REV-545CT (3-12)PC

BUREAU OF CORPORATION TAXES
PO BOX 280703
HARRISBURG PA 17128-0703

RESEARCH AND DEVELOPMENT TAX CREDIT
2012 APPLICATION

pennsylvania
DEPARTMENT OF REVENUE

(SEE INSTRUCTIONS ON PAGES 3 AND 4 BEFORE COMPLETING.)

ENTITY NAME	TAX ACCOUNT ID/SSN	EIN
STREET ADDRESS	**DUE DATE: SEPT. 15, 2012**	
	DEPARTMENT USE ONLY POST MARK DATE:	
CITY OR TOWN, STATE AND ZIP CODE		

☐ **CHECK BOX IF A SMALL BUSINESS**
IF CLAIM IS AS A SMALL BUSINESS WITH TOTAL ASSETS OF LESS THAN $5 MILLION AT THE BEGINNING OR END OF THE YEAR, SUBMIT A BALANCE SHEET REFLECTING TOTAL ASSETS.
ENTER ENTITY TYPE (SEE INSTRUCTIONS ON PAGE 3.) _____ KOZ - SEE PAGE 2.

CALCULATION OF CREDIT

1. Pennsylvania-qualified research and development (R&D) expenditures (Complete Page 2.):

Tax Year Beginning MM/DD/YYYY	Tax Year Ending MM/DD/YYYY	Actual	**Use Whole Dollars** Annualized
__ __ __ __ __ __ __ __	__ __ __ __ __ __ __ __	$_____	1. $_____

2. 50 percent of Line 1 ..... 2. $_____

3. Prior years' Pennsylvania R&D expenditures (See instructions on Page 3.):

	Tax Year Beginning MM/DD/YYYY	Tax Year Ending MM/DD/YYYY	Actual	Annualized
A.	__ __ __ __ __ __ __ __	__ __ __ __ __ __ __ __	$_____	A. $_____
B.	__ __ __ __ __ __ __ __	__ __ __ __ __ __ __ __	$_____	B. $_____
C.	__ __ __ __ __ __ __ __	__ __ __ __ __ __ __ __	$_____	C. $_____
D.	__ __ __ __ __ __ __ __	__ __ __ __ __ __ __ __	$_____	D. $_____

4. Total of prior years' annualized Pennsylvania R&D expenditures (Sum of A, B, C and D) ..... 4. $_____

5. Average of prior years' Pennsylvania R&D expenditures
(Line 4 divided by number of base years in Line 3 with R&D expenditures) ..... 5. $_____

6. Line 1 minus the greater of Line 2 or Line 5 ..... 6. $_____

7. Tentative Pennsylvania R&D credit (Line 6 x 0.1 or 0.2 for large or small company, respectively) ..... 7. $_____

SIGNATURE AND VERIFICATION

Under penalties of perjury, I declare I have examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. THIS FORM MUST BE SIGNED BY A CORPORATE OFFICER.

SIGNATURE OF OFFICER OF COMPANY PLEASE SIGN AFTER PRINTING FORM		FAX NUMBER	DATE MM/DD/YYYY
PRINT OFFICER'S NAME	TITLE	TELEPHONE NUMBER	EMAIL ADDRESS
NAME OF PREPARER		PREPARER'S ADDRESS	
TELEPHONE NUMBER	PREPARER'S PTIN, EIN OR SSN	MM/DD/YYYY DATE	CITY OR TOWN, STATE AND ZIP CODE

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Breakdown of R&D Expenditures by Location

PART I

		Column 1	Column 2	Column 3	Column 4
Line 1	Federal R&D Expense			$	100%
	PA Location:	PA-Qualified Expenditure	PA Expenditure Located in KOZ	Total Expenditure	Percent of Federal Expense (Percent of Line 1, Column 3)
Line 2	A	$	$	$	%
Line 3	B	$	$	$	%
Line 4	C	$	$	$	%
Line 5	D	$	$	$	%
Line 6	E	$	$	$	%
Line 7	Non-PA Expenditures			$	%
Line 8	Total	$		$	100%

PART II

	Address	City	ZIP Code
A.			
B.			
C.			
D.			
E.			

PART III

	3rd Party	Contact Name	Employer Name	Telephone Number	Fax Number	Email Address
A.	☐					
B.	☐					
C.	☐					
D.	☐					
E.	☐					

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PENNSYLVANIA RESEARCH AND DEVELOPMENT TAX CREDIT APPLICATION INSTRUCTIONS
PER ACT 7 of 1997, ACT 46 of 2003 and ACT 116 of 2006

Required information: Completed and signed Page 1 of the 2012 Research and Development Tax Credit Application, completed Page 2 of the 2012 R&D application, federal Form 6765 or proforma 6765, balance sheet for a small business and any applicable partnership information (percentage owned). This information is required even if zero credit is claimed on Line 7 of the application.

NOTE: Verify the address on Page 1; it will be used to mail the award letter.

To claim the PA R&D tax credit, a taxpayer must have qualified PA R&D expenses in the current tax year (Line 1) and in at least one preceding tax year (Line 3). **NOTE: If PA R&D expenditures were incurred in a Keystone Opportunity Zone (KOZ), the taxpayer is not entitled to an R&D credit.**

For purposes of the PA R&D tax credit, a taxpayer is an entity subject to PA personal income tax, corporate net income tax or capital stock/foreign franchise tax.

