

Form CT-1065/CT-1120SI
Connecticut Pass-Through Entity Tax
Return Instructions

2022



For additional information on the Connecticut Pass-Through Entity Tax, visit portal.ct.gov/DRS/Taxes/Pass-Through-Entity/Tax-Information.

Order in Which to Complete Schedules

Complete the schedules for **Form CT-1065/CT-1120SI**, *Connecticut Pass-Through Entity Tax Return*, in the following order:

- Pass-Through Entity Information;
- Select a Filing Method;
- Combined Election (if applicable);
- Composite Election (if applicable);
- Part 2 – Allocation and Apportionment of Income;
- Part 1, *Schedule D* – Subsidiary PE Information;
- Part 1, *Schedule C* – PE’s Connecticut Modifications;
- Part 1, *Schedule B* – Computation of PE’s Own Connecticut Source Income/(Loss);
- Part 1, *Schedule A* – Computation of Pass-Through Entity Tax Due;
- Part 3 – Member Information;
- Part 4 – PE’s Total Connecticut Source Income/(Loss);
- Part 5 – Member’s Total Share of Connecticut Modifications;
- Part 6 – Member’s Total Connecticut Source Income/(Loss);
- Part 7 – Connecticut Income Tax Credit Summary;
- Part 8 – Direct PE Tax Credit Calculation;
- Part 9 – Allocation of PE Tax Credit to Members; **and**
- **Schedule CT K-1**, *Member’s Share of Certain Connecticut Items*.

If the PE makes the Alternative Base Election, also complete **Schedule CT-AB**, *Alternative Base Calculation*. See *Select a Filing Method* on this page.

If the PE makes the Combined Election, it may also be required to complete **Schedule CT-CE**, *Combined Election*. See *Combined Election* on Page 2.

If the PE elects to remit additional composite income tax on behalf of its nonresident individual members, it must complete **Schedule CT-NR**, *Elective Composite Income Tax Remittance Calculation*. See *Nonresident Composite Income Tax Remittance Election* on Page 2.

Pass-Through Entity Information

Enter the PE’s name, address, Federal Identification Number (FEIN), and Connecticut Tax Registration Number.

Type of PE: Check the box to indicate type of PE: General partnership (GP), S corporation, Limited liability partnership (LLP), Limited partnership (LP), or Partnership (including LLC treated as a partnership).

Item A: Check the appropriate box(es) for an amended return, final return, or short period return. If this is a short period return, attach a statement with a detailed explanation.

Item B: If this is an amended return, enter the reason for filing. If due to adjustments made by the Internal Revenue Service (IRS) or an amended federal return, enter the date the IRS made its final determination. Attach a copy of your federal amended return or the IRS determination.

Item C: Enter the Business Code Number as reported on federal Form 1065 or the Business Activity Code Number on federal Form 1120S.

Item D: Indicate whether the PE transferred a controlling interest in an entity that owns, either directly or indirectly, real property in Connecticut or, if this PE owns real property in Connecticut, whether a controlling interest in this PE was transferred. If applicable, provide the information requested.

Select a Filing Method

The PE must select one of two filing methods:

Method	Form(s) to Complete
Standard Base	• Form CT-1065/CT-1120SI
Alternative Base	• Form CT-1065/CT-1120SI • Schedule CT-AB

Under the **Standard Base**, the PE is subject to tax on:

- **All** of its Connecticut source income (less any source income from subsidiary PEs).

Under the **Alternative Base**, the PE is subject to tax on:

- The portion of its **Connecticut source income** (less any Connecticut source income from subsidiary PEs) that **directly or indirectly** flows through to members who are resident individuals (RI), nonresident individuals (NI), resident trusts (RT), nonresident trusts (NT), resident estates (RE) or nonresident estates (NE). If a member is a PE (parent PE), the subsidiary PE may look through to the members of parent PE to determine what portion of subsidiary PE’s Connecticut source income is subject to tax.

PLUS

- The portion of its **total income** that is not sourced to any state with which the PE has nexus (unsourced income) and that **directly** flows through to members who are resident individuals (RI). If a member is a parent PE, **do not** look through to the members of the parent PE to determine the portion of the unsourced income that is subject to tax.

The Standard Base is the default method and must be used unless the PE elects to file using the Alternative Base. To make the Alternative Base Election, the PE must check the “Alternative Base” box on Form CT-1065/CT-1120SI and must file the return, along with Schedule CT-AB, on or before the due date or extended due date, if applicable. No other filing is required to make the Alternative Base Election. The decision whether to file using the Standard Base or Alternative Base is made annually and is irrevocable.

For more information on the Alternative Base, see the instructions to **Schedule CT-AB, Alternative Base Calculation**.

Combined Election

PEs that are commonly-owned and have the same taxable year end may elect to calculate their PE Tax as a combined group. *Commonly-owned* means that more than 80% of the voting control of each PE is either directly or indirectly owned by a common owner or owners. The election must be made on an annual basis by each electing PE with the filing of its respective return by the due date or extended due date. **Each electing PE must use the same filing method (Standard Base or Alternative Base).** The Combined Election is irrevocable.

To make the Combined Election, each PE must check the box on Page 1 of its Form CT-1065/CT-1120SI that states “PE elects to calculate its tax as combined group with other commonly-owned PEs.” The combined group must select one of the electing PEs to be the Designated Combined Reporting PE. Any PE in the combined group may be selected.

Each electing PE, regardless of whether it is the Designated Combined Reporting PE, must file its own Form CT-1065/CT-1120SI, along with any required schedules, with DRS.

The Designated Combined Reporting PE should check the box on its Form CT-1065/CT-1120SI that states “PE is the Designated Combined Reporting PE.” Each other electing PE should check the box on Page 1 of its Form CT-1065/CT-1120SI that states “PE’s income is reported on Schedule CT-CE filed by the Designated Combined Reporting PE listed below.” Each other electing PE must also enter the Designated Combined Reporting PE’s name and FEIN.

