Allocation for Research and Development Tax Credit for Florida Corporate Income/Franchise Tax

Applications may be filed with the Department between 12:00 a.m., ET, March 20 and 11:59 p.m., ET, March 26 of each calendar year for which the credit is available. If the total credits for all qualified applicants exceed the tax credit cap, the Department will allocate credits on a prorated basis.

Instructions

Once you complete this application, you will receive a confirmation number. The screen will display the information entered and confirm receipt of the electronic application for credit allocation. You will be able to print this information and confirmation number.

The Department will send you written correspondence either approving an allocation of tax credit or explaining why a credit allocation could not be made.

About the Research and Development Tax Credit

The credit is available annually and is based upon qualified research expenses in Florida allowed under section (s.) 41 of the Internal Revenue Code (IRC). Approved tax credits will be based on qualified research expenses incurred during the prior calendar year.

Who May Apply

Corporations, as defined in s. 220.03, F.S., that also meet the definition of qualified target industry business, as defined in s. 288.106(2)(n), F.S., may apply. However, only qualified target industry businesses in the manufacturing, life sciences, information technology, aviation and aerospace, homeland security and defense, cloud information technology, marine sciences, materials science, and nanotechnology industries may qualify for a tax credit.

Businesses that are partnerships, limited liability companies taxed as partnerships, or disregarded single member limited liability companies, are not corporations under Section 220.03, F.S., and, therefore, may not apply for an allocation of credit. However, each corporate partner of a partnership may apply separately for an allocation of credit based on the corporation’s separate research expenses, including allocated partnership research expenses, if the corporate partner is also a qualified target industry business. For disregarded entities, the corporation that owns the single member limited liability company may apply separately for an allocation of credit based on the corporation’s separate research expenses, including those of the disregarded single member limited liability company, if the corporate owner is also a qualified target industry business. For purposes of 26 U.S.C. s. 41, the research expenses are apportioned among the partners during the taxable year and are treated as paid or incurred directly by the partners rather than by the partnership.

A corporation applying for the tax credit must include a letter from the Department of Economic Opportunity certifying that it is an eligible qualified target industry business with its application, or documentation that it has timely protested the Department of Economic Opportunity’s determination not to issue such a certification letter.
Federal Income Tax Credit

To receive a Florida research and development tax credit, the corporation must claim and be allowed a research credit for the taxable year against federal income tax for qualified research expenses under s. 41, IRC. Attach federal Form 6765 (Credit for Increasing Research Activities) and federal Form 3800 (General Business Credit) to Florida Form F-1120 (Florida Corporate Income/Franchise Tax Return) when claiming the Florida credit. For federal forms, see www.irs.gov/Forms-Pubs.

Qualified Research Expenses

Qualified research expenses are defined as research expenses qualifying for the credit under s. 41, IRC, for in-house research expenses incurred in Florida or contract research expenses incurred in Florida. The term "qualified research expenses" does not include research conducted outside Florida or research expenses that do not qualify for a credit under s. 41, IRC.

Program Limitations

If the total credits requested (computed as the sum of the credit allocations requested from Form F-1196 for all qualified applicants) exceed the annual credit cap, each qualified applicant will be allocated credit on a prorated basis.

The Florida research and development tax credit taken may not exceed 50 percent of the Florida corporate income tax liability after all other credits have been applied in the order provided in s. 220.02(8), F.S.

If the amount of qualified research expenses is reduced as a result of a federal audit or examination, the Florida credit must be recalculated. Amended Florida returns must be filed for all affected years, and the difference between the initial credit amount taken and the recalculated credit amount, with interest, in accordance with the provisions of s. 220.807, F.S., must be paid to the Department.

Should the amount of credit requested be overstated, the percentage of the original allocation provided by the Department will be applied to the lesser amount of credit that should have been requested.

Additional Information

See Rule 12C-1.0196, F.A.C., for additional information on the Research and Development Tax Credit.

Apply for the Research and Development Tax Credit Allocation.

[When you click on the link above, you will be taken to a new page (see below).]
Research and Development Tax Credit for Florida Corporate Income/Franchise Tax

(Under section 220.196, Florida Statutes)

Beginning 12:00 a.m., ET, March 20th and ending 11:59 p.m., ET, March 26th, you may apply for the credit based upon qualified research expenses incurred during the prior calendar year.

Is the applicant a corporation, or treated like a corporation for federal income tax purposes?
☐ Yes ☐ No

Indicate your tax year:
☐ Calendar year
☐ Other taxable year beginning □/□/□□□□ and ending □/□/□□□□.

