



Maryland

DEPARTMENT OF COMMERCE

REACH YOUR RAISE:

Attract Investors with Maryland's
Biotech Tax Credit



Webinar hosted by **Maryland**
DEPARTMENT OF COMMERCE

Biotechnology Investment Incentive Tax Credit (BIITC)

Capital Formation for Early-Stage
Maryland Biotech Companies

Refer to official website for complete program details

<https://commerce.maryland.gov/fund/programs-for-businesses/bio-tax-credit>



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888-246-6736 | [COMMERCE.MARYLAND.GOV](https://commerce.maryland.gov)

Agenda

BIITC User Perspectives



Qualified Maryland Biotechnology Company

Samantha Scott, PhD, CEO, JuneBrain, Inc.



Qualified Investor

Deborah Hemingway, PhD, Managing Partner, Ecphora Capital

BIITC Guidelines and Instructions

Maryland Department of Commerce

Abigail McKnight, Program Manager, Tax Incentives

Jason Sobel, Esq., Tax Specialist

Q&A



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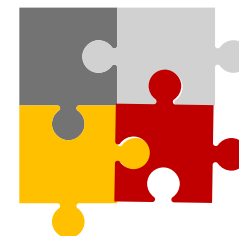
BIITC Overview

Challenge

MD biotech companies need capital to support growth from R&D □ commercialization

Solution

BIITC encourages capital investment into MD biotech companies



What?

Finance program designed to attract private investment in early-stage biotech companies in Maryland

How?

Provides refundable income tax credits

Who?

Tax credits provided to qualified investors of Qualified Maryland Biotechnology Companies (QMBCs)

When?

Annual cycle opens for applications beginning August and operates on first-come, first-served basis. Investor receives credit as part of annual income tax filing.

Eligibility

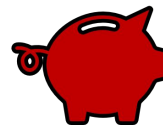


Qualified Maryland Biotechnology Company

- ✓ Organized for profit, primarily engaged in R&D of innovative and proprietary technology that comprises, interacts with, or analyzes biological material
- ✓ HQ and base of operations in Maryland
- ✓ ≥ 1 R&D employee & < 50 employees
- ✓ In active business ≤ 12 years
- ✓ Certified as a biotechnology company by Commerce

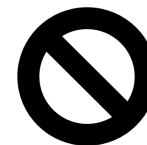
Type of Investment

- ✓ Cash or cash equivalents contributed to QMBC in exchange for stock, partnership, membership or other ownership interest
- ✓ Includes convertible debt



Investor

- ✓ Individual/entity that invests $\geq \$25k$ in a QMBC
- ✓ Resides anywhere except tax-haven jurisdictions
- ✓ Non-Maryland entities must be registered and in good standing to conduct business in the State of Maryland through Maryland SDAT
- ✓ Entity investors need certified articles of organization, organizing document, management and ownership composition, certificate of status



Exclusions*

- x Pension plan, IRA or other qualified retirement plan under ERISA, fiduciaries or custodians under such plans, or similar plans for entities in other countries
- x Investment made by QMBC into itself

*continued next slide

*Exclusions and Potential Pitfalls

- X Investment cannot be made by or funding directly or indirectly by the QMBC (i.e., the QMBC cannot give the money to an individual to then invest).
- X No part of the investment funding can be returned to the investor after the investment.
- X No part of the tax credit can be returned to the QMBC.
- X Investor cannot directly or indirectly own more than 25% of the company after the BIITC investment.
- X Founders and current employees, as well as certain relatives thereof, cannot participate if the company has been in active business for more than 5 years.
- X Entities owned directly or indirectly by ineligible individuals or entities are also ineligible.
- X Investment cannot be made before Commerce issues Initial Certificate of Approval to authorize investment.



