

# FORM CT-1120A-CCA

## Corporation Business Tax Return Apportionment Computation of Income From Credit Card Activities

Enter Income Year Beginning \_\_\_\_\_, \_\_\_\_\_, and Ending \_\_\_\_\_, \_\_\_\_\_

CT TAX REGISTRATION NUMBER

Corporation Name										0	0	0
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– See Instructions on Reverse –

**CHECK HERE** and complete **Form CT-1120A-CCA** if the corporation elects to use the alternative apportionment method provided by Conn. Gen. Stat. §12-218(j). The election is only available to businesses that have principal credit card operations located in a distressed municipality, and is irrevocable for five successive income years.

Enter the name of the distressed municipality, as defined in Conn. Gen. Stat. §32-9p(b), in which the principal credit card activities during this income year are located: \_\_\_\_\_

SCHEDULE R – CCA CONNECTICUT RECEIPTS		
1. Total interest and fees or penalties in the nature of interest from credit card receivables, and receipts from fees charged to card holders, including, but not limited to, annual fees, where the billing address of a card holder is located in Connecticut.	1	
2. Total amount of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder.	2	
3. Receipts fraction. (Divide Line 1 by Line 2.)	3	0. (Carry to six places)
4. The sum of net gains from the sale of credit card receivables and all credit card issuers' reimbursement fees.	4	
5. Connecticut net gains. (Multiply Line 4 by Line 3.)	5	
6. Connecticut receipts. (Add Line 1 and Line 5.)	6	

SCHEDULE A –1 COMPUTATION OF CONNECTICUT APPORTIONMENT FRACTION		
7. Total Connecticut receipts from credit card activities. ( <i>Schedule R-CCA</i> , Line 6.)	7	
8. Total receipts from credit card activities. (Total of <i>Schedule R-CCA</i> , Line 2 and Line 4.)	8	
9. Connecticut apportionment fraction. (Divide Line 7 by Line 8.) Enter here and on <b>Form CT-1120</b> , <i>Schedule A</i> , Line 2.	9	0. (Carry to six places)

Enter the apportionment fraction from Line 9 above on **Form CT-1120**, *Schedule A*, Line 2, if the entire net income is attributable to income from credit card activities. Complete *Schedule A-2* if the corporation's net income is derived in part from sources other than credit card activities.

SCHEDULE A –2 COMPUTATION OF CONNECTICUT NET INCOME				
		Column A TOTAL NET INCOME	Column B Net income derived from credit card activities	Column C Net income derived from sources <b>other</b> than credit card activities
10. Enter net income from <b>Form CT-1120</b> , <i>Computation of Net Income</i> , Line 11, in Column A.	10			
11a. Apportionment fraction from <i>Schedule A-1</i> , Line 9.	11a		(Carry to six places) 0.	
11b. Apportionment fraction from <b>Form CT-1120A</b> , <i>Schedule Q</i> or <i>R</i> , or <b>Form CT-1120A-FS</b> , Line 15, or other applicable apportionment form.	11b			(Carry to six places) 0.
12. Balance after apportionment. (Multiply Line 10, Column B, by Line 11a, Column B; Multiply Line 10, Column C, by Line 11b, Column C.)	12			
13. Connecticut net income. (Add Line 12, Column B, and Line 12, Column C.) Enter total here and on <b>Form CT-1120</b> , <i>Schedule A</i> , Line 3. Make no entries on <b>Form CT-1120</b> , <i>Schedule A</i> , Line 1 or Line 2.	13			

# FORM CT-1120A-CCA

## Instructions

### PURPOSE OF FORM

Use **Form CT-1120A-CCA**, *Corporation Business Tax Return Apportionment Computation of Income From Credit Card Activities*, to apportion net income from credit card activities **only** if the company:

- Elects to apportion its income derived from credit card activities under Conn. Gen. Stat. §12-218(j). That election is irrevocable for five successive income years and is applicable to the total income derived from credit card activities.

An election to apportion net income derived from credit card activities must be made on or before the due date or, if applicable, the extended due date, of **Form CT-1120**, *Corporation Business Tax Return*, for an income year beginning prior to January 1, 2002.

