



Form CT-1120 XCH
Application for Exchange of
Research and Development or
Research and Experimental Expenditures
Tax Credits by a Qualified Small Business

2025

For Income Year Beginning ▶	- - 2 0 2 5	and Ending ▶	- -
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Company name			Connecticut Tax Registration Number
▶			▶
Designated Taxable Member name (Form CT-1120CU filers only)			Connecticut Tax Registration Number
▶			▶

Part I - Eligibility Criteria

1. Does the company report no net income or pay the \$250 minimum tax on **Form CT-1120, Schedule C**, Line 1a, or on the credit claimant's column on Form CT-1120CU, Part II, Line 1? If **Yes**, the company may be eligible to obtain a tax credit to be issued in the form of a refund. 1. ▶ ☐ Yes ▶ ☐ No
2. Did the company engage in transactions with related persons during the 2025 income year? If **Yes**, identify the related persons, their gross incomes, their relationship to the company, and provide an organizational chart of related persons in which the company is a member. Also attach a separate schedule describing each of the company's transactions with these related persons during the 2025 income year, the gross income of the company derived from each of these transactions, and the dates of these transactions. 2. ▶ ☐ Yes ▶ ☐ No
3. Enter the total gross income of the company for the previous income year from all sources, including the total gross income of the company derived from transactions with related persons, as noted above.
The gross income of the company should be annualized if this application is for a short period. If the total gross income of the company for the previous income year exceeds \$70 million, the company is **not eligible** for an exchange of tax credits. Do **not** check the applicable box on Form CT-1120 or Form CT-1120CU. 3. ▶ .00
4. Does the company or its combined unitary group, on the date of this application, have any taxes due and unpaid to the State of Connecticut including interest, penalties, fees, and other related charges? If **Yes**, attach a schedule that describes the nature and amounts of any unpaid taxes. 4. ▶ ☐ Yes ▶ ☐ No

Part II - Computation of Exchange Amount

- 1a. Enter the amount of 2025 Research and Experimental Expenditures Tax Credit from 2025 **Form CT-1120RC**, Part I, Line 4. 1a. ▶ .00
- 1b. Enter the amount of 2025 Research and Experimental Expenditures Tax Credit applied from 2025 Form CT-1120RC, Part II, Line 16, Column D. 1b. ▶ .00
1. Enter the amount of 2025 Research and Experimental Expenditures Tax Credit available for exchange. Subtract Line 1b from Line 1a. 1. ▶ .00
- 2a. Enter the amount of 2025 Research and Development Tax Credit from 2025 **Form CT-1120 RDC**, Part II, Line 2. 2a. ▶ .00
- 2b. Enter the amount of 2025 Research and Development Tax Credit applied from 2025 Form CT-1120 RDC, Part III, Line 16, Column D. 2b. ▶ .00
2. Enter the amount of 2025 Research and Development Tax Credit available for exchange. Subtract Line 2b from Line 2a. 2. ▶ .00
3. Add Line 1 and Line 2. 3. ▶ .00
4. **Total credit to be issued in the form of a refund requested:** Multiply amount on Line 3 by 65% (.65); or for a "biotechnology company" multiply amount on Line 3 by 90% (.90). **Do not exceed \$1.5 million.** 4. ▶ .00



Part III - Required Attachments

In addition to Form CT-1120RC, Form CT-1120 RDC, or both if applicable, attach detailed schedules supporting the claimed research expenditures. The detailed schedules must include:

- A full and complete description of the nature of the research projects conducted by the company during the income year and the location(s) where the research is conducted;
- A full and complete description of the methods used to obtain: (a) the amount spent directly on research and experimental expenditures conducted in Connecticut, in accordance with Conn. Gen. Stat. § 12-217j; and (b) the total expenditures and payments for research and experimentation, and basic research conducted in Connecticut, in accordance with Conn. Gen. Stat. § 12-217n;
- A detailed description of each source of information used to compute the credit, including the methods and calculations of expense allocation, if any;
- The job title and detailed job description of each employee whose wages are included in the research expenditures; **and**
- If claiming the credit exchange as a biotechnology company, a full and complete description of how the company meets the definition of "biotechnology company" as defined in Conn. Gen. Stat. § 12-217j.

Contact Person

Name

Telephone number

Title

Address (number and street)

PO Box

City or town

State

Zip code

General Information

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 XCH** to exchange with the State of Connecticut any tax credit under Conn. Gen. Stat. §§ 12-217j or 12-217n for a credit to be issued in the form of a refund equal to 65% of the value of the credit; or a refund equal to 90% of the value of the credit for a company that meets the definition of a "biotechnology company". A taxpayer may receive a credit to be issued in the form of a refund of not more than \$1.5 million in any one income year. See Conn. Gen. Stat. § 12-217ee.

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 separately to:

Department of Revenue Services
PO Box 150420
Hartford CT 06115-0420

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.

Eligibility

In order to be eligible for a credit to be issued in the form of a refund, a taxpayer must have no Corporation Business Tax liability. For purposes of this credit to be issued in the form of a refund, payment of a capital base tax under Conn. Gen. Stat. § 12-219 in a year that the taxpayer reports no net income as defined in Conn. Gen. Stat. § 12-213, or payment of the \$250 minimum tax under Conn. Gen. Stat. § 12-219, shall not be considered a liability.

A company included in a combined group that files as part of Form CT-1120CU must separately determine if it is eligible to exchange credits.

This includes a separate determination as to whether the company claiming the credit to be issued in the form of a refund has no tax liability for purposes of the eligibility requirements of this credit exchange. If other requirements are satisfied, a company that files as part of a combined group is eligible to exchange credits if the group pays tax on the capital base and:

- The company's apportioned amount of the combined group's net income is zero or negative, regardless of its portion of the capital base; **or**
- The company's portion of the capital base tax is equal to \$250.

Definitions

Qualified Small Business for the purposes of the tax credit exchange means a company that has gross income for the previous income year that does not exceed \$70 million and has not met this test through transactions with a related person.

Gross Income means gross income as defined by the Internal Revenue Code including any interest or exempt interest dividends, but not including dividends received by a domestic United States corporation from a foreign corporation on account of foreign taxes deemed paid when the domestic corporation elects the foreign tax credit or dividends received directly or indirectly from a passive investment company.

Related Person means a corporation, partnership, association, or trust controlled by the corporation; an individual, corporation, partnership, association, or trust that is in control of the corporation; a corporation, partnership, association, or trust controlled by an individual, corporation, partnership, association, or trust that is in control of the corporation; or a member of the same controlled group as the corporation.

Additional Information

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