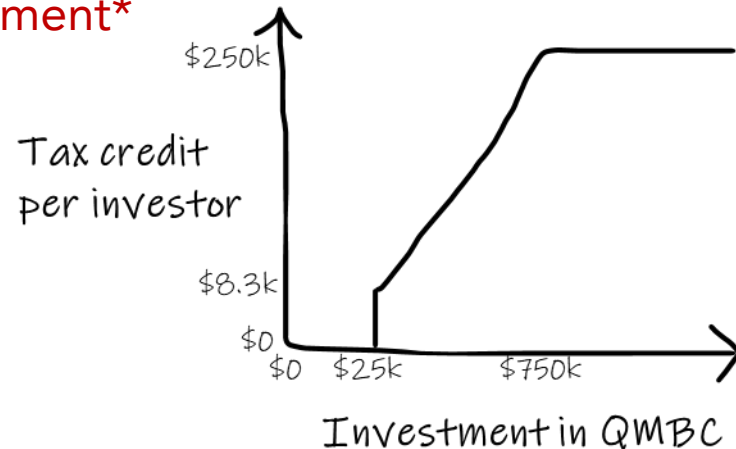
Investor benefits

In general,

Tax credit = 33% of a qualified investment*

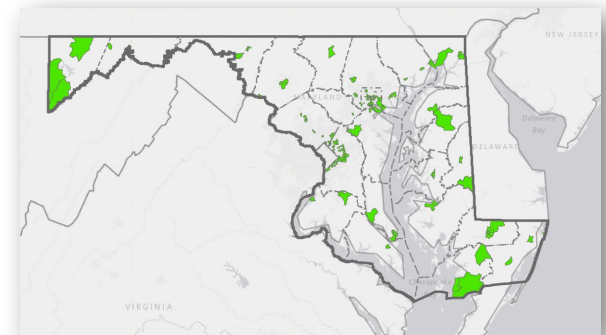
* Limits:

- Minimum investment: \$25k
- Maximum credit per:
 - Investor = \$250k/year
 - Company = \$1.2M/year, \$7M total



* Enhanced incentives:

- QMBC in Allegany, Dorchester, Garrett, Somerset County or in [RISE Zones](#) with technology developed at a qualified institution in same RISE Zone and in business <7 years (50% of an eligible investment, up to \$500k in credits)
- Opportunity Zone fund [investors](#) who invest in QMBC in [Opportunity Zone](#) (Level 1: 65% of investment up to \$575k; Level 2: 75% of investment up to \$750k) [Learn More](#).



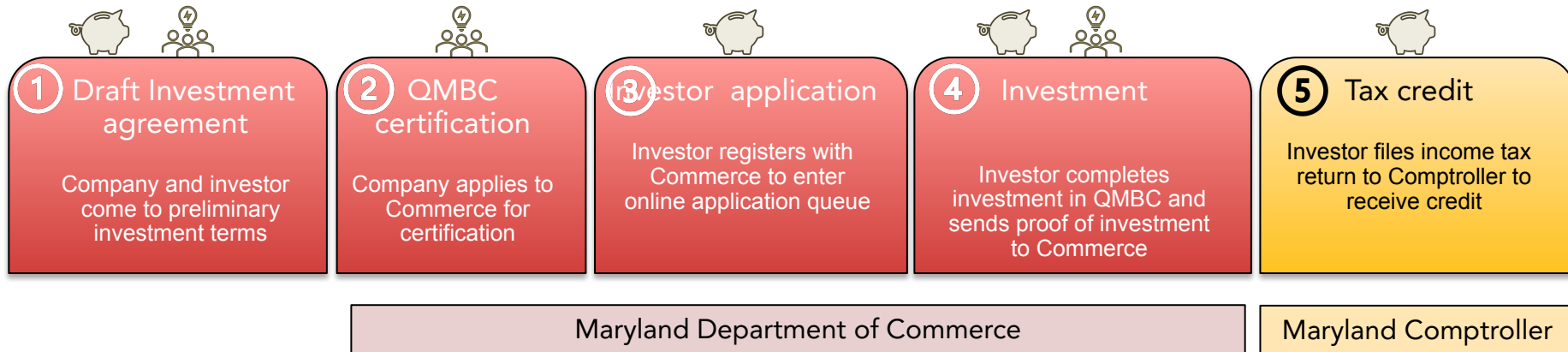
Maryland Opportunity Zones

Application Overview



I like what your company is doing. I want to invest in you.

BIITC can help stretch your investment further, let's apply first!



Certificate of QMBC status



Initial

Certificate of Approval
Authorizes investment



Final

Certificate of Approval
Awards tax credit



Step 1: Investment agreement



Speak with your potential investors, explain benefits of using BIITC program – a 33% ROI within 1 year!



Investment terms must be agreed to within 30 days after the initial certificate is issued.

Prepare draft investment agreement, convertible note, or similar contract for investment terms pending QMBC approval

Step 2: QMBC Certification


Prepare documents, including these and others:

- ☐ Business plan
- ☐ Employment records
- ☐ IP list and documentation
- ☐ Capitalization table
- ☐ Financial statements
- ☐ Proposed investment information: date, amount, agreement or contract, intended use
- ☐ Current grants and awards
- ☐ Description of company location

Submit documents to Commerce online with Form B QMBC Application
([preview](#))

Review process

- Commerce will review as quickly as possible and may request clarification or additional documentation.
- Review may result in request for additional information, issue a determination letter that company meets requirements of a QMBC, or a reason for rejection.
- QMBC certification can come at any time in the process, up to 2 months after investment is completed


Tip: expedite
process by
carefully
following
instructions
and prepare
complete
application
package.

