



450 Columbus Blvd Ste 1  
Hartford CT 06103-1837

SPECIAL NOTICE

## 2021 Legislative Changes Affecting the Corporation Business Tax

**Purpose:** This Special Notice describes legislation enacted during the 2021 regular and June special sessions of the Connecticut General Assembly affecting the corporation business tax and business tax credits.

**Effective Date:** The effective dates of the legislative changes are noted herein.

**Surtax Extended:** Under prior law, the 10% surtax was set to expire with income years beginning on or after January 1, 2021. Under new legislation, the 10% surtax has been extended two additional years to income years beginning on or after January 1, 2021, and prior to January 1, 2023.

*Conn. Gen. Stat. § 12-214, as amended by 2021 Conn. Pub. Acts 2, § 422 (June Spec. Sess.); Conn. Gen. Stat. § 12-219, as amended by 2021 Conn. Pub. Acts 2, § 423 (June Spec. Sess.).*

**Capital Base Tax Phaseout:** Under prior law, the capital base tax phaseout was scheduled to begin in income year 2021.

Under new legislation, the capital base tax portion of the corporation business tax will begin to phase out starting in income year 2024 as follows:

Income Year	Capital Base Tax Rate
Beginning prior to January 1, 2024	0.0031
Beginning on or after January 1, 2024 and prior to January 1, 2025	0.0026
Beginning on or after January 1, 2025 and prior to January 1, 2026	0.0021
Beginning on or after January 1, 2026 and prior to January 1, 2027	0.0016
Beginning on or after January 1, 2027 and prior to January 1, 2028	0.0011

The minimum tax remains at \$250 for all income years.

*Conn. Gen. Stat. § 12-219, as amended by 2021 Conn. Pub. Acts 2, § 424 (June Spec. Sess.).*

**Relief from Interest on Underpayment of Estimated Taxes:** Any additional tax attributable to the 10% surtax extension and the delay in the phaseout of the capital base tax, which are both described above, shall not be included when calculating interest on the underpayment of estimated tax (CT-1120I interest). This provision only applies to income years that began on or after January 1, 2021 and before June 23, 2021.

*2021 Conn. Pub. Acts 2, § 425 (June Spec. Sess.).*

**Research Credit Utilization:** Beginning with income year 2022, a company may utilize research and experimental tax credits available under section 12-217j (R&E Tax Credits) and research and development tax credits available under section 12-217n (R&D Tax Credits) in excess of the standard credit limitation.

In general, the amount of tax credits allowable against the corporation business tax shall not exceed 50.01% of the amount of tax due. However, R&E Tax Credits and R&D Tax Credits may be used up to 60% of the tax due in income year 2022, and up to 70% of the tax due in income year 2023 and thereafter.

*Conn. Gen. Stat. § 12-217zz, as amended by 2021 Conn. Pub. Acts 2, § 426 (June Spec. Sess.).*

**R&D Tax Credit Carryforward:** Unused R&D Tax Credits that are earned during income years that begin on or after January 1, 2021 may be carried forward for up to 15 years.

*Conn. Gen. Stat. § 12-217n, as amended by 2021 Conn. Pub. Acts 2, § 427 (June Spec. Sess.).*

**Film Production Tax Credit May Be Claimed Against Sales and Use Taxes:**

For income years beginning on or after January 1, 2022, the film production tax credit may be claimed against the taxes imposed under chapter 219 (sales and use taxes), subject to the following limitations:

- Assigned credits may only be claimed against the sales and use taxes if there is common ownership of at least 50% between the eligible production company and the taxpayer assigned the credit; **and**
- Taxpayers claiming the credit against the sales and use taxes may only claim 78% of the amount of the credit against such taxes; the remainder is forfeited.

*Conn. Gen. Stat. § 12-217jj, as amended by 2021 Conn. Pub. Acts 2, § 429 (June Spec. Sess.).*

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**Effect on Other Documents:** None.

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**Effect of This Document:** A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue Services (DRS).

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Corporation Business Tax  
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**For Further Information:** Visit the DRS website at [portal.ct.gov/DRS](http://portal.ct.gov/DRS).

Call DRS Monday through Friday, 8:30 a.m. to 4:30 p.m. at:

- **800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users **only** may transmit inquiries anytime by calling 860-297-4911. Taxpayers may also call 711 for relay services. A taxpayer must tell the 711 operator the number he or she wishes to call. The relay operator will dial it and then communicate using a TTY with the taxpayer.

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**E-Services Update**

A new modernized system, **myconneCT**, will replace the *TSC* (Taxpayer Service Center) as part of a multi-year, multi-phase project. Many tax types are already able to be filed using **myconneCT** and more will be added each year. Use **myconneCT** to file taxes, make payments, view filing history, and communicate with the agency simply and more efficiently on virtually any mobile device, including laptops, tablets, and smartphones, 24 hours a day, 7 days a week. For updated information on the progress of this project and the transition schedule for specific taxes, please visit the DRS website at [portal.ct.gov/DRS-myconneCT](http://portal.ct.gov/DRS-myconneCT).