



General Assembly

Substitute Bill No. 157

February Session, 2024



**AN ACT CONCERNING A RESEARCH AND DEVELOPMENT
EXPENSES TAX CREDIT FOR PASS-THROUGH ENTITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (Effective January 1, 2025, and applicable to taxable
2 years commencing on or after January 1, 2025) (a) (1) There shall be allowed
3 a credit against the tax imposed under chapter 229 of the general
4 statutes, other than the liability imposed by section 12-707 of the general
5 statutes, in an amount equal to six per cent of the research and
6 development expenses paid or incurred by a taxpayer during the
7 taxable year. As used in this section, "research and development
8 expenses" has the same meaning as provided in section 12-217n of the
9 general statutes.

10 (2) If the taxpayer is an S corporation or an entity treated as a
11 partnership for federal income tax purposes, the credit may be claimed
12 by the shareholders or partners of the taxpayer. If the taxpayer is a single
13 member limited liability company that is disregarded as an entity
14 separate from its owner, the credit may be claimed by such limited
15 liability company's owner, provided such owner is a person subject to
16 the tax imposed under chapter 229 of the general statutes.

17 (b) The aggregate amount of all tax credits that may be allowed by
18 the Commissioner of Revenue Services pursuant to subsection (a) of this

19 section shall not exceed five million dollars in any fiscal year.

20 (c) The Commissioner of Revenue Services may adopt regulations, in
21 accordance with the provisions of chapter 54 of the general statutes, to
22 carry out the purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2025, and applicable to taxable years commencing on or after January 1, 2025</i>	New section

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Joint Favorable Subst. C/R

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