

Research and Development Incentive

TAX CREDIT APPLICATION INSTRUCTIONS

SECTION ONE

(Application Page 3)
Business Information

- **Business Name:** Type/print the name as filed with the Department of Revenue
- **Address:** Type/print the complete physical address of the principal business location where the R&D was conducted
- **City/State/ZIP Code/Parish:** Type/print the City/State/ZIP Code/Parish in which the company is located.
- **Phone Number:** Please enter the phone number of the person who will be contacted regarding the application
- **Website:** Type/print the company's website address
- **Business Contact:** Enter the name of the person who can provide information related to the application
- **Email Address:** Please enter the email address of the business contact
- **District:** Please indicate the district your company is located in
- **LA Senator and Representative:** Please indicate the local senator and representative for your area
- **Third Party Consultant:** Please list the name of the third party who assisted in filing the application (consultant, CPA firm, law firm, etc.)
- **Application Type:** Choose the type of application being submitted based on employment or grants received
- **Proposed Tax Benefit:** Enter the proposed tax benefit using the R&D Fee Calculation Sheet
- **Control Groups and/or Affiliates:** Enter the information requested and provide list as attachment

- **Other Programs:** Check yes or no if you have applied or plan to apply for any other programs administered by LED. If yes, list all programs
- **Has the company filed for the Federal Research and Development Credit:** Check yes or no if the company has filed for the Federal Research and Development Credit. If yes, attach Federal Form 6765. If no, submit a completed Agreed Upon Procedures Report
- **NAICS Code:** The NAICS Code is the North American Industry Classification Code assigned by the Louisiana Workforce Commission
- **Department of Revenue ID:** Enter the company's registered tax ID number as issued by the Louisiana Department of Revenue
- **Federal Tax ID:** Enter the company's registered tax ID number as issued by the Internal Revenue Service
- **Unemployment ID:** Enter the company's unemployment ID number as issued by the Louisiana Department of Revenue
- **Tax Year:** Indicate the tax year the company is applying for tax credits
- **Business Description:** Describe the business activities (industry)
- **List Locations:** Please indicate the city of all locations
- **Federal Qualified Research Expenses:** Enter the amount of research expenses claimed on the federal form 6765 if any
- **Louisiana Qualified Research Expenses:** Enter the amount of qualified research expenses incurred in Louisiana
- **SBIR or STTR Awards Received:** If the company has received a Small Business Innovative Research or a Small Business Technology Transfer grant then enter the grant awards received for the current tax year
- **Three Previous Years Average of LA Qualified Research Expenses:** Enter the average of three previous years qualified research expenses claimed on the federal tax return
- **Total Employees (including affiliates):** Indicate the total amount of employees as of the last quarter of the tax year

SECTION TWO

(Application Page 4)
Research &
Development Information

SECTION TWO

(Application Page 4)
Research Development
Activities and Expenditures

- **Total R&D Employees:** Indicate the total amount of employees who engaged in R&D
- **Average Wage of Non-R&D LA Employees:** Indicate the average wage of individuals who were not engaged in R&D
- **Average Wage of R&D LA Employees:** Indicate the average wage of individuals who were engaged in R&D
- **Average Value of Benefits Received by all LA Employees:** Indicate the average of benefits received (health, dental, life, etc.)
- **Cost of Health Insurance Coverage Offered:** