

Guide to Connecticut's Business Tax Credits

September 5, 2023 | 2023-R-0215

Issue

Describe Connecticut's business tax credits.

This report updates OLR Report [2021-R-0029](#).

Using the Guide

Connecticut offers numerous business tax credits for various actions, including purchasing machinery and equipment, making charitable donations, conducting research, and investing in start-up businesses. Most credits apply to the corporation business tax, and some apply to other business taxes (e.g., the insurance premiums tax). Five credits apply to the personal income tax.

The first section of the report lists the available business tax credits, grouped by purpose (e.g., capital investment), and summarizes the credits' eligibility criteria, amount, and limits. The second section identifies which credits apply to which taxes. The last two sections indicate whether each tax credit may be (1) carried forward or carried back if the taxpayer cannot use the credit or (2) transferred to another taxpayer.

Additional information about the credits is available from the Department of Revenue Services' [Corporation Tax Credit Guide](#).

Available Credits

The following tables list, for each tax credit, the authorizing statute, year of enactment, eligibility criteria, amount, and limits. The credits are categorized as follows: (1) capital investments, (2) contributions and donations, (3) human capital investment and job creation, (4) real estate development, (5) research and development, (6) targeted industries development, (7) venture capital investments, and (8) expired and obsolete credits. Generally, the last category includes credits that are closed to new applicants but that potentially may still be claimed by taxpayers previously awarded the credit. The tables also indicate the taxes against which each credit applies; a consolidated list of tax credit applicability is provided in the following section.

In addition to the limits applicable to each specific credit, an overall credit limit applies to credits claimed against the corporation business tax and the insurance premiums tax. Specifically, the law generally caps the amount by which a business may reduce its corporation business tax liability at 50.01%. Exceptions to this limit are R&D credits (see Table 5) and, beginning January 1, 2024, human capital investment tax credits for child care investments, all of which may be used to reduce up to 70% of a business’s liability. For the insurance premiums tax, state law classifies credits into three types, specifies the order in which they must be claimed, and sets the maximum reduction in tax liability (30% to 70%, depending on the credit types involved) (see OLR Report [2020-R-0166](#)). These limits also do not apply to the Jobs CT tax rebate program, which can be applied to a business’s full liability and is refundable ([CGS § 12-217zz](#), as amended by [PA 23-204](#), § 351 and [CGS § 12-111a](#)).

Table 1: Capital Investments

Credit Program, Year Enacted, & Applicability	Eligibility Criteria	Credit Amount and Limits
Electronic Data Processing Equipment (CGS § 12-217t; 1994)	Businesses paying property taxes on computers, printers, peripheral computer equipment, bundled software, and similar equipment	Credit equals 100% of property tax paid on electronic data processing equipment

Applicability¹: AC, CA&S, Corp., Ins., RR, UBI, Util.

Credit Program, Year Enacted, & Applicability	Eligibility Criteria	Credit Amount and Limits
<p>Fixed Capital Investments (CGS § 12-217w, as amended by PA 23-204, § 354; 1997)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Businesses acquiring tangible personal property that meets the following criteria:</p> <ul style="list-style-type: none"> acquired from an unrelated person for use by the business has a class life of more than four years is not leased during first 12 months after acquisition is held or used in Connecticut for at least five years after acquisition <p>For income years starting on and after July 1, 2025, businesses may earn this credit for investments made by LLCs they own if the following criteria are met:</p> <ul style="list-style-type: none"> headquartered in Connecticut own, directly or indirectly, at least 80% of an LLC that is treated as a partnership or disregarded as an entity separate from its owner for federal tax purposes provide telecommunication services 	<p>5% of fixed capital costs incurred during income year</p> <p>Businesses that claim this credit may not claim any other state credit for the same acquisition</p>
<p>Machinery and Equipment (CGS § 12-217o; 1993)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Businesses qualify if their expenditure for machinery and equipment used in Connecticut exceeds the prior year's expenditure for machinery and equipment used in Connecticut</p>	<p>Credit amount depends on the number of employees:</p> <ul style="list-style-type: none"> 10% of the excess amount for businesses with 250 or fewer full-time, permanent employees 5% of the excess amount for businesses with between 251 and 800 full-time, permanent employees