According to Conn. Gen. Stat. §12-218b(k), a corporation must apportion income from credit activities separately using **Form CT-1120A-CCA**. See Conn. Gen. Stat. §12-218(j). If the corporation qualifies as a financial service company, all other income will be apportioned using **Form CT-1120A-FS**, *Corporation Business Tax Return Apportionment Computation of Income From Financial Service Companies Activities* (see Conn. Gen. Stat. §12-218b). If the company does not qualify as a financial service company, all other income must be apportioned in accordance with the appropriate schedule.

### WHO IS ELIGIBLE

A taxpayer is eligible to make the election if it is:

- A. An institution whose activities are limited to those described in 12 USC §1841(c)(2)(F), as from time to time amended;
- B. A bank whose deposits are insured by the Federal Deposit Insurance Corporation and which issues credit cards and regularly engages in credit card activities; **or**
- C. A wholly-owned subsidiary of a bank that is described in (B), if such subsidiary is engaged in purchasing, holding, selling, assigning, transferring, pledging, or otherwise dealing with:
  - Revolving credit card accounts and credit card receivables;
  - Pass-through or asset-backed certificates evidencing interests in one or more trusts or pools of credit card receivables; **or**
  - Related letters of credit, indentures, evidences of indebtedness, and agreements including, but not limited to, agreements with originators or servicers of credit card receivables; **and** if both such subsidiary and such bank have made the election for the same five successive income years.

A taxpayer shall be eligible to apportion its net income derived from credit card activities for income years beginning on or after January 1, 1997 and prior to January 1, 2002, only if its principal credit card activities during such income years are located in a distressed municipality as defined in Conn. Gen. Stat. §32-9p(b).

A taxpayer that is not eligible to make the election or does not make the election shall apportion its income in accordance with Conn. Gen. Stat. §12-218(b).

### SCHEDULE R-CCA CONNECTICUT RECEIPTS

Complete this schedule to calculate Connecticut receipts derived from credit card activities.

### SCHEDULE A-1 COMPUTATION OF CONNECTICUT APPORTIONMENT FRACTION

Complete this schedule to derive an apportionment fraction from credit card activities. Enter the apportionment fraction from Line 9 on **Form CT-1120**, *Schedule A*, Line 2, if the corporation's entire net income is attributable to income from credit card activities. Complete *Schedule A-1* and *Schedule A-2* if the corporation's net income is derived in part from sources other than credit card activities.

### SCHEDULE A-2 COMPUTATION OF CONNECTICUT NET INCOME

Complete this schedule only if income is derived in part from sources **other than** credit card activities. Separate apportionment formulas are used for net income derived from credit card activities (*Schedule A-1*, Line 9) and net income derived from sources other than credit card activities (**Form CT-1120A**, *Schedule Q or R*, or **Form CT-1120A-FS**, Line 15, or other applicable apportionment form). Connecticut net income is computed on *Schedule A-2*, Line 13, and entered on **Form CT-1120**, *Schedule A*, Line 3.

### DEFINITIONS

**Credit card** means a credit, travel, or entertainment card.

**Receipts** means receipts computed according to the method of accounting used by the taxpayer in the computation of net income.

**Credit card issuer's reimbursement fee** means the fee that a taxpayer receives from a merchant's bank because one of the persons to whom the taxpayer has issued a credit card has charged merchandise or services to the credit card.

**Net income derived from credit card activities** means interest and fees or penalties in the nature of interest from credit card receivables, and receipts from fees charged to card holders, including, but not limited to, annual fees, net gains from the sale of credit card receivables, credit card issuer's reimbursement fees, and credit card receivables servicing fees received in connection with credit cards issued by the taxpayer, **less** expenses related to that income, to the extent deductible under Conn. Gen. Stat. §§12-213 through 12-242z.

**Billing address** shall be presumed to be the location indicated in the books and records of the taxpayer as the address where any notice, statement, or bill relating to the card holder is to be mailed, as of the date of mailing.

**Credit card activities** means those activities involving the underwriting and approval of credit card relationships or other business activities generally associated with the conduct of business by an issuer of credit cards from which it derives income.