts when the taxpayer requests the direct deposit of a refund into a bank account. If the refund is requested to be deposited into a bank outside of the United States, DRS will mail the refund.

**Line 9** - Add Line 9a and Line 9b.

### **Schedule A – Unrelated Business Income Apportionment**

This schedule should be completed by organizations that carry on their unrelated trade or business within and outside Connecticut and are taxable in another state on their unrelated business income during the income year for which the return is filed.

For Item 2, Receipts, and Item 3, Wages, salaries and other compensation, use the cash or accrual basis according to the method of accounting used in the computation of the taxpayer's unrelated business taxable income.

#### **Property**

Enter in Column A the average value of the taxpayer's real and tangible personal property, without any deduction on account of any encumbrance on the property owned and used in its unrelated trade or business within Connecticut during the period covered by the taxpayer's return. Enter also the value of real and tangible personal property rented to the taxpayer and used in its unrelated trade or business within Connecticut during the period covered by the taxpayer's return.

Enter in Column B the average value of all the taxpayer's real and tangible personal property, without any deduction on account of any encumbrance on the property owned and used in its unrelated trade or business within and outside Connecticut during the period covered by the taxpayer's return. Also enter the value of all real and tangible personal property rented to the taxpayer and used in its unrelated trade or business within and outside Connecticut during the period covered by the taxpayer's return.

**Tangible personal property** is defined in Conn. Gen. Stat. § 12-242bb(d) as meaning corporeal personal property, such as machinery, tools, implements, goods, wares, and merchandise, but not including money, deposits in banks, shares of stock, bonds, notes, credits, or evidences of an interest in property, and evidences of debt.

The **average value** of real and tangible personal property owned and used by the taxpayer in its unrelated trade or business is its average monthly net book value. Compute the value of real and tangible personal property rented to the taxpayer and used in its unrelated trade or business by multiplying by eight the gross rents payable during the income year.

#### **Receipts**

Enter in Column A the receipts of the taxpayer's unrelated trade or business during the period covered by this return as follows: (a) sales of tangible personal property by the unrelated trade or business where shipments are made to points within Connecticut; (b) services performed within Connecticut by the unrelated trade or business; (c) rentals from property of the unrelated trade or business situated within Connecticut; **and** (d) all other receipts earned by the unrelated trade or business within Connecticut.

Enter in Column B the total receipts of the unrelated trade or business from all sales of tangible personal property, services, rentals, and all other transactions, within and outside Connecticut, during the period covered by this return.

#### **Wages, Salaries, and Other Compensation**

Enter in Column A the wages, salaries, and other personal service compensation of employees, except general executive officers, attributable to the taxpayer's unrelated trade or business within Connecticut, during the period covered by this return.

Enter in Column B the total wages, salaries, and other personal service compensation of employees, except general executive officers, attributable to the taxpayer's unrelated trade or business within and outside Connecticut, during the period covered by this return.

If it appears to the Commissioner that the apportionment fraction does not properly reflect the activity, business, or income of the taxpayer's unrelated trade or business within the state, the Commissioner is authorized under Conn. Gen. Stat. § 12-242bb(c) to employ an alternative method to allocate a fair and proper amount of the unrelated trade or business's taxable income to the state.

### **Schedule B – Connecticut Apportioned Operating Loss Carryover**

**Lines 1 through 18** - Enter the amount of the Connecticut apportioned operating loss carryover for each corresponding year from the applicable Form CT-990T, *Schedule C*, Line 5, that is available for use in 2018.

**Line 19** - Total Connecticut apportioned operating loss carryover. Add Lines 1 through 18. Enter here and on the front of Form CT-990T, *Computation of Tax*, Line 4. Do not exceed 50% of *Computation of Tax*, Line 3.

### **Schedule C – Computation of Net Operating Loss Carryforward**

Complete *Schedule C* only if the organization has incurred a loss as reported on Form CT-990T, *Computation of Tax*, Line 3. This schedule computes the amount of net operating loss which the organization may deduct on Connecticut returns filed for succeeding income years. The amount of the loss incurred in the current year must be reduced by the amount of the specific deduction that was entered on the organization's 2018 federal Form 990-T, Part II, Line 33.

**Line 1** - Enter the net operating loss as a negative number realized for the 2018 income year as computed on Form CT-990T, *Computation of Income*, Line 6.

**Line 2** - Enter the amount of the specific deduction as a positive number from the 2018 federal Form 990-T, Part III, Line 37.

**Line 3** - Add Line 1 and 2. An organization that does not apportion its unrelated business taxable income must also enter this amount on Line 5.

**Line 4** - Enter the apportionment fraction as determined on Form CT-990T, *Schedule A*, Line 5.

**Line 5** - Multiply Line 3 by Line 4 or, if the organization does not apportion, enter the amount on Line 3. This is the amount of Connecticut net operating loss from 2018 which is available for carryforward.

An organization is allowed a 20-year carryforward for net operating losses incurred in income years beginning on or after January 1, 2000.