

Existing law provides for a research and development income tax credit for a taxpayer (business) which incurs certain research expenses which qualify for a federal research and development tax credit (qualifying expenses).

Existing law requires that an application for a tax credit by a business with 50 or more employees include a copy of a federal income tax return reflecting the amount of the federal research and development tax credit taken. Prior law required a business with less than 50 employees to provide documentation in its application reflecting the amount of qualified research expenditures.

New law retains application requirements for a business with 50 or more employees, but adds authorization for the department to request additional information regarding the federal research and development tax credit taken by the business.

New law changes application requirements for a business with less than 50 employees with regard to required information regarding the amount of qualified research expenses. The information required is changed from documentation showing the amount of qualified research expenses to a report by a certified public accountant relative to the business' qualified research expenses and other information as may be required by departmental rule or policy.

New law provides limited eligibility for a businesses primarily engaged in professional services or custom manufacturing and fabrication if the business has a U.S. patent issued or pending which is directly related to research expenditures for which the tax credit is sought, or if the business is invited to apply for a tax credit by the secretary of the department.

New law requires the department to perform a detailed examination of at least 10% of the tax credit applications each year prior to the award of tax credits. The selection of applications shall be based on random sampling, business sectors, and any other selection criteria established by the department.

New law does not preclude the department from examining applications after the issuance of tax credits. Any credits disallowed following an examination shall be subject to recover, recapture, or offset.

Applicable for tax years beginning on or after January, 1, 2013.

Effective July 1, 2013.

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