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 2: Contributions and Donations

Credit Program, Year Enacted, & Applicability	Eligibility Criteria	Credit Amount and Limits
<p>Land Donations (CGS § 12-217dd; 1999. Since 2013, incorporates former tax credit for donation of land for educational use; CGS § 12-217ff)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Open space land meeting either of the following criteria:</p> <ul style="list-style-type: none"> donated to the state, a political subdivision, a water company, or a nonprofit land conservation organization permanently preserved as open space or used as public water supply <p>Land donated to a town, city, borough, school district, or regional school district for educational uses</p>	<p>Credit equals 50% of either:</p> <ul style="list-style-type: none"> donated land's fair market value or value of discounted sales price or interest in land
<p>Neighborhood Assistance Act (NAA) (CGS §§ 12-630aa et seq.; 1982)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Util.</i></p>	<p>Minimum \$250 contribution toward municipally approved community service program</p> <p>See Table 4 (Human Capital Investment and Job Creation) for additional NAA contribution options</p>	<p>Total credits for all NAA projects capped at \$5 million per year</p> <p>Credit equals 100% for certain energy conservation and college access loan forgiveness programs; 60% for all other programs; aggregate credit amount capped at \$150,000 per firm annually</p> <p>Credit-eligible contributions are capped at \$150,000 per program</p>
<p>Youth Development Donations (PA 23-205, § 161, effective January 1, 2024)</p> <p><i>Applicability¹: Corp., PIT</i></p>	<p>Businesses that make cash contributions to qualifying nonprofit youth development organizations to fund programs such as after-school tutoring, mentoring, or workforce preparedness training</p>	<p>Available only for the 2024 and 2025 income or tax years</p> <p>Credit equals 50% of the qualifying contribution, up to:</p> <ul style="list-style-type: none"> \$100,000 if claimed against the corporation business tax or \$20,000 if claimed against the personal income tax <p>Total credits for this program capped at \$2.5 million per year</p>

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 3: Human Capital Investment and Job Creation

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Achieving a Better Life Experience (ABLE) Account Contributions (PA 23-137, § 58, effective January 1, 2024)</p>	<p>Taxpayers who make contributions to their employees' state-administered ABLE program accounts</p>	<p>Credit is equal to the account contribution, up to \$2,500 per employee per year</p>
<p><i>Applicability¹: Corp., PIT</i></p>		
<p>Apprenticeship Training (CGS § 12-217g; 1979)</p> <p><i>Applicability¹: Corp. (all apprenticeships), PE (manufacturing only)</i></p>	<p>Businesses hiring apprentices participating in state-approved manufacturing, plastics, and construction trades apprenticeship training programs</p> <p>For businesses hiring plastics trade apprentices, the number of apprentices hired must exceed the average number of such apprentices hired during the previous five years</p>	<p>For plastics trade apprenticeship, credit capped at the lesser of (1) \$4,800 or (2) 50% of actual wages paid during the first half of a two-year term apprenticeship or first three-quarters of a four-year apprenticeship</p> <p>For manufacturing trade apprenticeship, credit capped at the lesser of (1) \$7,500 or (2) 50% of such wages during the first half or a two-year term apprenticeship or first three-quarters or a four-year apprenticeship</p> <p>For construction trade apprenticeship, credit capped at the lesser of (1) \$4,000 or (2) 50% of actual wages paid during the first four income years</p>
<p>Corporation Stock Share Plan (PA 23-204, § 390; effective January 1, 2025)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Beginning in 2027, businesses may qualify for exemption from the corporation business tax surcharge for offering a qualifying employee stock-sharing arrangement</p> <p>If the surcharge expires or is eliminated after the business starts claiming the exemption, it is instead eligible for the tax credit</p>	<p>Credit equals the surcharge amount owed had the exemption still been in effect.</p> <p>Businesses qualify for the exemption or credit, as applicable, for 10 successive income years</p>
<p>Human Capital Investment (CGS § 12-217x, as amended by PA 23-204, §§ 350 & 351; 1997)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Eligible investments: job training, work education, child care subsidies, child care facility expenses or donations, donations to colleges and universities for technology, and contributions to Individual Development Account Reserve funds</p>	<p>Through the 2023 income year, credit equals 5% of eligible investment. Starting with the 2024 income year, credit equals (1) 10% of most investments and (2) 25% for eligible child care-related investments</p>