Step 3: Investor Application

Register in the online system by submitting Form A to receive a 5 character user ID and 6 digit reference number.

Use registration information to enter Online Electronic Queue Investor Registration for first-come, first-served allocation of funds.

Investors should not apply until they have all required documentation or anticipate having all required documentation within two weeks of the date of application. Incomplete applications will be rejected after two weeks.

Step 4: Execute Investment



- Commerce issues Initial Tax Credit Certificate
- Within 30 days, investor completes investment
 - Investor provides proof of investment within 10 days of making investment in Commerce web portal
- Commerce provides Final Certificate of Approval awarding the tax credit to the qualified investor

Step 5: Receive credit

Investor files Maryland Tax Return with Maryland Comptroller, including:

- BIITC Final Certificate
- Maryland Tax Credit Form 500CR/CRW or 502C

— https://www.marylandtaxes.gov/forms/23_forms/500CRW.pdf

— https://www.marylandtaxes.gov/forms/23_forms/502CR.pdf

Tip: Investor tax forms vary based on filer's status. Consult a tax professional for assistance.

- Appropriate tax filing form



Commerce does not have access to tax filing information



Summary



Company

Applies for QMBC status



Investor

Applies, enters BIITC queue, makes investment when authorized by Commerce, receives credit upon filing income tax return



Reviews applications and performs due diligence, issues approval certificates



Processes investor income tax returns and issues refunds



Success



Do's and Don'ts

And some cautionary notes



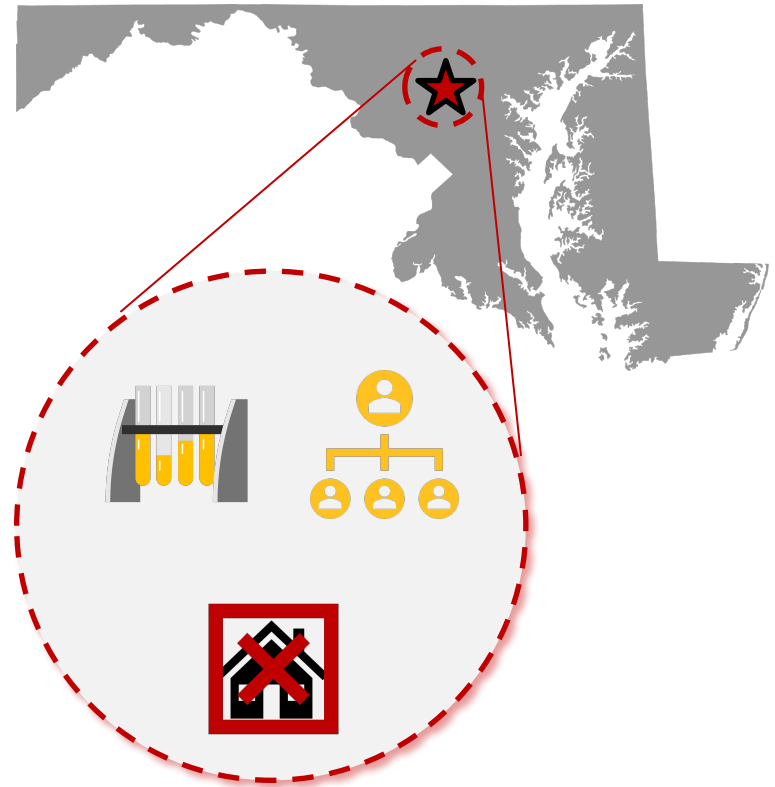
Company location



The biotech company must maintain its **headquarters and base of operations in Maryland**





A leased or owned business facility (not personal residence) located in the State where the company's financial, personnel, planning, management, administrative, biotechnology research, biotechnology development, and biotechnology production activities are primarily handled.