The combined group’s income or loss, and any tax due will be determined on Schedule CT-CE, Section 1, filed by the Designated Combined Reporting PE. Only the Designated Combined Reporting PE should file Schedule CT-CE.

The Designated Combined Reporting PE is responsible for reporting and paying the tax due for the combined group. If the combined group’s tax is not paid, each electing PE is jointly and severally liable.

After determining the combined group’s PE Tax due, the Designated Combined Reporting PE may allocate the combined group’s PE Tax Credit among the members of the electing PEs in the manner it deems appropriate. This allocation is reported on Schedule CT-CE, Section 2.

For more information on the Combined Election, see the instructions to **Schedule CT-CE, Combined Election**.

Nonresident Composite Income Tax Remittance Election

A PE may elect on an annual basis to remit composite income tax on behalf of its members who are nonresident individuals. The elective composite income tax remittance is in addition to any PE Tax due. If a PE elects to remit composite income tax, its members who are nonresident individuals will be excused from filing Form CT-1040NR/PY if they have no Connecticut source income other than from the electing PE or from other PEs that also elect to remit composite income tax on their behalf.

An electing PE must check the box on Page 1 of Form CT-1065/CT-1120SI, which states “PE elects to remit income tax on behalf of its nonresident members,” and must complete Schedule CT-NR. An electing PE must remit composite income tax on behalf of all of its nonresident individual members; it cannot choose to remit only on behalf of certain nonresident individual members. The Nonresident Composite Income Tax Remittance Election is irrevocable.

On Schedule CT-NR, an electing PE will calculate the composite income tax it must remit on behalf of its nonresident individual members. The remittance amount will equal the combined amount of each nonresident member’s distributive share of the PE’s Connecticut source income multiplied by 6.99% less each nonresident member’s PE Tax Credit. The amount due on behalf of any nonresident member cannot be less than zero. PEs will report the amount remitted on behalf of each nonresident member on their respective Schedule CT K-1.

Note to Combined Filers: PEs that elect to calculate their PE Tax on a combined basis **cannot** also elect to remit composite income tax on behalf of their nonresident individual members.

For more information, see the instructions to **Schedule CT-NR, Elective Composite Income Tax Remittance Calculation**.

Part 1, Schedule A – Computation of Pass-Through Entity Tax Due

All PEs must complete this schedule.

Line 1: PE income/(loss) subject to tax

The amount reported on this line depends upon whether the PE is calculating its tax on the Standard Base or Alternative Base and whether the PE has elected to calculate its tax as a combined group.

For a PE that does **not** elect to calculate its tax as part of a combined group:

- **Standard base filer:** A PE that checked the “Standard Base” box on Page 1 should enter the amount from Part 1, *Schedule B*, Line 20, Column D.
- **Alternative base filer:** A PE that checked the “Alternative Base” box on Page 1 should enter the amount from Schedule CT-AB, Section 1, Line 5.

For a PE that **elects** to calculate its tax as part of a combined group:

- **If the PE is the Designated Combined Reporting PE:** Enter the amount from Schedule CT-CE, Section 1, Line 9.
- **If the PE is *not* the Designated Combined Reporting PE:** Enter zero (“0”).

Line 2a: PE Tax due

Multiply Line 1 by 6.99%. If Line 1 is zero or less, enter zero (“0”).

Line 2b: Elective Composite Income Tax Remittance

If the PE elected to pay composite tax on behalf of its nonresident individual (NI) members, enter the amount from Schedule CT-NR, Line 22.

Line 2: Total tax due

Add Line 2a and Line 2b.

Line 3: Business tax credits

If completing **Form CT-1120AT**, *Apprenticeship Training Tax Credit*, enter the amount from Line 1. Otherwise, enter zero (“0”).

This credit does not have any carryback or carryforward provisions.

Line 4: Balance of tax payable

Subtract Line 3 from Line 2. If zero or less, enter zero (“0”).

Line 5a: 2022 estimated payments

Enter the amount of 2022 estimated tax payments made by the PE.

Line 5b: Extension payment

If Form CT-1065/CT-1120SI EXT was filed, enter the amount of tax paid with Form CT-1065/CT-1120SI EXT.

Line 5c:

Enter the overpayment from the PE’s 2021 Form CT-1065/CT-1120SI applied to 2022.

Line 5: Total payments

Add Lines 5a, 5b, and 5c.

Parent PEs:

Do not include on Line 5 any PE Tax Credit that was reported to you by a subsidiary PE. These PE Tax Credits should be distributed to your members as an Indirect Credit on Part 9, Column C.

Line 6: Balance of tax due/(overpaid)

Subtract Line 5 from Line 4.

Line 7a: Late payment or late filing penalty

The penalty for late payment of the tax due is 10% of the amount due. In the event that no tax is due, the Commissioner of Revenue Services **may** impose a \$50 penalty for the late filing of any return or report required by law to be filed. However, if a request for extension of time to file a tax return has been granted, no late payment penalty will be imposed if:

- The amount of tax shown to be due on the return, minus the amount of tax paid on or before the original due date of the return, equals an amount not greater than 10% of the amount of the tax shown to be due on the return; **and**
- The balance due is remitted with the return on or before the extended due date of the return.

Line 7b: Late payment interest

If the tax is not paid by the due date, interest is charged at the rate of 1% per month or fraction of a month from the due date until the tax is paid in full.

Line 7c: Interest on underpayment of estimated tax

Enter the interest due on the underpayment of estimated tax calculated on **Worksheet CT-2210PE**, *Underpayment of Estimated Income Tax by Pass-Through Entities*.

Line 7d: Annualizing estimated payments

Check this box if the PE used the annualized method to calculate the interest due on the underpayment of estimated tax that is reported on Line 7c.

Line 7: Total penalty and interest

Add Lines 7a, 7b, and 7c.

