

Form CT-1120 RDC

Research and Development Expenditures Tax Credit

2025

For Income Year Beginning: _____, 2025 and Ending: _____.

Name of eligible taxpayer	Connecticut Tax Registration Number
	DECD Eligibility Certificate Number (If applicable)

Complete this form in blue or black ink only. Do not use staples.

Please note that each form is year specific. The correct year's form **must** be used.

Use **Form CT-1120 RDC** to claim the tax credit available under Conn. Gen. Stat. § 12-217n for research and development expenses paid or incurred during the income year for research and development conducted in Connecticut.

Required Attachments

Attach a detailed schedule that identifies the research and development expenses as to the type, amount, and location in Connecticut where conducted.

Definitions

Connecticut research and development expenses are those amounts deductible under § 174 of the Internal Revenue Code (IRC) of 1986, as in effect on May 28, 1993, (determined without regard to § 280C(c) thereof), and basic research payments as defined under IRC § 41, to the extent not deducted under IRC § 174. The expenses must be paid or incurred by the taxpayer for research and development and basic research conducted in Connecticut and may not be funded, within the meaning of IRC § 41(d)(4)(H), by any grant, contract, or otherwise by a person or governmental entity other than the taxpayer unless the other person is included in a combined return with the person paying or incurring the expenses. Overhead and other expenses, including general and administrative expenses that relate to a corporation's activities as a whole and not specifically to the research and development effort will not qualify.

Qualifying expenses include but are not limited to:

- Expenses incurred in connection with the taxpayer's trade or business that represent research and development costs in the experimental or laboratory sense;
- All costs incident to the development of an experimental or pilot model, a plant process, a product, a formula, an invention, or similar property, and the improvement of already existing property of the type mentioned; **and**

- Costs of obtaining a patent, such as attorneys' fees expended in making and perfecting a patent application.

Qualified Small Business is defined as a taxpayer that has gross income for the previous income year that does not exceed \$100 million and has not met the gross income test through transactions with a related person, as defined in Conn. Gen. Stat. § 12-217w.

Tentative Tax Credit Computation

For a qualified small business, the tentative tax credit allowed for research and development expenses is equal to 6% of such expenses. Any taxpayer other than a qualified small business must use the tentative rate schedule below to determine the amount of the tentative credit.

The amount of credit available to taxpayers that have revenues in excess of \$3 billion, employing more than 2,500 employees, and headquartered in an Enterprise Zone shall be the tentative credit allowed or 3.5% of the total research and development expenses, whichever is greater. A taxpayer that pays or incurs research and development expenses in excess of \$200 million for the income year must obtain an eligibility certificate from the Department of Economic and Community Development (DECD) prior to claiming the credit.

Carryforward

Any unused credit earned during an income year that began on or after January 1, 2021, may be carried forward for 15 income years. Any unused credit earned during an income year that began prior to January 1, 2021, may be carried forward indefinitely. No carryback is allowed.

Additional Information

See the *Guide to Connecticut Business Tax Credits* available on the Department of Revenue Services (DRS) website at portal.ct.gov/DRS.

Part I - Tentative Research and Development Expenses Tax Credit Computation

1.	Enter the amount of Connecticut research and development expenses for the 2025 income year. Attach detailed schedule.	1.		00
2.	Enter the amount of incremental Connecticut research and experimental expenditures for the 2025 income year according to Conn. Gen. Stat. § 12-217j, from 2025 Form CT-1120RC , Part I, Line 3.	2.		00
3.	Net research and development expenses for 2025: Subtract Line 2 from Line 1.	3.		00
4a.	Qualified small businesses multiply amount on Line 3 by 6% (.06).	4a.		00
4b.	Taxpayers headquartered in an Enterprise Zone, with revenues in excess of \$3 billion, employing more than 2,500 employees, may elect to multiply amount on Line 3 by 3.5% (.035).	4b.		00
4c.	All other businesses determine amount from the <i>Tentative Credit Rate Schedule</i> on Page 2.	4c.		00
4.	Tentative credit for 2025: Enter the amount from Line 4a, 4b, or 4c.	4.		00
5.	Reduction of tentative tax credit for 2025: Applicable if Line 3 exceeds \$200 million and workforce is reduced.	5.		00
6.	Allowable tentative tax credit for 2025: Subtract Line 5 from Line 4.	6.		00

Tentative Tax Credit Rate Schedule

If Net Research and Development Expenses (Line 5) are:	The tentative tax credit allowed is:
\$50 million or less	1% of Net Research and Development Expenses
more than \$50 million but not more than \$100 million	\$500,000 + 2% of amount over \$50 million
more than \$100 million but not more than \$200 million	\$1.5 million + 4% of amount over \$100 million
more than \$200 million	\$5.5 million + 6% of amount over \$200 million