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>JobsCT Tax Rebate Program (CGS § 32-71 et seq., as amended by PA 23-137, § 61; 2022)</p> <p><i>Applicability^{1, 2}: Corp., Ins., PE</i></p>	<p>Businesses in specified industries that apply to the JobsCT program through the Department of Economic and Community Development (DECD) and create and maintain at least (1) 25 new or discretionary full-time employees (FTE) or (2) starting January 1, 2024, 15 FTEs if at least one of the FTEs is a person with intellectual disability</p> <p>Generally, to qualify as a new FTE, the (1) position must have not existed prior to a business's application to DECD and (2) employee must be paid wages of at least 85% of the median household income for the location where the position is primarily based or \$37,500, whichever is greater</p>	<p>Total credit amount awarded through program capped at \$40 million per year</p> <p>Credit generally equals 25% of the state income tax that would be paid on the new FTEs' average wage or 50% of such amount for FTEs in an opportunity zone or distressed municipality or who have an intellectual disability</p> <p>Minimum credit of \$1,000 per new FTE and \$750 per discretionary FTE and maximum credit of \$5,000 per new or discretionary FTE (minimum amounts doubled for credits earned, claimed, or payable before January 1, 2024)</p> <p>Businesses may receive credits in up to seven successive years, beginning with the second year after acceptance into the program</p>
<p>Neighborhood Assistance Act: Day Care and Job Training (CGS §§ 12-634 and 12-635; 1982)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Util.</i></p>	<p>Minimum \$250 contribution toward municipally approved day care or job training program</p> <p>See Table 2 (Contributions and Donations) for additional NAA contribution options</p>	<p>Total credits for all NAA projects capped at \$5 million per year</p> <p>Credit equals 60% credit for contributions to:</p> <ul style="list-style-type: none"> • daycare facilities used primarily by business's employees (capped at \$50,000 per year per business) or • specified job training programs

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
Student Loan Payments (CGS § 12-217qq; 2019 (but took effect 2022))	Businesses making payments on qualifying employees' eligible loans (i.e., loans issued by the Connecticut Higher Education Supplemental Loan Authority)	Credit equals 50% of the payment the company made on an employee's behalf for his or her outstanding principal loan balance
<i>Applicability¹: Corp., Ins.</i>	Qualifying employees are those who (1) work full-time, (2) earned their first bachelor's degree in the last five years, and (3) live and work in the state	The annual credit maximum is \$2,625 per employee Qualified small businesses (i.e., those with \$5 million or less in gross receipts in the year the credit is allowed) may apply to the Department of Revenue Services for a refund equal to the credit's value

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

² Treated as a tax credit when applied to Corp. or PE tax and as an offset when applied to Ins.

Table 4: Real Estate Development

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Historic Homes Rehabilitation (CGS § 10-416, as amended by PA 23-204, § 357; 1999)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Util. (through 2023); PIT and UBI (2024 and after)</i></p>	<p>Available to owners rehabilitating an historic home or taxpayers making contributions to qualifying rehabilitation expenditures</p> <p>Qualified rehabilitation expenditure must exceed \$15,000</p> <p>Taxpayers contributing funds towards the rehabilitation qualify for credits if the individual or nonprofit organization that did the work designated them for the credits</p> <p>Property must meet the following criteria:</p> <ul style="list-style-type: none"> • one- to four-unit dwelling • listed on the national or state Register of Historic Places or located in an historic district and contributing to its character • occupied as owner’s principal residence for at least five years 	<p>Total credits capped at \$3 million per year; \$2.1 million of the credits are reserved for homes rehabilitated in targeted areas</p> <p>Credit equals 30% of eligible construction costs:</p> <ul style="list-style-type: none"> • up to \$30,000 credit per dwelling unit • up to \$50,000 credit per unit for businesses that contribute to projects undertaken by nonprofit organizations
<p>Historic Rehabilitation (CGS § 10-416c; 2014)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Util.</i></p>	<p>Property (1) listed on the national or state Register of Historic Places or (2) located in an historic district on the national or state register and certified as contributing to the district’s historic character</p> <p>Applies to rehabilitations for (1) residential use of five units or more, (2) mixed residential and nonresidential uses, or (3) nonresidential use consistent with the property’s or district’s historic character</p>	<p>Total credits capped at \$31.7 million per year</p> <p>Credit equals 25% of qualified rehabilitation expenditures; 30% if project (1) includes a specified percentage of units affordable to low- and moderate-income people or (2) is located in an opportunity zone</p> <p>No project can receive more than \$4.5 million in credits</p>

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Housing Program Contributions (CGS § 8-395, as amended by PA 23-207, § 30; 1987)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Util.</i></p>	<p>Minimum \$250 cash contribution to Connecticut Housing Finance Authority-approved housing programs, including workforce housing development projects, managed by nonprofit organizations</p>	<p>Total credits capped at \$10 million per year</p> <p>Total credit-eligible contributions to a specific organization capped at \$500,000 per year</p> <p>Businesses may not receive this credit and an NAA credit for the same contribution</p>
<p>Urban and Industrial Sites Reinvestment (URA) (CGS § 32-9t; 2000)</p> <p><i>Applicability¹: AC, CA&S, Corp., Ins., RR, Surp. Lines, UBI, Util.</i></p>	<p>Businesses investing in projects developing or redeveloping urban and industrial property, including brownfields, meeting statutory criteria (e.g., generating new tax revenue and other economic benefits)</p> <p>Requires specified level of investment in order to claim the credit; minimum amount depends on the type of project and whether taxpayers invest directly in a project or invest indirectly through a fund manager</p>	<p>Total credits available for all projects capped at \$950 million</p> <p>Credit equals 100% of investment up to \$100 million, spread out over 10 years:</p> <ul style="list-style-type: none"> • 0% in first three years after investment was made • 10% per year in the next four years • 20% in the remaining three years <p>Businesses claiming URA credits are ineligible to receive certain other credits for the same investment</p>
<p>Workforce Housing Opportunity Development Program (PA 23-207, § 28, effective June 1, 2024)</p> <p><i>Applicability¹: Corp., PIT</i></p>	<p>Businesses making cash contributions of at least \$250 to eligible developers for eligible workforce development housing projects (i.e., building or rehabilitating rental housing that will be partially reserved for members of a designated workforce and meets other criteria) located in opportunity zones</p> <p>The Department of Housing (DOH) must determine additional eligibility criteria and begin accepting applications by January 1, 2025</p>	<p>DOH must specify credit amounts and limits; total credits capped at \$5 million per fiscal year</p>

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 5: Research and Development

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Research and Development (CGS § 12-217n; 1993)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Credit available to any business spending on R&D</p> <p>Federally deductible R&D and basic research expenditures incurred in Connecticut</p> <p>See Table 7 for R&D credit specific to businesses in enterprise zones</p>	<p>Credit determined according to statutory formula:</p> <ul style="list-style-type: none"> amounts range from 1% for expenditures of \$50 million or less to 6% for expenditures exceeding \$200 million only one-third of credit may be taken per year
<p>Research and Development by Businesses Located in Enterprise Zones (CGS § 12-217n(c); 1999)</p> <p><i>Applicability¹: Corp</i></p>	<p>Limited to businesses meeting the following criteria:</p> <ul style="list-style-type: none"> headquartered in an enterprise zone employing more than 2,500 people earning annual revenues exceeding \$3 billion 	<p>Greater of 3.5% of total R&D expenditure or the amount derived from the statutory two-step formula used by businesses located outside enterprise zones (see Table 6)</p>
<p>Research and Experimental Expenditures (CGS § 12-217j; 1992)</p> <p><i>Applicability¹: Corp.</i></p>	<p>Business must spend more on R&D than it did in the previous year</p>	<p>Credit equals 20% of the amount spent on R&D over and above the amount spent during prior year</p>

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 6: Targeted Industries Development

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Digital Animation Production (CGS § 12-217ll; 2007)</p> <p><i>Applicability¹: Corp., Ins.</i></p>	<p>Business with in-state studio facilities and 200 or more in-state employees that incur eligible production expenses and costs in Connecticut</p> <p>Eligible costs and expenses include intellectual property, production equipment, and trailers</p>	<p>Total annual credits capped at \$15 million</p> <p>Three-tiered credit:</p> <ul style="list-style-type: none"> • 10% for expenditures of \$100,000-\$500,000 • 15% for expenditures exceeding \$500,000 but not exceeding \$1 million • 30% for expenditures exceeding \$1 million
<p>Film and Digital Media Production (CGS § 12-217jj, as amended by PA 23-204, §§ 352 & 353; 2006)</p> <p><i>Applicability¹: CA&S, Corp., Ins., SUT</i></p>	<p>Production companies producing a qualified production must incur specified production expenses and costs in Connecticut and meet one of the following criteria:</p> <ul style="list-style-type: none"> • conduct at least 50% of principal photography days in Connecticut or • incur 50% or \$1 million of post-production costs here <p>Qualified productions include “relocated television productions” filming in a qualified production facility, investing at least \$25 million, and creating at least 200 jobs</p> <p>Generally, tax credit vouchers may not be issued for motion pictures that have not been designated as state-certified productions prior to July 1, 2013, but an exception exists for motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that (1) receives at least \$25 million in private investment and (2) opens for business on or after July 1, 2013</p>	<p>Three-tiered credits:</p> <ul style="list-style-type: none"> • 10% for eligible expenditures of \$100,000-\$500,000 • 15% for eligible expenditures exceeding \$500,000 but not exceeding \$1 million • 30% for eligible expenditures exceeding \$1 million <p>If claimed against the sales and use tax, production companies or transferees may only claim 78% of the credit’s value (92% for the 2024 and 2025 income years)</p> <p>Credit certification for relocated television production companies is valid for 10 years</p>
<p>Film Production Infrastructure (CGS § 12-217kk; 2007)</p> <p><i>Applicability¹: Corp., Ins.</i></p>	<p>Business must spend at least \$3 million developing buildings, facilities, and installations needed for film and digital media production</p>	<p>Credit equals 20% of eligible investment</p> <p>Infrastructure must be 100% completed before credit may be claimed</p>

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
Theater Production (PA 23-204, § 372, effective January 1, 2024) <i>Applicability¹: Corp., Ins., PIT, Util.</i>	Production companies that incur eligible expenses for pre- and post-Broadway productions or live theatrical tours and receive a final accredited theater production certificate from DECD Eligible expenses include both production and performance expenditures	Credit equals 30% of eligible expenses Total annual credits capped at \$2.5 million

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 7: Venture Capital Investments

