Connecticut Investment Tax Credit

Dario Arezzo

Chief Financial Services Officer

FARM CREDIT EAST

New Investment Tax Credit

- 20% refundable tax credit
- Effective 1/1/2026
- Modeled after NYS
- Aims to boost investment

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Example

- Farmer John buys $500,000 of equipment in 2026
- $100,000 refundable tax credit!
- If he owes $5,000 in CT tax, gets $95,000 back

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Criteria

- 67% gross farming income “eligible farmer”
- Three-year average
- $30,000 cushion

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Example

- Farmer with $80,000 W-2

$95,000-$30,000

- $15,000 interest/dividends
- $100,000 Schedule F
- ~61% Gross income from farming

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Criteria - Entities

- Shareholders & Partners may claim
- Pro-rata share
- S-Corp/Partnerships

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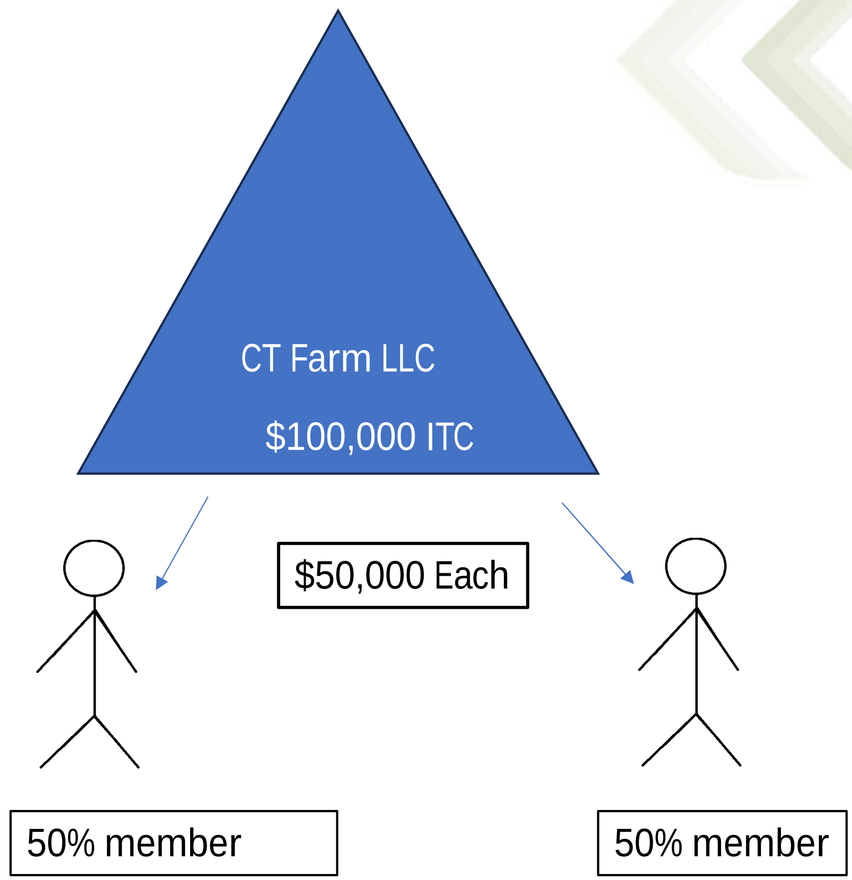
Criteria - Entities



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Eligible Investments

- Machinery, equipment, buildings (CT)
- 1/1/2026
- Not leased within 12 months of acquisition
- 5 year holding period
- Used in Agricultural production

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Used in Agriculture Production

- Crops, Dairy, Forestry
- Wine production, Christmas trees,
- Oysters, clams , mussels
- Apple juice and cider (permits)

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Eligible Investments

- Related party prohibitions

- Recapture provisions

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Tax Planning

- Purchase vs. Lease
- Strategic 2025 considerations
- Lessons learned from NYS
  - Federal Income
  - Audits?

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Operating Agreements

Clarity on the refunds

Capital contributions back?

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Federal Expensing Provisions

- Section 179 ($2.5MM)
- Bonus Depreciation
- Tax Planning

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Questions

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Thank You

Dario Arezzo
Chief Financial Services Officer
Dario.Arezzo@farmcrediteast.com

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