Part II - Research and Development Expenses Tax Credit Computation

1.	Allowable tentative tax credit for 2025 from Part I, Line 6.			1.		00
2.	Multiply Line 1 by 33⅓% (.3333).			2.		00
3.	Enter the 2025 Connecticut Corporation Business Tax liability or, in the case of a Combined Unitary Corporation Business Tax Return, the combined group's total Corporation Business Tax liability, due after the application of the total amount of Connecticut Corporation Business Tax credits except the Research and Development Expenditures tax credit.			3.		00
4.	Multiply Line 3 by 50% (.50).			4.		00
5a.	Multiply Line 1 by two (2).	5a.		00		
5b.	Enter 90% (.90) of Line 3.	5b.		00		
5.	Enter the lesser of Line 5a or Line 5b.			5.		00
6.	Enter the greater of Line 4 or Line 5.			6.		00
7.	2025 Research and Development Expenditures tax credit: Enter the lesser of Line 2 or Line 6 here and on Form CT-1120K, Part I-C, Column B.			7.		00

Exchange of Tax Credit

A taxpayer whose gross income does not exceed \$70 million and who cannot take the credit as a result of having no tax liability under the Corporation Business Tax, may elect to carry 100% of the credit forward or may be eligible to exchange the credit with the state for a credit to be issued in the form of a refund equal to 65% or 90% of its value, subject to certain limitations. See *Conn. Gen. Stat. § 12-217ee*. See **Form CT-1120 XCH**, *Application for Exchange of Research and Development or Research and Experimental Expenditures Tax Credits by a Qualified Small Business*, for eligibility.

Only tax credits earned in the current year and entitled to be claimed in the current year may be exchanged.

Application Procedure for Exchange of Tax Credits

File Form CT-1120 XCH separately from **Form CT-1120**, *Corporation Business Tax Return*, or **Form CT-1120CU**, *Combined Unitary Corporation Business Tax Return*.

Attach **Form CT-1120RC**, *Research and Experimental Expenditures Tax Credit*, or **Form CT-1120 RDC**, *Research and Development Expenditures Tax Credit*, and all required supporting schedules and documentation to Form CT-1120 XCH.

At the same time as filing Form CT-1120 or Form CT-1120CU, mail the completed application and supporting information to:

Department of Revenue Services
Corporation Tax Audit Unit Attn: XCH
450 Columbus Blvd Ste 1
Hartford CT 06103-1837

Check the box at the top of Form CT-1120 or Form CT-1120CU, to indicate that you are exchanging research and development tax credits and enter the amount of credit to be issued in the form of a refund requested.

Part III - Computation of Carryforward - See instructions below.

		A Total Credit Earned	B Credit Applied 1995 Through 2024	C Carryforward to 2025 Subtract Column B from Column A.	D Credit Applied to 2025	E Credit Exchanged	F Carryforward to 2026
1.	Form CT-1120 RDC Credits Earned 1995 through 2010						
2.	2011 Form CT-1120 RDC, Part I, Line 8						
3.	2012 Form CT-1120 RDC, Part I, Line 8						
4.	2013 Form CT-1120 RDC, Part I, Line 8						
5.	2014 Form CT-1120 RDC, Part I, Line 6						
6.	2015 Form CT-1120 RDC, Part I, Line 6						
7.	2016 Form CT-1120 RDC, Part I, Line 6						
8.	2017 Form CT-1120 RDC, Part I, Line 6						
9.	2018 Form CT-1120 RDC, Part I, Line 6						
10.	2019 Form CT-1120 RDC, Part I, Line 6						
11.	2020 Form CT-1120 RDC, Part I, Line 6						
12.	2021 Form CT-1120 RDC, Part I, Line 6						
13.	2022 Form CT-1120 RDC, Part I, Line 6						
14.	2023 Form CT-1120 RDC, Part I, Line 6						
15.	2024 Form CT-1120 RDC, Part I, Line 6						
16.	2025 Form CT-1120 RDC, Part I, Line 6						
17.	Total Research and Development tax credit applied to 2025: Add Lines 1 through 16, Column D.						
18.	Total Research and Development tax credit carryforward to 2026: Add Lines 1 through 16, Column F.						

Computation of Carryforward Instructions

Lines 1 through 16, Columns A through D - Enter the amount for each corresponding year.

Lines 1 through 15, Column E - Enter the full amount of credit that was exchanged before the 65% exchange rate was applied for each corresponding year.

Line 16, Column E - Enter the full amount of credit being exchanged before the 65% exchange rate is applied, from 2025 Form CT-1120 XCH, Part II, Line 2.

Lines 1 through 15, Column F - Subtract Column D and Column E from Column C.

Line 16, Column F - Subtract Column D and Column E from Column A.

Members included in 2025 Form CT-1120CU, Combined Unitary Corporation Business Tax Return:

Include in Column D credits shared to and used by another member of the combined group.