

Maryland Research and Development Tax Credit
Application for Certification for TYE 2014 (Or For Fiscal Year Taxpayers, TY _____)
Applications must be submitted by September 15, 2015.

General Information about the Applicant

1) Business Name: _____	
2) Business Address: _____ _____	
3(a) FEIN: _____	3(b) UI Number _____
4) Business NAICS Code: _____	5. Beginning and End Date of Tax Year: _____
6) If you are a partial or short-year taxpayer, provide the proportion of the year for which credits are being claimed, as a percentage. _____%	
7a) Total Number of Maryland Employees: _____	7b) Total Number of Maryland Employees engaged in R&D: _____

Calculating the Basic and Growth R&D Tax Credits

8) Maryland Gross Receipts		9) Maryland Eligible Research & Development Expenses	
TY 2014 or * _____	\$ _____	TY 2014 or * _____	\$ _____
TY 2013 or * _____	\$ _____	TY 2013 or * _____	\$ _____
TY 2012 or * _____	\$ _____	TY 2012 or * _____	\$ _____
TY 2011 or * _____	\$ _____	TY 2011 or * _____	\$ _____
TY 2010 or * _____	\$ _____	TY 2010 or * _____	\$ _____
Total (add 2010 to 2013 gross receipts)	\$ _____	Total (add 2010 to 2013 expenses)	\$ _____
Average (divide total by # of years, usually 4)	\$ _____	Average (divide total by # of years, usually 4)	\$ _____
Adjusted Average**	\$ _____	Adjusted Average**	\$ _____
*If you are a Fiscal Year taxpayer, you should be applying for credits earned for R&D expenses incurred in the tax year that ends in calendar year 2014. Please write in the tax year for which you are applying and the four preceding tax years in the space provided.			
**(Partial and short year taxpayers multiply the proportion of the year for which credits are being claimed times the average)		**(Partial and short year taxpayers multiply the proportion of the year for which credits are being claimed times the average)	
10) Maryland Base Percentage	_____ %	11) Maryland Base Amount	\$ _____
12) Basic R&D Tax Credit	\$ _____	13) Growth R&D Tax Credit	\$ _____

Additional Information

<p>14) Facility Address where R&D is conducted: If there are multiple facilities in Maryland, please attach a list of all facility addresses.</p>	<p>_____</p> <p>_____</p>
<p>15) Are any eligible MD R&D expenses for TY 2014 conducted by 3rd Party Vendors? If so, please attach a list of vendor names and addresses. Do NOT include vendor's expenses as part of your eligible MD R&D expenses if the vendor is also claiming the expenses as their own for this credit.</p>	<p>_____</p>
<p>16) Please verify that YES, all R&D is conducted in Maryland, including R&D conducted by 3rd Party Vendors.</p>	<p>_____</p>
<p>17) Eligible Federal R&D Expenses TY 2014 \$ _____</p>	
<p>TY 2013: \$ _____</p>	<p>TY 2011: \$ _____</p>
<p>TY 2012: \$ _____</p>	<p>TY 2010: \$ _____</p>
<p>18) The business must be in Good Standing with the Maryland State Department of Assessment and Taxation. Please attach proof of Good Standing. (This does NOT have to be an official Certificate of Good Standing but can be a print-out from SDAT's website showing status).</p>	
<p>19) SMALL BUSINESS REFUND CERTIFICATION: If you are applying as a "small business" for a refund, you must attach the federal tax return Form 1040, 1065, or other federal tax return for the beginning or end of the taxable year for which Maryland qualified R&D expenses are incurred. If complete financial statements are not part of the federal tax return, complete financial statements must also be attached. Failure to provide this information will result in the denial of the certification for a "small business" refund.</p> <p>A small business is defined as a "for profit corporation, limited liability company, partnership or sole proprietorship with net book value assets totaling, at the beginning or the end of the taxable year for which the Maryland Qualified Research and Development expenses are incurred, as reported on the balance sheet, less than \$5,000,000."</p> <p>NO _____ I am not a small business YES _____ I provided small business documentation</p>	

Maryland Research & Development Tax Credit Application Instructions

Below are instructions for filling out the Maryland Research & Development Tax Credit Application.

ONLY APPLICATIONS POSTMARKED BY SEPTEMBER 15, 2015 and MAILED TO THE DEPARTMENT WILL BE ACCEPTED.

The instructions are guidelines. You may download the MD R&D Tax Credit statute and regulations from the Maryland Department of Business and Economic Development's (DBED) website at:

<http://choosemaryland.org/businessresources/Pages/ResearchandDevelopmentTaxCredit.aspx>

General Information:

- 1) Provide the full legal name of the entity, as it should appear on the certificate. If Maryland law requires the business entity to register with the State Department of Assessments and Taxation (SDAT), this name must be registered as a business entity in good standing. You may check the status of your business entity at: http://sdatcert3.resiusa.org/ucc-charter/CharterSearch_f.aspx
- 2) Provide the address of the business entity. This is the address the certificate will be mailed to unless otherwise noted on the application.
- 3) Provide the Federal Employee ID Number and Unemployment Insurance Number, if applicable.
- 4) Provide the North American Industrial Classification Code (NAICS) of the business entity. More information on NAICS codes can be found at: <http://www.census.gov/eos/www/naics/index.html>
- 5) Provide the beginning and end date of the Tax Year for which the applicant is applying for credits. If you are a **Fiscal Year taxpayer**, you should be applying for credits earned for R&D expenses incurred in the tax year that ends in calendar year 2014.
- 6) If the business entity is a short year or partial year taxpayer (tax year is less than a full 12-month period), provide the percentage of days in the calendar year included in the partial or short tax year. For example, if the business entity is a short year taxpayer and the tax year begins January 1, 2014 and ends June 30, 2014, this is 181 days divided by 365 days or 50%.
- 7) Provide the total number of employees in Maryland and the total number of employees in Maryland engaged in Research and Development.

Calculation of the Credit

- 8) Provide the business's Maryland gross receipts for TYE 2014 and the preceding four years or for those years that the business had gross receipts. If the business did not have gross receipts for any of the preceding four years because it was not in existence in Maryland, please put **NA (not applicable)** in the blank for that year. If the business was in existence but had no gross receipts for a particular year, please put a **zero (0)** in the blank for that year. Maryland gross receipts mean gross receipts reasonably attributable to the conduct of trade or business in Maryland. Please refer to COMAR 03.04.03.08 for more information.
 - Total the Maryland gross receipts for years 2010 through 2013. Take the average of the gross receipts for these years. If, for example, the business was in existence only in 2012 and 2013, take the average of two years only.
 - However, if the business was in existence but had no gross receipts in 2010 and 2011, divide the total receipts by four years to compute the average.
 - If the business is a partial or short year taxpayer, multiply the average by the portion of the year for which the business entity is claiming the credit.
- 9) Provide the business's Maryland qualified research and development expenses for TYE 2014 and the preceding four years, if any. If the business did not have Maryland qualified research and development expenses because it was not in existence in Maryland, please put **NA (not applicable)** in the blank for that year. If the business was in existence but had no Maryland qualified research and development expenses for a particular year, please put a **zero (0)** in the blank for that year. Maryland qualified research and development expenses means qualified research expenses, as defined in §41(d) of the Internal Revenue Code and regulations, **incurred in Maryland**.
 - Total the Maryland qualified research and development expenses for years 2010 to 2013. Take the average of the expenses for these years. If, for example, the business was in existence only in 2012 and 2013, take the average of two years only.

- However, if the business was in existence but had no R&D expenses in 2010 and 2011, divide the total receipts by four years to compute the average.
 - If the business is a partial or short year taxpayer, multiply the average by the portion of the year for which the business entity is claiming the credit.
- 10) Calculate the base percentage by dividing the average Maryland qualified research and development expenses by the average Maryland gross receipts. If your gross receipts are zero, please put NA in the blank.
 - 11) Calculate the Maryland Base Amount by multiplying the Base Percentage by the average Maryland Gross Receipts.
 - If the business entity is a partial year or short year taxpayer determine the Maryland adjusted base amount by multiplying the base percentage by the adjusted average Maryland gross receipts.
 - If your gross receipts are zero and the Base Percentage is NA, please use the Average MD R&D Eligible Expenses or Adjusted Average MD R&D Eligible Expenses as the Base Amount.
 - 12) Determine the Basic R&D tax credit by taking the lesser of 3% of the Maryland qualified R&D expenses for TYE 2014 or 3% of the Maryland Base Amount (or adjusted base amount).
 - 13) Determine the Growth R&D tax credit:
 - Subtract the Maryland Base Amount from the Maryland qualified R&D expenses in 2014 and
 - Take 10% of this amount.