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
Angel Investment (CGS § 12-704d; 2010; no new credits may be reserved after June 30, 2028) <i>Applicability¹: PIT</i>	Investment of at least \$25,000 in a business operating in Connecticut and meeting specified criteria (e.g., had gross revenues of less than \$1 million in the most recent income year) Certain investors (e.g., banks and venture capitalists) are ineligible for the credit	Total annual credits capped at \$5 million Credit equals 25% of cash investment; credit capped at \$500,000 Up to 75% of available credits may be reserved for investments in emerging technology businesses (this cap may be exceeded if unreserved credits remain after April 1 in each year)
Invest CT (i.e., Second Insurance Reinvestment Fund) (CGS § 38a-88a(c); 2010) <i>Applicability¹: Ins., Surp. Lines</i>	Insurance companies making eligible cash investments in state-certified “Invest CT” funds Funds must invest the cash only in eligible Connecticut-based businesses (e.g., those with \$10 million or less in net income the previous year) and meet other investment requirements	100% of investment claimed over 10 years, beginning in the fourth year after investment was made <ul style="list-style-type: none"> for investments made before July 1, 2015, 10% per year in years four through seven and 20% per year in years eight through 10 for investments made on or after September 1, 2015, 20% per year in years six through 10 Total annual credits capped at \$40 million (excluding carryforwards); total available credits capped at \$550 million

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Table 8: Expired or Obsolete Credits

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
<p>Entertainment Facilities (CGS § 12-217e(a); 1993; no initial credit claims allowed after December 31, 2017)</p>	<p>Municipality must have designated an entertainment district (option limited to municipalities with enterprise zones)</p>	<p>Same as credit for manufacturing facilities (see below), but entertainment facility qualifies for credits regardless of whether it is located in the entertainment district</p>
<p><i>Applicability¹: Corp.</i></p>	<p>Credit available to businesses that develop or acquire facilities and create jobs in or outside entertainment districts</p>	
	<p>Facility must be used for producing entertainment products or as part of airing, displaying, or providing live entertainment for stage or broadcast</p>	
<p>Manufacturing Facilities (CGS § 12-217e(a); no initial credit claims allowed after December 31, 2017)</p>	<p>Credit available to businesses in designated zones that develop or acquire facilities and create jobs</p>	<p>10-year credit:</p> <ul style="list-style-type: none"> • generally 25% of tax allocable to facility • 50% of tax allocable to facility if it meets specified employment criteria
<p><i>Applicability¹: Corp.</i></p>	<p>Facility must meet the following criteria:</p> <ul style="list-style-type: none"> • be newly acquired, constructed, substantially renovated, or expanded • be used for manufacturing or specified financial services • house new jobs 	

Tax Credit Program and Year Enacted	Eligibility Criteria	Credit Amount and Limits
Service Facilities (CGS § 12-217e(b); 1996; no initial credit claims allowed after December 31, 2017)	Credit available to businesses that develop or acquire facilities and create jobs in municipalities with enterprise zones, but outside the zones	10-year credit based on the number of jobs created: <ul style="list-style-type: none"> • 15% for 300-599 jobs • 20% for 600-899 jobs • 25% for 900-1,189 jobs • 30% for 1,200-1,499 jobs • 40% for 1,500-1,999 jobs • 50% for 2,000 or more jobs
<i>Applicability¹: Corp.</i>	Facilities must house specified service firms, including business, financial, and health services; warehousing and motor freight; and fishing, hunting, and trapping companies	

¹ Tax abbreviations: AC (air carriers tax), CA&S (community antenna and satellite TV companies tax), Corp. (corporation business tax), Ins. (insurance premiums tax), PE (pass-through entity tax), PIT (personal income tax), RR (railroad companies tax), SUT (sales and use tax), Surp. Lines (surplus lines broker tax), UBI (unrelated business income tax), and Util. (utility companies tax)

Credit Applicability

The following table lists the various taxes each tax credit described above may be applied against. Most credits apply against the corporation business tax, and many apply against other business taxes. Credits in gray have expired or are obsolete.