Enter the appropriate information in the following boxes:

Federal Employer Identification Number (FEIN):

Corporation Name:

Date of Incorporation: (MM-DD-YYYY)

Mailing Address:

Address (cont):

City:

State:

ZIP Code:

Contact Person:

Contact's Telephone Number: (999 999-9999)

Contact's Email Address:

If a consolidated Florida corporate income tax return is filed, provide the parent corporation's name and FEIN.

Parent Corporation's Name:

Parent Corporation's FEIN: (999999999)

Target Industry Business

Is this a qualified target industry business as defined in section 288.106(2)(n), F.S., and certified by the Department of Economic Opportunity? ☐ Yes ☐ No

Attach certification letter from the Department of Economic Opportunity.
Federal Credit for Increasing Research Activities

Is the corporation planning to claim the federal credit for increasing research activities for its qualified research expenses incurred during the prior calendar year? □ Yes □ No

Indicate the corporation’s total (including non-Florida) research expenses qualifying for the federal credit for increasing research activities under s. 41, IRC, incurred during calendar year (January 1 – December 31).

(Enter whole dollar amount only.)

$  

Tentative Allowable Amount of Credit

Lines (1) – (6): Compute the base amount as the average of the qualified research expenses in Florida for the 4 taxable years preceding the taxable year for which the credit is determined. The qualified research expenses taken into account in computing the base amount is determined on a basis consistent with the determination of qualified research expenses for the taxable year.

The 4 taxable years used to compute the base amount must end before the calendar year for which the qualified research expenses are determined. For example, the base years for qualified research expenses incurred during calendar year 2017 should end in 2016, 2015, 2014, and 2013*. See table below:

<table>
<thead>
<tr>
<th>Tax year end</th>
<th>Qualified research expenses in Florida</th>
<th>1st taxable year ending before the taxable year of the credit</th>
<th>2nd taxable year ending before the taxable year of the credit</th>
<th>3rd taxable year ending before the taxable year of the credit</th>
<th>4th taxable year ending before the taxable year of the credit</th>
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</thead>
<tbody>
<tr>
<td>01/31/2018</td>
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<td>01/31/2016</td>
<td>01/31/2015</td>
<td>01/31/2014</td>
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</tr>
</tbody>
</table>

*If the corporation has any short years as part of the base calculation, include the corporation’s taxable years.

Lines (7) – (10): Compute the credit allocation requested. The tax credit is 10 percent of the qualified research expenses over the base amount. However, the maximum tax credit for a business enterprise that has not been in existence for at least 4 taxable years immediately preceding the taxable year of the credit is reduced by 25 percent for each taxable year for which
the business enterprise, or a predecessor corporation that was a business enterprise, did not exist.

<table>
<thead>
<tr>
<th>Taxable years preceding the taxable year of the credit</th>
<th>Qualified research expenses in Florida (Enter whole dollar amount only.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) 1st taxable year end</td>
<td>$</td>
</tr>
<tr>
<td>(2) 2nd taxable year end</td>
<td>$</td>
</tr>
<tr>
<td>(3) 3rd taxable year end</td>
<td>$</td>
</tr>
<tr>
<td>(4) 4th taxable year end</td>
<td>$</td>
</tr>
<tr>
<td>(5) Sum of the qualified research expenses in Florida for the 4 taxable years preceding the taxable year of the credit. Total of Lines (1) – (4).</td>
<td>$</td>
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<tr>
<td>(6) Base amount. Line (5) divided by 4.</td>
<td>$</td>
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<tr>
<td>(7) Enter qualified research expenses in Florida during calendar year</td>
<td>$</td>
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<tr>
<td>(8) Line (7) minus Line (6). If Line (6) is greater than Line (7), the amount will be zero.</td>
<td>$</td>
</tr>
<tr>
<td>(9) 10% of Line (8).</td>
<td>$</td>
</tr>
<tr>
<td>(10) Credit allocation requested. Enter the amount from Line (9). If the business enterprise did not exist for the 4 preceding tax years, reduce the amount from Line (9) by 25% for each taxable year for which the business enterprise did not exist.</td>
<td>$</td>
</tr>
</tbody>
</table>

By typing your name in the space below and submitting this form, you are declaring, under penalties of perjury, that you have read this application and that the facts stated in it are true.

Name: ____________________________
Title: ____________________________

Submit Application  Clear Application