Timing of Investment

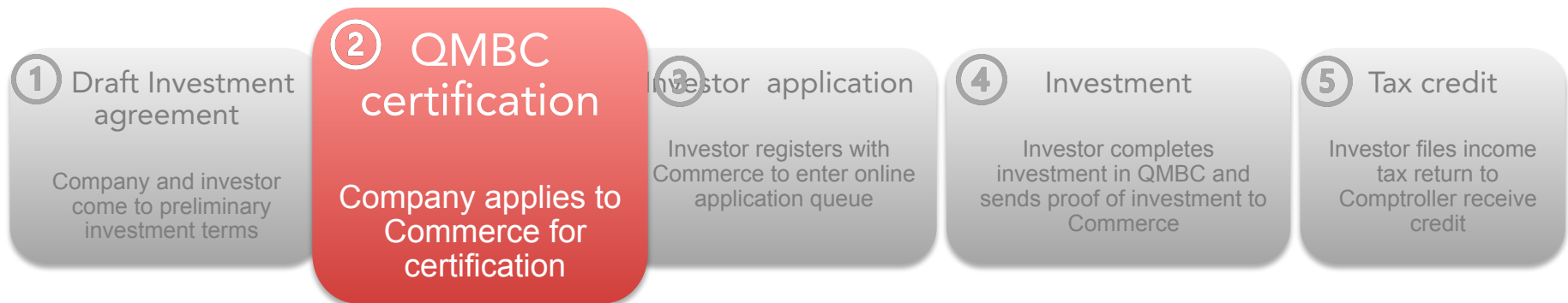
Don't accept investment too soon

When to accept investment depends on investment vehicle:

-  For a straight cash-for-stock transaction, the entire investment must occur within the 30 day period after authorized by Commerce. This means that the investment documentation is executed and cash is exchanged for stock within that 30 day period. No part of process can occur prior to the 30 day period.
-  Convertible debt/notes and SAFEs are usable if the following conditions are met:
 - ✓ The instrument is no older than 1 year at the time the investor applies to participate in the program;
 - ✓ The instrument was issued to the investor contemporaneously in exchange for the investment funds; and
 - ✓ The instrument is converted into stock and stock issued to the investor within the 30 day period after authorized by Commerce.

Timing of QMBC Qualification

- While the company must apply for qualification as QMBC before the investor applies, QMBC qualification might or might not be issued prior to investment.
- In order for the investor to receive the final tax credit, the company must qualify as a QMBC within 2 months after the investment is made through the BIITC program.



◆ — Certificate of QMBC status — ◆

How to Claim Credit

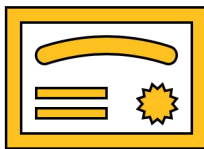


After investment, investor receives credit by filing Maryland tax return with Comptroller



Investor's tax return package must include:

Final Certificate of
Approval
awarding tax credit
from Commerce



Selected Business Income Tax Credit Form

Form 500 CR - Business Income Tax Credits
Form 505 - Nonresident Income Tax Return to claim a refundable tax credit
Form 510 - Pass-Through Entity Income Tax Return
Form 510C - Composite Pass-Through Entity Income Tax Return
Form 510/511 - Pass-Through Entity Income Tax Return / Electing Pass Through Entity Income Tax Return attached
Administrative Release 6 - Taxation of Pass-Through Entities" (Revised July 2021)

Timelines



Beginning on August 19, 2025

- Commerce will begin accepting the Form B QMBC application through the online system. The Form B QMBC application must be completed and submitted before Commerce will accept investor applications.

Beginning on September 2, 2025

- Commerce will begin accepting the Form A investor applications through the online system. Investor applications must be submitted no later than September 15, 2025 at 11:59 p.m. in order to be eligible for the Online Electronic Queue Investor Registration on September 15, 2025. Investor applications submitted after September 15 at 11:59 p.m. will be issued a username and reference number after September 16, 2025.

Beginning on September 16, 2025, at 9:00 a.m. EST

- Commerce will open the Online Electronic Queue Investor Registration which will require investors to use the username and reference number received during the first part of the investor application process.

Contacts and References

BIITC
program and
application



Program
details

BIITC webpage

<https://commerce.maryland.gov/fund/programs-for-businesses/bio-tax-credit>

General
BIITC
questions

Office of Life Sciences

Matthew Cimino, Senior Manager, Business Development, Life Sciences
matthew.cimino@maryland.gov, life.sciences@maryland.gov

Technical
BIITC
questions

Office of Finance Programs

Abigail McKnight, Program Manager, Tax Incentives,
abigail.mcknight@maryland.gov
Jason Sobel, Tax Specialist, jason.sobel1@maryland.gov

Tax return
and credit



Check status of
current year filing
or refund

<https://interactive.marylandtaxes.gov/INDIV/refundstatus/home.aspx>

Disallowed or
adjusted BIITC
questions

taxhelp@marylandtaxes.gov, 1-800-MD-TAXES

Tim Ojuare, Manager, Corporate Adjustment Unit, Comptroller of MD
MDtojuare@marylandtaxes.gov



Questions?

Qualified Maryland Biotechnology Company

Samantha Scott, PhD, CEO, JuneBrain, Inc.

Qualified Investor

Deborah Hemingway, PhD, Managing Partner, Ecphora Capital



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Office of Life Sciences

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