Table 9: Taxes and Applicable Tax Credits

	Air Carriers	Community Antenna and Satellite TV Companies	Corporation	Insurance Premiums	Pass-through Entity	Personal Income	Railroad Companies	Sales and Use	Surplus Lines	Unrelated Business Income	Utility Companies
ABLE Account Contributions			✓			✓					
Angel Investment						✓					
Apprenticeship Training			✓		✓*						
Corporation Stock Share Plan			✓								
Digital Animation Production			✓	✓							
Electronic Data Processing Equipment	✓	✓	✓	✓			✓			✓	✓
Entertainment Facilities			✓								
Film and Digital Media Production		✓	✓	✓				✓			
Film Production Infrastructure			✓	✓							
Fixed Capital Investments			✓								
Historic Homes Rehabilitation	✓**	✓**	✓**	✓**		✓***	✓**			✓***	✓**

	Air Carriers	Community Antenna and Satellite TV Companies	Corporation	Insurance Premiums	Pass-through Entity	Personal Income	Railroad Companies	Sales and Use	Surplus Lines	Unrelated Business Income	Utility Companies
Historic Rehabilitation	✓	✓	✓	✓			✓				✓
Housing Program Contributions	✓	✓	✓	✓			✓				✓
Human Capital Investment			✓								
Invest CT				✓					✓		
JobsCT Tax Rebate Program			✓	✓	✓						
Land Donations			✓								
Machinery & Equipment			✓								
Manufacturing Facilities			✓								
Neighborhood Assistance Act	✓	✓	✓	✓			✓				✓
Research and Development			✓								
Research and Experimental Expenditures			✓								
Service Facilities			✓								
Student Loan Payments			✓	✓							
Theater Production			✓	✓		✓					✓

	Air Carriers	Community Antenna and Satellite TV Companies	Corporation	Insurance Premiums	Pass-through Entity	Personal Income	Railroad Companies	Sales and Use	Surplus Lines	Unrelated Business Income	Utility Companies
Urban and Industrial Sites Reinvestment	✓	✓	✓	✓			✓		✓	✓	✓
Workforce Housing Opportunity Development Program			✓			✓					
Youth Development Donations			✓			✓					

*Manufacturing apprenticeship credit only

** For vouchers issued prior to January 1, 2024

***For vouchers issued January 1, 2024, or late

Carryforward and Carryback

Some taxpayers may not have enough tax liability to use all their tax credits in the year they earn them. Tax credit carryforward and carryback provisions allow taxpayers to apply these unused credits to future (carryforward) or previous (carryback) tax years. Table 10 indicates whether each credit allows for carryforward or carryback, and if yes, how many years a taxpayer may do so. Credits in gray have expired or are obsolete.

Table 10: Tax Credit Carryforward and Carryback Provisions

Credit	Carryforward	Years	Carryback	Years
ABLE Account Contributions	No	--	No	--
Angel Investment	Yes	5	No	--
Apprenticeship Training	No	--	No	--
Corporation Stock Share Plan	No	--	No	--
Digital Animation Production	No ¹	--	No	--
Electronic Data Processing Equipment	Yes	5	No	--
Entertainment Facilities	No	--	No	--
Film and Digital Media Production	No ²	--	No	--
Film Production Infrastructure	No ¹	--	No	--
Fixed Capital Investments	Yes	5	No	--
Historic Homes Rehabilitation	Yes	4	No	--
Historic Rehabilitation	Yes	5	No	--
Housing Program Contributions	Yes	5	Yes	5
Human Capital Investment	Yes	5	No	--
Invest CT	Yes	5	No	--
JobsCT Tax Rebate Program	No	--	No	--
Land Donations	Yes ³	25	No	--
Machinery & Equipment	No	--	No	--
Manufacturing Facilities	No	--	No	--
Neighborhood Assistance Act	No	--	Yes	2
Research and Development	Yes ⁴	15 ⁵	No	--
Research and Experimental Expenditures	Yes ⁴	15	No	--
Service Facilities	No	--	No	--
Student Loan Payments	No	--	No	--
Theater Production	Yes	3	No	--