Line 8a: Overpayment applied to 2023 estimated PE Tax

Enter the amount of the overpayment to be credited to 2023 estimated PE Tax.

The election to apply an overpayment to 2023 is irrevocable.

Line 8b: Overpayment to be refunded

Enter the amount of overpayment to be refunded.

Lines 8c through 8e:

Get the refund faster by choosing direct deposit. Complete Lines 8c, 8d, and 8e to have the refund directly deposited into a checking or savings account.

Name of Depositor	Date	No. 101
Street Address		
City, State, Zip Code		
Pay to the Order of	\$	
Name of your Bank		
Street Address		
City, State, Zip Code		
092125789	091 025 025413	0101

Routing Number

Account Number

Enter the nine-digit bank routing number and the bank account number in Lines 6d and 6e. The bank routing number is normally 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 8f:

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 to be deposited into a bank outside of the United States, DRS will mail the refund.

Line 8: Total to be credited or refunded

Add Line 8a and Line 8b.

Line 9: Total amount due

Add Line 6 and Line 7. If the result is zero (“0”) or less, leave this line blank.

Part 1, Schedule B – Computation of PE’s Own Connecticut Source Income/(Loss)

All PEs must complete this schedule.

Refer to Schedule K of federal Form 1065 or federal Form 1120S for the amounts to enter on Line 1 through Line 13.

Column A

Line 1 through Line 13: Enter the amounts from federal Form 1065, Schedule K, or federal Form 1120S, Schedule K.

Deductions that are deemed to be itemized deductions for federal income tax purposes should not be included as part of other deductions on Line 13.

Line 15: Enter the subtractions from Part 1, *Schedule C*, Line 12a, Column A. These are the Connecticut subtraction modifications.

Line 17a: Enter the amount of Connecticut PE Tax payments that were deducted in calculating income or loss for federal purposes less any Connecticut refunds of PE Tax reported as income on the federal return. If refunds of Connecticut PE Tax exceed the Connecticut PE Tax payments, report the net refund as a negative number on this line.

Line 17b: Enter the additions from Part 1, *Schedule C*, Line 6a, Column A. These are the Connecticut addition modifications.

Column B

The amounts in Column B reflect the amounts from subsidiary PEs. These amounts are subtracted from the amounts in Column A to arrive at the PE’s own income/(loss).

If you are a parent PE, refer to the federal Schedule K-1 and Connecticut Schedule CT K-1 issued to you by subsidiary PEs. Enter in Column B the portion of Column A attributable to subsidiary PEs. If none of the income or loss in Column A is from subsidiary PEs, enter zero (“0”). If reporting amounts from more than one subsidiary PE, enter the sum of the income or loss from each PE and attach a schedule reporting the amounts from each subsidiary PE.

Line 13: Deductions that are deemed to be itemized deductions for federal income tax purposes should not be included as part of other deductions on Line 13.

Line 17a: The amount you must enter on this line is reported to you by your subsidiary PE or PEs on Schedule CT K-1, Part 6.

Column C

The amounts in Column C reflect the PE’s income, gain, loss and deductions from its own operations.

Subtract the amount reported in Column B from the amount reported in Column A. The resulting amounts reflect the PE’s income, gain, loss and deductions from its own activities.

Column D

The amounts in Column D reflect the PE’s Connecticut income, gain, loss, and deductions from its own activities. Do not include any amounts from subsidiary PEs. Enter zero (“0”) in Column D if the entity’s only source of Connecticut income or loss is from its distributive share(s) of income from its subsidiary PE(s).

Line 1: Ordinary business income (loss)

Enter the Connecticut portion of PE’s nonseparately stated income or loss.

A PE that maintains books and records that satisfactorily disclose the portion of its nonseparately stated income or loss reported on Line 1, Column C that is derived from or connected with Connecticut sources must enter such amount on Line 1, Column D.

A PE that does not maintain books and records that satisfactorily disclose the portion of its nonseparately stated income or loss reported on Line 1, Column C derived from or connected with Connecticut sources must use the apportionment fraction computed on Part 2, Line 8, to determine the portion of any item derived from or connected with Connecticut sources.

Example 1: Assume that a PE, whose nonseparately stated income is entirely derived from its business, maintains books and records that satisfactorily disclose the portion of the income derived from or connected with Connecticut. Assume the PE has nonseparately stated income of \$500,000 derived from or connected with Connecticut sources. PE must enter \$500,000 on Line 1, Column D.

Example 2: Assume that a PE does not maintain books and records that satisfactorily disclose the portion of its nonseparately stated income derived from or connected with Connecticut. Assume that the PE’s nonseparately stated income is \$1,000,000 and its apportionment fraction as

reported on Part 2, Line 8, is 40%. The PE must enter \$400,000 (\$1,000,000 x 0.40 = \$400,000) on Line 1, Column D as the amount the PE's nonseparately stated income derived from or connected with Connecticut sources.

Line 2: Net rental real estate income (loss)

Enter the Connecticut portion of PE's income (loss) reported on Line 2, Column C that is attributable to rental activities. The Connecticut portion of amounts attributable to real property located in Connecticut is 100%. The Connecticut portion of amounts attributable to real property located outside Connecticut is 0%.

Line 3: Other net rental income (loss)

Enter the Connecticut portion of the PE's other net rental income or loss reported on Line 3, Column C. Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 4: Guaranteed payments (partnerships and LLCs treated as partnerships only)

Enter the Connecticut portion of the PE's guaranteed payments reported on Line 4, Column C. Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

If the PE has used the apportionment fraction to calculate the portion of its nonseparately stated income derived from or connected with Connecticut sources on Line 1, the PE must also use the apportionment fraction to calculate its guaranteed payments derived from or connected with Connecticut sources on Line 4.

