

Form CT-990T

(Rev. 12/04)

Instructions

General Instructions

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 I.R.C. §501;
- Is an organization described in I.R.C. §511(a)(2)(A) or a trust described in I.R.C. §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 990T** is the same as the due date of federal Form 990-T. In general, the due date of federal Form 990-T is the fifteenth day of the fifth month following the close of the income year (May 15 for calendar year filers). However, the due date for domestic trusts and for foreign trusts having an office or place of business in the United States is the fifteenth day of the fourth month (April 15 for calendar year filers); and the due date for foreign trusts not having an office or place of business in the United States is the fifteenth day of the sixth month (June 15 for calendar year filers).

Request for Extension

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 on the front page of the return. A copy of the amended federal return must be attached to substantiate any changes to federal unrelated business taxable income.

Internal Revenue Service Changes

Corrections to unrelated business taxable income by the Internal Revenue Service (IRS) must be reported to the Commissioner of Revenue Services within 90 days after receipt of the final notice of correction from the IRS. All federal adjustments must be reported on Form CT-990T. Check the Amended Return box on the front page of the return. An extension request for reporting federal audit changes must be submitted in writing to the Commissioner of Revenue Services stating the reason additional time is required.

Estimated Tax

Every organization subject to the tax on unrelated business income whose income year 2004 tax 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**. Four preprinted estimated tax payment coupons with instructions are mailed to organizations that paid an estimated tax or whose Connecticut unrelated business tax liability was more than \$1,000 in the prior income year. Safe harbor provisions have been established for calculating the required estimated tax installment due.

Interest

Interest accrues at 1% (.01) 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-1120I, Computation of Interest Due on Underpayment of Estimated Tax**.

Penalty

Late Payment Penalty

The penalty for underpayment of tax is 10% (.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

You may be able to have the penalty waived if the failure to file or pay tax on time was due to a reasonable cause. Interest cannot be waived. Before a penalty waiver can be granted, all tax and interest must be paid. All requests must include:

- A clear and complete written explanation;
- The organization name, Connecticut Tax Registration Number, and Federal Employer Identification Number (if applicable);
- The name of the original form filed or billing notice received;
- The taxable filing period; **and**
- Documentation supporting your explanation.

Attach your request to the **front** of your tax return or mail separately to:

Department of Revenue Services
Penalty Review Committee
PO Box 5089
Hartford CT 06102-5089

Signature

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

Paid Preparer Signature

Anyone who is paid to prepare the return must sign and date it. Paid preparers must also enter their Social Security Number or Preparer Tax Identification Number (PTIN), their firm's Federal Employer Identification Number, and their firm's address and telephone number 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 2004 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 2004 Form CT-990T. 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; **and**
- 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.

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 2005 Connecticut Unrelated Business Income Tax Return.

Attachments to be Filed With the Return

Attach a complete copy of your federal Form 990-T as filed with the IRS, including all schedules and attachments used in arriving at federal unrelated business taxable income. If you are claiming the Electronic Data Processing Equipment Property Tax Credit, you must attach **Form CT-1120 EDPC**, *Electronic Data Processing Equipment Property Tax Credit*.

Where to File

Make check or money order payable to the Commissioner of Revenue Services, and paper clip the check or money order to the front of the return. Do not staple. If your check is returned for insufficient or uncollected funds, DRS may resubmit the check to your bank electronically.

Use the pre-addressed envelope that is enclosed with the return or mail to:

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

Where to Get Forms, Information, and Assistance

DRS Web site: www.ct.gov/DRS
DRS Forms Unit: ctforms@po.state.ct.us
860-297-4753
Tax-Fax: 860-297-5698
Telephone: 1-800-382-9463 (in-state)
860-297-5962 (from anywhere)
TDD/TTY/TT Users: 860-297-4911 (anytime)
(Hearing Impaired)

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 page 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 Federal Employer Identification Number in the spaces provided at the Form CT-990T Instructions (Rev. 12/04)

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**, *Computation of Interest Due on Underpayment of Estimated Tax*. See **Informational Publication 2004(19)**, *Guide to Calculating Annualized Estimated Corporation Business Tax Installments 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 business. See *Where to Get Forms, Information, and Assistance*, above.

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.

Final Return

If this is a final return, check the final return box.

Dissolution

A domestic corporation is properly dissolved by the filing of a Certificate of Dissolution with the Connecticut 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 final liquidation of assets, whichever is later. Any dissolved corporation that continues to conduct business must file Form CT-990T 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: DRS Corporation Office Audit Unit, 25 Sigourney Street, 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-990T 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. A corporation that has merged must file a return covering the period up to the date of merger.

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 to: DRS Operations Division, Registration Unit, 25 Sigourney Street, Hartford CT 06106-5032.

Status Letter Requests

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

- Name and address of the business;
- 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 business;
- 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 business.

Mail your status letter request to:

Department of Revenue Services
Collection & Enforcement Division - Lien Unit
Request for a Status Letter
25 Sigourney Street
Hartford CT 06106-5032

DRS accepts hand-delivered status letter requests from businesses. However, DRS does not accept status letter requests made by email, fax, or telephone. See **Informational Publication 2004(9), Status Letters**, for more information.

