

**Form CT-1120 MEC**  
**Machinery and Equipment Expenditures Credit**

**2004**

(Rev. 12/04)

FOR INCOME YEAR	
Beginning	2004, and Ending

Corporation Name	Connecticut Tax Registration Number
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**Purpose**

Complete **Form CT-1120 MEC, Machinery and Equipment Expenditures Credit**, to claim the credit available under Conn. Gen. Stat. §12-217o, for the incremental increase in the amount spent by a corporation on machinery and equipment. Attach it to **Form CT-1120K, Business Tax Credit Summary**.

**Definitions**

- **Qualifying expenditures** are any expenditures that fall within the definition of machinery and equipment acquired for and installed in a facility in Connecticut.
- **Machinery** is the basic machine itself, including all of its component parts such as belts, pulleys, shafts, moving parts, operating structures, replacement and repair parts, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by the taxpayer or another related party; and all equipment or devices used or required to control, regulate, or operate the machinery, including, without limitation, computers and data processing equipment. Furniture and fixtures, automobiles, or other property used for transportation are not machinery.
- **Equipment** is a device separate from machinery but essential to the business. Repair and replacement parts for equipment also qualify for the credit under the same terms as provided for parts purchased for machinery. Furniture and fixtures, automobiles, construction equipment, or other property used for transportation are not equipment.

- **Facility** means any plant, building, or other real property improvement used by the corporation in its trade or business.
- A **full-time, permanent employee** is an employee whose wages, salaries or other compensation is paid in Connecticut and whose employment requires an average of 35 hours or more of service each week for at least eight consecutive weeks.

**Machinery and Equipment Expenditures Credit Percentages**

In the case of a corporation that has not more than 250 full-time permanent employees in Connecticut, the credit is equal to **10%** (.10) of the amount spent on machinery and equipment acquired for and installed in a facility in Connecticut that exceeds the amount spent by the corporation during the preceding income year for such expenditures.

In the case of a corporation that has between 251 and 800 full-time permanent employees in Connecticut, the credit is equal to **5%** (.05) of the amount spent by the corporation on machinery and equipment acquired for and installed in a facility in Connecticut that exceeds the amount spent by the corporation during the preceding income year for such expenditures.

**Additional Information**

For additional information, see **Informational Publication 2004(20), Guide to Connecticut Business Tax Credits**, or contact the Department of Revenue Services, Taxpayer Services Division at 1-800-382-9463 (in-state) or 860-297-5962 (from anywhere).

<b>Credit Computation</b>		
1.	Amount of Connecticut machinery and equipment expenditures incurred during the 2004 income year. (Attach schedule)	1.
2.	Amount of any Connecticut expenditures incurred during the prior income year that fall within the definition of machinery and equipment. (Attach schedule)	2.
3.	Balance (Subtract Line 2 from Line 1. If zero or less, the corporation is <b>not</b> eligible for this credit.)	3.
4.	Enter the number of full-time permanent employees for 2004. (Attach schedule)	4.
4a.	If Line 4 is 250 or fewer, enter 10% (.10) on Line 5.	
4b.	If Line 4 is at least 251, but not more than 800, enter 5% (.05) on Line 5.	
5.	Enter the applicable percentage (5% or 10%) from Line 4a or Line 4b.	5.
6.	<b>Tax credit</b> (Multiply Line 3 by Line 5). Enter here and on <b>Form CT-1120K</b> , Part I-C, Line 10, Column A.	6.