Line 5: Interest income

Enter the Connecticut portion of the PE's interest income reported on Line 5, Column C. Items of income, gain, loss, and deduction derived from or connected with sources within Connecticut do not include items attributable to intangible personal property except to the extent the intangible personal property is employed in a business, trade, profession, or occupation carried on in Connecticut. Unless the PE maintains books and records that satisfactorily disclose the portion of the interest income derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 6a: Ordinary dividends

Enter the Connecticut portion of the PE's dividend income reported on Line 6a, Column C. Items of income, gain, loss, and deduction derived from or connected with sources within Connecticut do not include items attributable to intangible personal property except to the extent the intangible personal property is employed in a business, trade, profession, or

occupation carried on in Connecticut. For example, dividends from stock used as collateral to secure a business loan (for a Connecticut business) would be income from intangible personal property employed in a Connecticut trade or business, and therefore, would be subject to Connecticut income tax. Unless the PE maintains books and records that satisfactorily disclose the portion of the dividend income derived from or connected with Connecticut sources, calculate the Connecticut portion by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 7: Royalties

Enter the Connecticut portion of the PE's royalty income reported on Line 7, Column C. Items of income, gain, loss, and deduction derived from or connected with sources within Connecticut do not include items attributable to intangible personal property except to the extent the intangible personal property is employed in a business, trade, profession, or occupation carried on in Connecticut. Unless the PE maintains books and records that satisfactorily disclose the portion of the royalties income derived from or connected with Connecticut sources, calculate the Connecticut portion by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 8: Net short-term capital gain (loss)

Enter the Connecticut portion of the PE's net short-term capital gain (loss) reported on Line 8, Column C. If the amount relates to the sale of rental property located in Connecticut, the capital gain (loss) is 100% sourced to Connecticut. Items of capital gain (loss) attributable to intangible personal property (such as the sale of stock) are not sourced to Connecticut except to the extent the intangible personal property is employed in a business, trade, profession, or occupation carried on in Connecticut.

Certain short term gains and losses from the sale or disposition of an interest in an entity that owns, directly or indirectly, real property in Connecticut is considered Connecticut sourced income.

Entity means a partnership, limited liability company, or S corporation.

Line 9a: Net long-term capital gain (loss)

Enter the Connecticut portion of the PE's net long-term capital gain (loss) reported on Line 9a, Column C. If the amount relates to the sale of rental property located in Connecticut, the capital gain (loss) is 100% sourced to Connecticut. Items of capital gain (loss) attributable to intangible personal property, such as the sale of stock, are not sourced to Connecticut except to the extent the intangible personal property is employed in a business, trade, profession, or occupation carried on in Connecticut.

Certain long term gains and losses from the sale or disposition of an interest in an entity that owns, directly or indirectly, real property in Connecticut is considered Connecticut sourced income.

Entity means a partnership, limited liability company, or S corporation.

Line 10: Net section 1231 gain (loss)

Enter the Connecticut portion of the PE's gain (loss) under IRC § 1231 reported on Line 10, Column C.

The Connecticut portion of amounts attributable to real property located in Connecticut is 100%. The Connecticut portion of amounts attributable to real property located outside Connecticut is 0%.

If the gain (loss) is not attributable to real property and the PE does not maintain books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, then the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 11: Other income (loss)

Enter the Connecticut portion of the PE's other items of income or loss not included on Lines 1 through 10 above. Attach a statement that separately identifies the type and amount of income or loss.

Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 12: Section 179 deduction

Enter the Connecticut portion of the PE's deduction allowed under IRC § 179 reported on Line 12, Column C.

Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Line 13: Other deductions

Enter the Connecticut portion of the PE's other deductions not deducted in arriving at ordinary income or loss from trade or business activities and separately stated on the federal Schedule K-1. Deductions that are deemed to be itemized deductions for federal income tax purposes should not be included as part of other deductions in determining Connecticut source income.

Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Attach a statement that separately identifies the type and amount of each deduction.

Line 15: Subtraction Modifications

Enter the Connecticut portion of the PE's Connecticut subtraction modifications. This amount is reported on Part 1, *Schedule C*, Line 12a, Column D.

Line 17a: Connecticut PE Tax Payments

Enter the amount of Connecticut PE Tax payments that were deducted in calculating income or loss for federal purposes less any Connecticut refunds of PE Tax reported as income on the federal return. If refunds of Connecticut PE Tax exceed the Connecticut PE Tax payments, report the net refund as a negative number on this line. Unless the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources, the Connecticut portion is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

If the PE has used the apportionment fraction to calculate the portion of its nonseparately stated income derived from or connected with Connecticut sources on Line 1, the PE must also use the apportionment fraction to calculate its Connecticut PE Tax Payments connected with Connecticut sources on Line 17a.

Line 17b: Addition Modifications

Enter the Connecticut portion of the PE's Connecticut addition modifications. This amount is reported on Part 1, *Schedule C*, Line 6a, Column D.

Line 19:

If the PE filed under the Standard Base in 2021 and reported a net loss, the PE may claim a net operating loss deduction (NOL) on its 2022 return. Enter the amount reported on the PE's 2021 Form CT-1065/CT-1120SI, Part 1, *Schedule B*, Line 20, Column D on Line 19.

If the PE elected to file under the Alternative Base in 2021, it may not claim an NOL deduction on its 2022 return. Enter zero ("0") on Line 19.

Special Note for 2021 Combined Filers:

If the PE made a combined election in 2021, enter zero ("0") on Line 19.

If the PE's combined group reported a 2021 combined net loss, however, the combined group may be eligible to claim a combined NOL deduction on Schedule CT-CE. For information on combined NOLs, see the instructions to Schedule CT-CE.

Line 20:

The amount on Line 20, Column D reflects the PE's Connecticut Source Income/(Loss). This amount should not include any Connecticut Source Income/(Loss) from subsidiary PEs. This amount should be reported on Part 1, *Schedule A*, Line 1 if this PE is a Standard Base filer. If this PE is an Alternative Base filer, this amount should be reported on Schedule CT-AB, Section 1, Line 1. If this PE is filing as part of a combined group, see *Combined Election* on Page 2.

