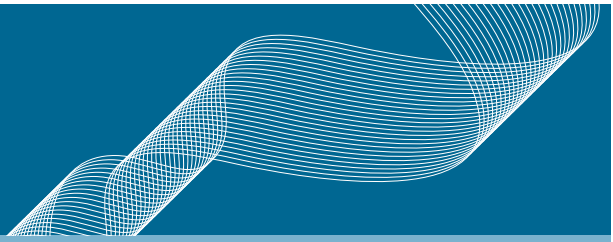


# RESEARCH AND DEVELOPMENT TAX CREDIT



## OVERVIEW

The Research and Development Tax Credit program was created to encourage the development, growth and expansion of Louisiana businesses by encouraging new and continued efforts to conduct research and development activities within this state.

## ELIGIBILITY

Any taxpayer who:

- Claims for the taxable year a federal income tax credit under 26 U.S.C. § 41(a) for increasing research activities. This is calculated with the IRS Form 6765, Credit for Increasing Research Activities, and/or
- Receives a federal Small Business Innovation Research Grant, or SBIR, as authorized by the Small Business Reauthorization Act of 2000.
- Beginning with the 2009 tax year, any taxpayer who employs up to fifty (50) Louisiana residents and incurs qualified research expenses for the taxable year, as defined in 26 U.S.C. § 41(b) may also be eligible for the tax credit without having to claim the federal income tax credit.

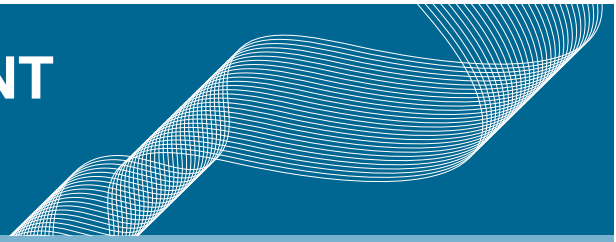
## BENEFITS

State tax credits for tax years 2003 to 2008 are non-refundable and transferrable. Starting with tax year 2009, all tax credits awarded will be refundable.

R&D Tax Credit	2003 & 2004 Tax Years	2005 to 2008 Tax Years	2009 Tax Year and Beyond
Credit for Increasing Research Activities (Regular)	8% for all taxpayers with a phase in amount	20% for taxpayers with fewer than 500 LA employees	20% for taxpayers with 50 to 99 LA employees
		8% for taxpayers with more than 500 LA employees	8% for taxpayers with more than 100 LA employees
Credit for Increasing Research Activities (Alternative)	25% for all taxpayers with a phase in amount	25% for all taxpayers	25% for all taxpayers
SBIR Grants	8% for all taxpayers with a phase in amount	20% for all taxpayers	40% for all taxpayers
R&D Expenditures (only)	N/A	N/A	40% for all taxpayers with fewer than 50 LA employees

Note: All credits are calculated on Louisiana's apportioned share of qualified research expenditures.

# RESEARCH & DEVELOPMENT TAX CREDIT



## QUALIFIED RESEARCH EXPENSES

- Wages, that are subject to withholding, paid to Louisiana resident employees who perform services in
  - Louisiana in any of the following capacities -Engaged in research, -Directly supervising research, or -Directly supporting research
- Supplies used in the conduct of research and development
- Expenses for the right to use computers in the conduct of research in Louisiana, and
- Contract research expenses are **65% of any expense paid or incurred** to any person other than an employee of the tax payer, for services performed in Louisiana.

## APPLICATION PROCEDURES

For approval of tax credits, a taxpayer must complete the following steps:

- Submit a signed application and affidavit with a \$250 fee and the following documentation:
  - A taxpayer who claims for the taxable year a federal income tax credit under 26 U.S.C. § 41(a), must submit a **signed** copy of the taxpayer's tax return. If a Research & Development Tax Study was completed, a copy should also be submitted.
  - A taxpayer who receives a federal SBIR or STTR must submit a copy of the grant along with copies of award payments received during the tax year.

AND/OR

- Starting with the 2009 tax year, a taxpayer who employs up to fifty (50) Louisiana residents and incurs qualified research expenses for the taxable year must submit a list of the qualified research expenses incurred. If a Research & Development Tax Study was completed or the federal income tax credit was claimed, a copy should also be submitted (in addition to all of the documents requested on the application).
- After approval by LED, a Tax Credit Certificate or letter is issued to the taxpayer stating the amount of tax credits allowed. A copy is also sent to the Louisiana Department of Revenue.
- A copy of the certificate or letter must be attached to any Louisiana return on which the credit is taken.

**Calculation sheets are also available to assist taxpayers in estimating the tax credit.**

## CONTACT

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