Qualified R&D expenses include research expenses incurred for qualified research and development, as defined in Section 41 (b) of the Internal Revenue Code of 1986, conducted within PA.

An application for a PA R&D tax credit for expenses incurred in the year ending in 2011 must be submitted by Sept. 15, 2012. A 52-53 week filer whose year ends in the first week of January is considered a calendar year filer.

The department will notify applicants of PA R&D tax credit approvals by mailing award letters on Dec. 15, 2012. A taxpayer may apply the approved credit against his/her PA personal income tax, corporate net income tax or capital stock/foreign franchise tax liability for the tax year in which the credit is approved. The amount of credit applied to any tax liability cannot exceed 50 percent of such liability for that taxable year (the 50 percent limitation is eliminated for tax years beginning in 2005 and after). Any unused credit may be carried over for up to 15 succeeding taxable years. A taxpayer is not entitled to carry back, obtain a refund of or assign unused PA R&D tax credits (for awards made Dec. 15, 2002, and prior).

Effective for awards made Dec. 15, 2003, and after, the taxpayer can apply to the PA Department of Community and Economic Development (DCED) to sell or assign a PA R&D credit if there has been no claim of allowance filed within one year from the date the Department of Revenue approved the credit. Effective for awards made Dec. 15, 2009, and after, the taxpayer no longer has to wait one year before selling or assigning the credit. However, the taxpayer cannot sell or assign credit until the tax return covering the period including the Dec. 15 award date has been filed.

To apply to sell or assign R&D credit, visit www.newpa.com or contact DCED at 717-787-4147 or 400 North St., 4th Fl., Keystone Building, Harrisburg PA 17120-0225. The purchaser or assignee must use the credit in the taxable year in which the purchase or assignment is made, and the credit cannot exceed 75 percent of the tax liability for the taxable year. The purchaser or assignee may not carry over, carry forward, carry back or obtain a refund of the credit.

Effective for awards made Dec. 15, 2006, and after, pass-through entities include limited liability companies and partnerships, thus the credit can be transferred (passed-through) in writing to shareholders, members or partners in their proportionate share. The shareholder, member or partner must use the credit in the taxable year in which the transfer is made. R&D credits cannot be used against employer withholding of employees' personal income tax. Also effective for awards made Dec. 15, 2006, and after, the tentative credit on Line 7 is equal to 10 percent for large companies and 20 percent for small companies.

ENTITY TYPE: Complete the Entity Type on Page 1 by selecting one of the following categories:

Individual, LLC, LLP, S corporation, C corporation, Sole proprietorship

If any tax years on Line 1 or Lines 3A, 3B, 3C or 3D of Page 1 represent a period of less than a full year, (other than for full year 52-53 week filers), the amount(s) of PA R&D expenses must be annualized.

Example: Tax year beginning Jan. 1, 2008, and ending July 31, 2008

$$\text{Annualized amount} = \$1{,}000{,}000 \times \frac{365^{*}}{212} = \$1{,}721{,}698$$

*Use 366 for leap years that include 29 days in February.

If the taxpayer has two or more consecutive short periods that equal one full tax year, the short periods should be combined as a single tax year on Line 3 of Page 1.

If any prior-year PA expenditure has been changed for a specific year(s) as reported on this PA R&D application, you must provide a detailed explanation for each change and complete Page 2 for each change.

Instructions for Page 2, Breakdown of R&D Expenditures by Location

PART I

Line 1:

Column 3 – List the Total Qualified Research Expenses from Section A, Section B or Section C of federal form 6765.

Line 2: Location A

Column 1 – List PA-qualified R&D expenditures for that location.
Column 2 – List PA expenditures located in a KOZ.
Column 3 – List total PA expenditures (sum of Columns 1 and 2).
Column 4 – List percent of federal expense (Line 1, Column 3).

Lines 3 through 6 should be completed for additional PA locations (if more than five locations, duplicate Page 2).

Line 7:

Column 3 – List total Non-PA R&D expenditures.
Column 4 – List percent of federal expense (Line 1, Column 3).

Line 8:

Column 1 – Total PA-qualified R&D expenditures (this amount should match "Actual" amount on Line 1 of Page 1).
Column 3 – Total R&D expenditures everywhere.

PART II

List address for each location (A, B, etc.).

PART III

List contact's name, employer's name, telephone number, fax number and email address for each location (A, B, etc.). Check the box if the research was performed by a third party.

NOTE: Complete Page 2 of the R&D application even if all expenses were incurred in PA.
Please carry all totals to the bottom of each column, Part I, Page 2 of R&D application.

For information on this and other saleable restricted tax credit programs, please visit Revenue's Online Customer Service Center and/or review Corporation Tax Bulletin 2011-03, both accessible at www.revenue.state.pa.us. Questions regarding completion of the application and the calculation of the credit may be directed to 717-221-5966.

Do not include this application with the filing of your PA tax return. Send completed, signed application to:

Bureau of Corporation Taxes
PO Box 280703
Harrisburg PA 17128-0703

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