Part 1, Schedule C – PE’s Connecticut Modifications
PEs with Connecticut modifications must complete this schedule.

Column A

Enter the total amount of modifications, including any modifications attributable to this PE and to any subsidiary PEs.

Column B

Enter the modifications that are reported in Column A that are attributable to subsidiary PEs.

If this PE has no subsidiary PEs, enter zero (“0”) on all lines in Column B. If you are a parent PE, refer to Connecticut Schedule CT K-1, Part 1, issued to you by subsidiary PE(s). If reporting amounts from more than one subsidiary PE, enter the sum of each modification from each PE and attach a schedule reporting the modifications from each subsidiary PE.

Column C

Subtract Column B from Column A. The resulting amounts are the modifications attributable to this PE’s own activities.

Column D

Report the Connecticut source portion of each modification. If the modification is not attributable to real property and the PE does not maintain books and records that satisfactorily disclose the portion of modification derived from or connected with Connecticut sources, then the Connecticut portion of the modification (other than Lines 10 and 11) is calculated by multiplying the amount reported in Column C by the apportionment fraction on Part 2, Line 8.

Additions

Enter each amount as a positive number.

Line 1: Interest on state and local government obligations other than Connecticut

Enter the amount of the PE’s interest income derived from state and municipal government obligations, other than obligations of the State of Connecticut or its municipalities, which interest income is not taxed for federal income tax purposes. Do not enter interest income derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

Line 2: Mutual fund exempt-interest dividends from non-Connecticut state or municipal government obligations

Enter the amount of the PE’s exempt-interest dividends received from a mutual fund derived from state and municipal government obligations other than obligations of the State of Connecticut or its municipalities. If the exempt-interest dividends are derived from obligations of Connecticut and other states, enter only the percentage derived from non-Connecticut obligations. Do not enter exempt interest dividends derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

Example: A fund invests in obligations of many states, including Connecticut. Assuming that 20% of the distribution is from Connecticut obligations, the remaining 80% is added back on this line.

Line 3: Certain deductions relating to income exempt from Connecticut income tax

Enter the amount deducted for federal purposes for:

- Interest expense on loans used to buy bonds and securities whose interest is exempt from Connecticut tax;
- Expenses related to income exempt from Connecticut tax; **and**
- Amortizable bond premium on any bond, the interest from which is exempt from Connecticut tax.

Line 4: Section 168(k) federal bonus depreciation allowed for property placed in service during this year

Enter 100% of the amount of Section 168(k) bonus depreciation allowed for property placed in service during this taxable year for federal purposes.

Line 5: 80% of Section 179 federal deduction

Enter 80% of the amount of Section 179 deduction allowed for federal purposes and reported on Part 1, *Schedule B*, Line 12.

Line 6: Other

Report the amount of the PE’s additions to income not listed on Lines 1 through 5. For example, include the amount of:

- Any loss recognized on the sale or exchange of bonds or other obligations of the State of Connecticut or its municipalities;
- The PE’s share of any positive Connecticut fiduciary adjustment received from a trust or estate of which the PE is a beneficiary;
- Any interest or dividend income on federal obligations or securities exempt from federal tax and which federal law does not exempt from state taxes;
- To the extent deductible in determining federal adjusted gross income, expenses paid for the production or collection of Connecticut tax-exempt income or paid for the management, conservation, or maintenance of property held for the production of the income;
- Add back, to the extent not properly includible in gross income for federal purposes, any compensation required to be recognized under 26 U.S.C. § 457A that is attributable to services performed within Connecticut; **and**
- Add back the following distributions from an MRA established pursuant to Conn. Gen. Stat. § 32-9zz:
 - 100% of any distribution from such MRA not used to purchase machinery or equipment for use in Connecticut or manufacturing facilities, as defined in Conn. Gen. Stat. § 12-81(72), or for workforce training, development or expansion in Connecticut; **and**

- 100% of any return of money remaining in the MRA at the end of the five-year period after such account's creation or organization, including any interest earned.

Subtractions

Enter each amount as a positive number.

Line 7: Interest on U.S. government obligations

Enter the amount of the PE's interest income derived from U.S. government obligations, to the extent included in federal income, that federal law prohibits states from taxing, for example, all U.S. government bond interest such as Savings Bonds Series EE and Series HH or U.S. Treasury bills and notes.

Do not enter the amount of interest earned on Federal National Mortgage Association (Fannie Mae) bonds, Government National Mortgage Association (Ginnie Mae) bonds, and Federal Home Loan Mortgage Corporation (Freddie Mac) securities. Federal law does not prohibit states from taxing income derived from these obligations and this interest is taxed by Connecticut. See **Policy Statement 2005(2)**, *Connecticut Income Tax on Bonds or Obligations Issued by the United States Government, by State Governments, or Municipalities*.

Line 8: Exempt dividends from certain qualifying mutual funds derived from U.S. government obligations

Enter the amount of the PE's exempt dividends received from a qualifying mutual fund and derived from U.S. government obligations. A mutual fund is a qualifying fund if, at the close of each quarter of its taxable year, at least 50% of the value of its assets consists of U.S. government obligations. The percentage of dividends that are exempt dividends should be reported to the PE by the mutual fund.

Do not enter the amount of income derived from Federal National Mortgage Association (Fannie Mae) bonds, Government National Mortgage Association (Ginnie Mae) bonds, and Federal Home Loan Mortgage Corporation (Freddie Mac) securities. Federal law does not prohibit states from taxing income derived from these obligations and this income is taxable for Connecticut income tax purposes.

Example: A qualifying mutual fund pays a dividend of \$100. Of the \$100 distribution, 55% is attributable to U.S. Treasury bills and 45% to other investments. The amount reported on Line 8 is \$55.

