
DIGEST

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Thibaut

HB No. 563

Abstract: Revises various provisions of the research and development tax credit, including administrative provisions governing applications by businesses with less than 50 employees and eligibility for the credit for businesses which engage in custom manufacturing or fabricating.

Present law provides for research and development income tax credits for taxpayers (businesses) who employ a certain number of people and who are eligible for federal tax credits for certain qualified research and development expenditures. There is an application process through which a business submits documents to the Dept. of Economic Development (department).

Proposed law retains present law and requires that businesses seeking the tax credit provide certain federal income tax information as may be requested by the department.

Proposed law authorizes eligibility for businesses with less than 50 employees if the business can provide to the department a report by an independent certified public accountant relative to the taxpayer's expenditures qualifying for federal research and development tax credits and other information.

Proposed law further provides that unless the business has a U.S. patent issued or pending which is directly related to research expenditures for which the tax credit is sought, professional services firms and businesses primarily engaged in custom manufacturing and custom fabricating are not eligible for the tax credit.

Proposed law requires the department to perform a detailed examination of at least 10% of the tax credit applications, including a review and verification of documents to support qualified research expenditures.

Proposed law provides that the applicant shall bear the burden of proving that its research activities meet federal guidelines.

Proposed law provides that the department shall disallow tax credits not supported by documentation and may recover, recapture, or offset tax credits which had been previously issued.

Effective on July 1, 2013.

(Amends R.S. 47:6015(B), (C)(2)(c), (G), (H), and (I); Adds R.S. 47:6015(J))

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill.

1. Added exceptions in the application process for businesses employing less than 50.
2. Added provisions regarding the report required from a certified public accountant relative to the taxpayer's expenditures qualifying for federal income tax credits.
3. Added provision allowing eligibility for professional services firms and businesses engaged primarily in custom manufacturing and fabrication if those businesses have a U.S. patent issued or pending which is directly related to research expenditures for which the tax credit is sought.