Additional Information

- 14) Provide the address of the Maryland facility where the Maryland qualified R&D occurs. If you have multiple Maryland facilities conducting Maryland qualified R&D, please provide a list of the addresses of all facilities.
- 15) Indicate if Maryland qualified R&D is conducted by 3rd party vendors. If the R&D is conducted by 3rd party vendors, provide a list including the names and addresses of the vendors. The business entity and its vendor may not apply for the same Maryland qualified R&D expenses. **Do NOT** include vendor expenses in your eligible R&D expenses if the vendor is also applying to claim credits for those expenses.
- 16) Verify that the R&D for which the company is including in its expenses is conducted in Maryland, including R&D conducted by 3rd Party Vendors.
- 17) Provide information on the business entity's federal R&D expenses for 2014 and the four preceding years, if applicable.
- 18) Attach proof of Good Standing from the Maryland State Department of Assessment and Taxation (Corporations and LLC's only). This proof does NOT have to be an official Certificate of Good Standing but may be a print-out of status from SDAT's website: http://sdatcert3.resiusa.org/UCC-Charter/CharterSearch_f.aspx.
- 19) To be certified as a small business that may claim a refund of the unused credits, the business must attach the federal tax return Form 1040, 1065, or other federal tax return for the beginning or end of the taxable year for which Maryland qualified R&D expenses are incurred. If complete financial statements are not part of the federal tax return, complete financial statements must also be attached. Failure to provide this information will result in the denial of the certification for a "small business" refund. Please mark YES/NO indicating whether the applicant is a small business.

Please complete Exhibit A, attached to the application and instructions.

Applications should be mailed to the following address:

Mark A. Vulcan, Esq., CPA
 Program Manager, Tax Incentives
 Maryland Department of Business and Economic Development
 401 East Pratt Street, 17th Floor
 Baltimore, Maryland 21202

The Department of Business and Economic Development may only accept applications postmarked by September 15, 2015.

Please contact Mark Vulcan at 410-767-6438 or Stacy Kubofcik at 410-767-4980 with any questions.

Exhibit A (Regarding Item 3.A. of the Application)

This form is for gathering statistical data only. This form will be separated from the application and the information provided in it will not be a part of the application approval process. Furnishing this information is voluntary; failure to do so will have no effect on the approval of the requested financial assistance.

Respondent does not wish to furnish this information

If Respondent is a business organization:

If Respondent is a business owned and controlled primarily by individuals who are identified in any of the following categories, please check all the categories that apply:

- Female
- Of Hispanic or Latino origin
- American Indian or Alaska Native
- Asian
- Black or African American
- Native Hawaiian or other Pacific Islander
- White
- Veteran

Is the Respondent a State/Federal/Other certified Minority Business Enterprise?

Yes No

If yes, please provide your:

State MBE certification number: _____

Federal 8(a)/SDB certification number: _____

Identify who the other issuer is and the other certification number: _____

Respondent is a publicly held entity or other organization not classifiable as owned by individuals of a particular gender, race, ethnicity, or veteran status.

If the Respondent is an individual:

Is the Respondent Female? Yes No

Is the Respondent of Hispanic or Latino origin? Yes No

Is the Respondent a Veteran? Yes No

Which of the following categories describes the Respondent (multiracial respondents may select all applicable racial categories):

- American Indian or Alaska Native
- Asian
- Black or African American
- Native Hawaiian or other Pacific Islander
- White

FOR DEPARTMENT USE ONLY:

Respondent Name: _____

Date: _____