Line 9: Certain expenses related to income exempt from federal tax but subject to Connecticut tax

Enter the amount of the PE's interest expense on money borrowed to purchase or carry bonds or securities, whose interest income is subject to Connecticut tax but exempt from federal tax, provided this interest was a business expense for the federal taxable year and was not deducted in determining the PE's income.

Line 10: 25% of Section 168(k) federal bonus depreciation added back in preceding four years

Enter 25% of the Section 168(k) deduction that was added back by the PE in the four preceding taxable years.

In Column D, do not apportion using the current year's apportionment fraction. Enter 25% of the Connecticut source portion of the Section 168(k) deduction that was added back by the PE on Form CT-1065/CT-1120SI in the four preceding years.

Line 11: 25% of Section 179 federal deduction added back in preceding four years

Enter 25% of Section 179 deduction that was added back by the PE in the four preceding years.

In Column D, do not apportion using the current year's apportionment fraction. Enter 25% of the Connecticut source portion of the Section 179 deduction that was added back by the PE on Form CT-1065/CT-1120SI in the four preceding years.

Line 12: Other

Report the amount of the PE's subtractions not listed on Lines 7 through 11. For example, include the amount of:

- Any gain recognized on the sale or exchange of bonds or other obligations issued by the State of Connecticut or its municipalities;
- Interest income from federally taxable Connecticut bonds include any Build America Bond tax credit amount if the Build America Bond, as described in Section 1531 of the American Recovery and Reinvestment Act of 2009, was issued by the State of Connecticut or a Connecticut political subdivision, and only to the extent the credit amount is treated as interest includible in gross income for federal purposes;
- The PE's share of any negative Connecticut fiduciary adjustment received from a trust or estate of which the PE is a beneficiary;
- Business expenses incurred in connection with the income or property held to produce income subject to Connecticut tax but exempt from federal tax provided these expenses were not deducted in determining PE income;
- Amortization of bond premium on any bond that provides interest income taxable in Connecticut but exempt from federal tax provided this amortization was business expense for the taxable year and was not deductible in determining PE income;
- Subtract contributions made to an MRA established pursuant to Conn. Gen. Stat. § 32-9zz; **and**
- Bioscience Venture Capital Subtraction as calculated on **Schedule CT-BIO**, *Bioscience Worksheet*.

Part 1, Schedule D – Subsidiary PE Information

Only parent PEs must complete this schedule.

Refer to the federal Schedule K-1, Shareholder's Share of Income, Deductions, Credits, etc., issued to you by the subsidiary PE for the amount to enter in Column A of this schedule.

Refer to the **Schedule CT K-1, Member's Share of Certain Connecticut Items**, issued to you by the subsidiary PE for the amounts to enter in Column B and Column C of this schedule.

If there are more than five PEs entered in Part 1, *Schedule D*, use **Form CT-1065/CT-1120SI Supplemental Attachment** and enter the subtotal(s) on Line 6, Columns A, B, and C.

Name of Subsidiary PE and FEIN

Enter the name and the Federal Employer Identification Number (FEIN) of the subsidiary PE.

Column A: Amount Reported on Federal K-1

Refer to the federal Schedule K-1 issued to you by the subsidiary PE and enter the sum of the amounts reported on the schedule and included in Part 1, *Schedule B*, Column B, Line 1 through Line 13, for this PE.

Column B: Amount From Connecticut Sources

Refer to Part 2 of the Schedule CT K-1 issued to you by the subsidiary PE and enter the sum of the income or loss from Connecticut source from each subsidiary PE.

Column C: PE Tax Credit

Refer to Part 3 of the Schedule CT K-1 issued to you by the subsidiary PE and enter the Member's Connecticut PE Tax Credit from Schedule CT K-1, Part 3, Line 1.

The amount reported on Line 7, Column C should be allocated among the members in Part 9, Column C. Do not report this amount on Part 1, *Schedule A*.

Part 2 – Allocation and Apportionment of Income

If the PE carries on business only within Connecticut, enter 1.000000 (100%) on Line 8 and leave the other lines blank.

Complete only if both of the following apply:

- The PE carries on business both within and outside Connecticut; **and**
- The PE does not maintain books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources.

The apportionment fraction calculated on Line 8 is used to complete Part 1, *Schedule B*, Column D and Part 1, *Schedule C*, Column D.

If the PE maintains books and records that satisfactorily disclose the portion of income, gain, loss, or deduction derived from or connected with Connecticut sources then those amounts must be used to complete Part 1, *Schedule B*, Column D and Part 1, *Schedule C*, Column D.

Do not include in Part 2 any factors that are associated with the rental of real property or gain or loss from the sale, exchange, or other disposition of real property under Conn. Agencies Regs. § 12-711(b)-8.

Any such income, gain, loss, and deduction derived from or connected with Connecticut sources must be used to complete Part 1, *Schedule B*, Column D and Part 1, *Schedule C*, Column D. If receipts from the sale of tangible personal property are excluded from the sales factor, the net gain (or loss) from such sale should be allocated to the state where the property is located and is not subject to apportionment.

The apportionment fraction is calculated using only those factors directly related to the PE filing the return. Factors from subsidiary PEs should not be included.

Effective for taxable years beginning on or after **January 1, 2017**, a business, trade, profession, or occupation carried on in Connecticut and outside of Connecticut must apportion its income using a single factor gross income percentage. Businesses must source receipts from the sales of services and intangible property on a market basis. Receipts from the rental, lease, or license of tangible personal property are sourced according to the location of the property. Receipts from the sale of tangible personal property continue to be sourced based upon the location of the purchaser. See **Special Notice 2017(1)**, *Legislative Changes Regarding Single-Sales Factor Apportionment and Market-Based Sourcing*.

Line 1: Gross Receipts From the Sale or Disposition of Tangible Personal Property Held for Sale in the Ordinary Course of Trade or Business

Enter in Column A the gross receipts from sales of tangible personal property delivered or shipped to a purchaser within Connecticut regardless of F.O.B. point or other conditions of sale.