Credit	Carryforward	Years	Carryback	Years
Urban and Industrial Sites Reinvestment	Yes	5	No	--
Workforce Housing Opportunity Development Program	Yes	5	Yes	5
Youth Development Donations	No	--	No	--

¹ All or any part of the tax credit may be claimed in the year the production expenses or costs were incurred or in any of the three succeeding years

² For vouchers issued before July 1, 2015, credit may be claimed in the year the expenses were incurred or in the next three income years; for vouchers issued on or after July 1, 2015, credit may be claimed in the year the expenses were incurred or the next five income years

³ Credits claimed for the donation of land for educational use in income years before 2013 have 15-year carryforward; no carryback

⁴ Small businesses with R&D credits that they cannot claim may apply to the state for a refund equal to 65% of the credits' value ([CGS § 12-217ee](#)).

⁵ Credits allowed before 2021 may still be carried forward until they are fully used, and the carryforward provision is applicable to income years beginning on or after January 1, 2021

Credit Transfer

Under some tax credit programs, companies may earn credits but be unable use them because they (1) do not pay the tax or taxes against which the credit applies or (2) do not have enough liability to claim the credit even after exhausting any available carryforwards.

To allow these companies to benefit from the credit, some programs allow taxpayers with unused credits to transfer them to other taxpayers. This may include transferring them to affiliated companies or selling them, either on their own or through a tax credit broker, to other taxpayers who can use them.

Table 11 indicates whether each credit may be transferred and lists any applicable limitations. Credits in gray have expired or are obsolete.

Table 11: Tax Credit Transfer Provisions

Credit	Transferable	Transfer Conditions
ABLE Account Contributions	No	
Angel Investment	No	
Apprenticeship Training	No	
Corporation Stock Share Plan	No	
Digital Animation Production	Yes	Up to three times
Electronic Data Processing Equipment	Sometimes	An insurer or HMO may transfer it to an affiliate if applied against the insurance premiums tax
Entertainment Facilities	No	

Credit	Transferable	Transfer Conditions
Film and Digital Media Production	Yes	Up to three times; with certain exceptions, an entity that is not subject to the insurance premiums or corporation tax may not assign more than 25% of its tax credits in any one income year
Film Production Infrastructure	Yes	Up to three times
Fixed Capital Investments	No	
Historic Homes Rehabilitation	Sometimes	An insurer or HMO may transfer it to an affiliate if applied against the insurance premiums tax
Historic Rehabilitation	Yes	Up to three times
Housing Program Contributions	Sometimes	An insurer or HMO may transfer it to an affiliate if applied against the insurance premiums tax
Human Capital Investment	No	
Invest CT	Yes	May transfer the credit only to an affiliate
JobsCT Tax Rebate Program	No	
Land Donations	No	
Machinery & Equipment	No	
Manufacturing Facilities	No	
Neighborhood Assistance Act	Sometimes	An insurer or HMO may transfer it to an affiliate if applied against the insurance premiums tax
Research and Development ¹	No	
Research and Development by Businesses Located in Enterprise Zones	No	
Research and Experimental Expenditures ¹	No	
Service Facilities	No	
Student Loan Payments	No	
Theater Production	Yes	Unlimited
Urban and Industrial Sites Reinvestment	Yes	Credit owner may transfer the credit, but assignee may not further transfer it; insurer or HMO may transfer it to an affiliate if applied against the insurance premiums tax
Workforce Housing Opportunity Development Program	No	
Youth Development Donations	No	

¹Small businesses with R&D credits that they cannot claim may apply to the state for a refund equal to 65% of the credits' value ([CGS § 12-217ee](#)).

SL:co