Rounding Off to Whole Dollars

You must round off cents to the nearest whole dollar on your return and schedules. 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.

Example: Add two amounts (\$1.29 + \$3.21) to compute the total (\$4.50) to enter on a line. \$4.50 is rounded to \$5.00 and entered on the line.

You must round off cents to the nearest whole dollars on your return. If you do not round, DRS will disregard the cents.

Computation of Income

Line 1 - Enter the federal unrelated business taxable income (from 2004 federal Form 990-T, Part II, Line 34).

Line 2 - Enter the amount of the federal net operating loss deduction (from 2004 federal Form 990-T, Part II, Line 31).

Line 3 - Enter the amount of the Connecticut unrelated business income tax, if any, deducted on 2004 federal Form 990-T.

Line 4 - Enter the total of Lines 1, 2, and 3.

Line 5 - Enter the refund or credit (if any) for overpayment of tax on 2003 Connecticut unrelated business taxable income included in 2004 Connecticut unrelated business taxable income.

Line 6 - Subtract Line 5 from Line 4 and enter the result on Line 6.

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 Form CT-990T, *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 2004 Form CT-990T, *Schedule B*, Line 6.

Line 5 - Subtract Line 4 from Line 3 and enter the result on Line 5.

Line 6 - Multiply the amount on Line 5 by 7.5% (.075) to compute the amount of tax due and enter the result on Line 6.

Computation of Amount Payable

Line 1 - Enter the amount from *Computation of Tax*, Line 6.

Line 2 - Multiply the amount on Line 1 by 25% (.25).

Surtax: For income years beginning on or after January 1, 2004, and prior to January 1, 2005, any company subject to the unrelated business income tax must pay a surtax equal to 25% (.25) of the tax due without regard to credits. *Conn. Gen. Stat. §12-214(b), as amended by 2003 Conn. Pub. Acts 2, §32, as further amended by 2003 Conn. Pub. Acts 1, §87 (June 30 Spec. Sess.)*

Line 3 - Enter the total of Line 1 and Line 2.

Line 4 - Enter the amount of tax credit from 2004 **Form CT-1120 EDP**, *Electronic Data Processing Equipment Property Tax Credit*, Part II, Line 7, Column D, and attach form.

Line 5 - Subtract Line 4 from Line 3 and enter the result on Line 5. If zero or less, enter zero.

Line 6 - Enter on Lines 6a, 6b, and 6c all prepayments that were made. Enter the total on Line 6.

Line 7 - Subtract Line 6 from Line 5 and enter the result on Line 7.

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

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

Line 8(c) - Enter interest due on underpayment of estimated tax. Complete and attach 2004 **Form CT-1120I**.

Line 8 - Add Lines 8(a), 8(b), and 8(c), and enter the total on Line 8.

Line 9(a) - Enter the amount of overpayment to be credited to 2005 estimated tax.

An 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-990T, not Form CT-990T EXT. An overpayment cannot be determined to exist until a completed return is filed. **A request to apply an overpayment to the following tax year is irrevocable.**

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

Line 9 - Add Line 9(a) and Line 9(b), and enter the total on Line 9.

Line 10 - Balance Due - Add Line 7 and Line 8, and enter the total on Line 10.

Schedule A – Unrelated Business Income Apportionment

This schedule should be completed by organizations that have a regular place of business outside Connecticut at which their unrelated trade or business is conducted. Otherwise, the Connecticut business apportionment should be 100%.

Item 1. 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 shall be 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, as defined in Conn. Gen. Stat. §12-218(b), payable during the income year.

For Items 2 and 3 use the cash or accrual basis according to the method of accounting used in the computation of the taxpayer's unrelated business taxable income.

Item 2. 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.

Item 3. 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

Line 1 - Enter the amount of the Connecticut apportioned operating loss carryover from the 1999 Form CT-990T, *Schedule C*, Line 5.

Line 2 - Enter the amount of the Connecticut apportioned operating loss carryover from the 2000 Form CT-990T, *Schedule C*, Line 5.

Line 3 - Enter the amount of the Connecticut apportioned operating loss carryover from the 2001 Form CT-990T, *Schedule C*, Line 5.

Line 4 - Enter the amount of the Connecticut apportioned operating loss carryover from the 2002 Form CT-990T, *Schedule C*, Line 5.

Line 5 - Enter the amount of the Connecticut apportioned operating loss carryover from the 2003 Form CT-990T, *Schedule C*, Line 5.

Line 6 - Total Connecticut apportioned operating loss carryover. Add Lines 1 through 5. Enter total here and on the front of Form CT-990T, *Computation of Tax*, Line 4.

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 2004 federal Form 990-T, Part II, Line 33.

Line 1 - Enter the net operating loss (enter as a negative number) realized for the 2004 income year as computed on Form CT-990T, *Computation of Income*, Line 6.

Line 2 - Add back the amount of the specific deduction (enter as a positive number) from the 2004 federal Form 990-T, Part II, Line 33.

Line 3 - Add Line 1 and Line 2 and enter the result on Line 3.

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

Line 5 - Multiply Line 3 by Line 4 and enter the result on Line 5. This is the amount of Connecticut net operating loss from 2004 which is available for carryforward.

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