Enter in Column B the total gross receipts from sales of tangible personal property in and outside of Connecticut.

Line 2: Gross Receipts From Services

Enter in Column A gross receipts from services where the market for the services is within Connecticut. The market for the services is within Connecticut if and to the extent the service is used within Connecticut.

Enter in Column B gross receipts from services in and outside of Connecticut.

Line 3: Gross Receipts From the Rental, Lease or License of Tangible Personal Property

Enter in Column A the gross receipts from the rental, lease or license of tangible personal property located within Connecticut.

Enter in Column B the total gross receipts from the rental, lease or license of tangible personal property in and outside of Connecticut.

Line 4: Gross Receipts From the Rental, Lease or License of Intangible Property

Enter in Column A the gross receipts from the rental, lease or license of intangible property if and to the extent the property is used within Connecticut. Intangible property utilized in marketing a good or service is used in Connecticut if that good or service is purchased by a consumer within Connecticut.

Enter in Column B the total gross receipts from the rental, lease or license of intangible property in and outside of Connecticut.

Line 5: Gross Receipts From the Sale or Disposition of Intangible Property Held for Sale in the Ordinary Course of Trade or Business

Enter in Column A gross receipts from the sale or other disposition of intangible property located, managed or controlled within Connecticut held for sale to customers in the ordinary course of business. Do not include receipts from property not held for sale in the ordinary course of business.

Enter in Column B the total gross receipts from the sale or other disposition of intangible property in and outside of Connecticut.

Line 6: Other Receipts

Enter in Column A the total gross receipts earned in Connecticut that are not otherwise reported on Line 1 through Line 5.

Do not, however, include:

- Receipts from the sale or disposition of tangible personal property or intangible property if the property is not held for sale in the ordinary course of business; **or**
- Receipts from the sale, rental, lease or license of real property.

Enter in Column B the total gross receipts earned in and outside of Connecticut that are not otherwise reported on Line 1 through Line 5.

Line 7: Total

Add Lines 1 through 6 in Column A and Column B.

Line 8: Apportionment fraction

Divide Line 7, Column A, by Line 7, Column B, and carry to six places.

Part 3 – Member Information

All PEs must complete this schedule.

Complete Part 3 for all members. If there are more than four members, use Form CT-1065/CT-1120SI Supplemental Attachment.

Assign each member a number and a member type code and list in sequential order. **Each member must be assigned the same “Member #” throughout the return and attachment(s).**

	Member Type Code
1. Nonresident or part-year resident individual	NI
2. Nonresident or part-year resident trust	NT
3. Nonresident estate	NE
4. Pass-through entity	PE
5. Resident individual	RI
6. Resident trust	RT
7. Resident estate	RE
8. Corporate member	CM

Use corporate member code for each member which is a: C corporation for federal income tax purposes, LLC which has elected to be taxed as a C corporation for federal income tax purposes, real estate investment trust, real estate mortgage investment conduit, regulated investment company, individual retirement account described in 26 U.S.C. § 408(a), trust described in 26 U.S.C. § 401(a), or organization exempt from federal income tax (including organizations described in 26 U.S.C. § 501(c) or (d)).

Use the code RI or NI for each member who is a grantor trust. Use RI if the grantor is a Connecticut resident. Use NI if the grantor is a nonresident.

Enter each member’s name and address, Member Type Code, FEIN or SSN (whichever is applicable), and percentages of distributive share of Connecticut source income or loss, and capital ownership. Enter as a decimal and carry to six places.

The PE must use the same member number assigned to a member in Part 3 when providing information for that member in other Parts of Form CT-1065/CT-1120SI. The member type code will determine which Part(s) of Form CT-1065/CT-1120SI must be completed for that member.

Distributive share percentage reported in this Part represents the percentage of Part 1, *Schedule B*, Line 20, Column D attributable to each respective member. This percentage is used to determine the PE Tax credit available to each member (and in the calculation of the Alternative Base for electing PEs). If Part 1, *Schedule B*, Line 20, Column D is negative or a member receives an overall distributive loss, the percentage may be negative. The sum of the distributive share percentages of all members must equal 100% (1.000000).

For S corporations, each member’s distributive share percentage should be the same as the capital ownership percentage.

Example 1 - All Partners Allocated Income		
	Share of Part 1, Schedule B, Line 20, Column D	Distributive Share Percentage of Income/(Loss)
Member A	\$ 100	0.100000
Member B	\$ 200	0.200000
Member C	\$ 700	0.700000
Total	\$ 1,000	1.000000

Example 2 - Some Partners Allocated Income, Others Allocated Loss		
	Share of Part 1, Schedule B, Line 20, Column D	Distributive Share Percentage of Income/(Loss)
Member E	\$ 100	0.100000
Member F	\$ (200)	-0.200000
Member G	\$ 1,100	1.100000
Total	\$ 1,000	1.000000

Example 3 - Some Partners Allocated Income, Others Allocated Loss		
	Share of Part 1, Schedule B, Line 20, Column D	Distributive Share Percentage of Income/(Loss)
Member H	\$ 350	-0.700000
Member I	\$ 250	-0.500000
Member J	\$ (1,100)	2.200000
Total	\$ (500)	1.000000

Part 4 – PE’s Total Connecticut Source Income/ (Loss)

All PEs must complete this schedule.

Column A

Enter amounts reported on Part 1, *Schedule B*, Line 1 through Line 13, Column D, **as modified** by the amounts on Part 1, *Schedule C*, Column D.

Column B

Enter the amounts reported to you by a subsidiary PE(s) on Schedule CT K-1, Part 2, Column B. If reporting amounts from more than one subsidiary PE, enter the sum of the amounts from each PE.

Column C

Add each line from Column A and Column B. This column reflects the PE’s total Connecticut source income or loss, including income or loss from the activities of subsidiary PEs.

Part 5 – Member’s Share of Connecticut Modifications

Complete Part 5, Line 1 through Line 12, for all members except corporate members (CMs). Assign each member the same number used throughout the return. If there are more than four members, use Form CT-1065/CT-1120SI Supplemental Attachment.

Enter each member’s share of Lines 1 through 12 from Part 1, *Schedule C*, Column A.

Line 13: Additional Information Required to be Reported to Nonresident Noncorporate Members and PE Members:

For each member with the code NI, NE, NT or PE, report each member’s share of the amount reported on Part 1, *Schedule B*, Line 17a, Column A. If refunds of Connecticut PE Tax exceed Connecticut PE Tax payments, report each member’s share of the net refund as a negative number on this line.

Parent PE members will need this information to complete their PE Tax returns.

This amount is provided for informational purposes only to members with the code NI, NE and NT. These members do not need to report this amount on their own Connecticut tax returns.

Part 6 – Member’s Total Connecticut Source Income/ (Loss)

Complete Part 6 for all members except resident individuals (RIs) and corporate members (CMs). Assign each member the same number used throughout the return. If there are more than four members, use Form CT-1065/CT-1120SI Supplemental Attachment.

The amounts entered on Lines 1 through 13 should reflect the amount of the member’s share of the Connecticut source items reported on Part 4, Column C. The amounts reported on Part 4, Column C already account for the Connecticut modifications, to the extent the modifications are derived from or connected with Connecticut sources.

Part 7 – Connecticut Income Tax Credit Summary

Complete Part 7 for all members. Include the amounts reported on Schedule CT K-1, Part 4, Line 3 and Line 4, issued by a subsidiary PE. Assign each member the same number used throughout the return. If there are more than four members, use Form CT-1065/CT-1120SI Supplemental Attachment.

Line 1: Reserved for Future Use

Line 2: Reserved for Future Use

Line 3: Angel investor tax credit

Enter the gross amount of each member’s share of the angel investor tax credit for the current year.

Line 4: Insurance reinvestment fund tax credit

Enter the gross amount of each member’s share of the insurance reinvestment fund tax credit for the current year.

Line 5: Total credits

Enter the total amount of each member’s share of the tax credits. These credit cannot be claimed against the PE’s tax liability. Instead, the credits may be claimed by the members, to the extent permissible, on the members’ tax returns.

Part 8 – Direct PE Tax Credit Calculation

Do not complete Part 8 if the PE elects to calculate its tax as part of a combined group.

Line 1: Enter the amount of tax from Part 1, *Schedule A*, Line 2a.

Line 2: Multiply Line 1 by 87.5% (.875). If Line 1 is zero, enter zero (“0”).

Part 9 – Allocation of PE Tax Credit to Members

Do not complete Part 9 if the PE elects to calculate its tax as part of a combined group.

Complete Part 9 for all members. Assign each member the same number used throughout the return. If there are more than nine members, use Form CT-1065/CT-1120SI Supplemental Attachment.

Column A

Report each member’s assigned number in Column A.

Column B

Standard base filers: Allocate the Total Direct PE Tax Credit Available to Members on Part 8, Line 2 to members in accordance with each member’s distributive share percentage reported in Part 3. If one or more members are allocated a negative distributive share, prorate the credit among the members with positive distributive shares.

Alternative base filers: Transfer the PE Tax Credit amounts reported on Schedule CT-AB, Section 3, Column I for each member.

The amount reported in Part 9, Line 11, Column B must equal Part 8, Line 2.

Column C

Standard base filers: Allocate the Total PE Tax Credit from subsidiary PE(s) reported on Part 1, *Schedule D*, Line 7, Column C in accordance with each member’s distributive share percentage reported in Part 3. If one or more members are allocated a negative distributive share, prorate the credit among the members with positive distributive shares.

Alternative base filers: Allocate the Total PE Tax Credit from subsidiary PE(s) reported on Part 1, *Schedule D*, Line 7, Column C to each partner using the same ratio used to prorate Connecticut Modified Source Income on Schedule CT-AB, Section 3, Column D. If one or more members have a negative ratio, prorate the credit among the members with positive ratios.

If the PE has only CM members, allocate the credit in accordance with each member’s distributive share percentage reported in Part 3. If one or more of these CM members are allocated a negative distributive share, prorate the credit among the CM members with positive distributive shares.

The amount reported in Part 9, Line 11, Column C must equal Part 1, *Schedule D*, Line 7, Column C.

Column D

Add Column B and Column C for each member. This reflects each member’s total PE Tax Credit.

Signature

Amended Form CT-1065/CT-1120SI or returns filed by taxpayers that were granted a waiver from electronically filing, must be signed by a general partner or corporate officer. Provide a telephone number.

Paid Preparer Signature

A paid preparer must sign and date Form CT-1065/CT-1120SI. Paid preparers must also enter their Preparer Tax Identification Number (PTIN), their firm’s Federal Employer Identification Number (FEIN), and their firm’s address and telephone number in the spaces provided.

Paid Preparer Authorization

If the PE wishes to authorize DRS to contact the paid preparer who signed the 2022 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 PE authorizes DRS to contact the paid preparer to answer questions that may arise during the processing of the 2022 Form CT-1065/CT-1120SI. The PE also authorizes the paid preparer to:

- Give DRS any information missing from the return;
- Call DRS for information about processing the PE’s return or the status of the PE’s refund or payment; **and**
- Respond to certain DRS notices the PE may have shared with the preparer regarding math errors, offsets, and return preparation. The notices will not be sent to the preparer.

The PE is not authorizing the paid preparer to receive any refund check, bind the PE to anything (including additional tax liability), or otherwise represent the PE 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 2023 Connecticut Pass-Through Entity Tax Return. This is on or before the fifteenth day of the third month following the close of the taxable period.

Keep a copy of this return for the PE’s record.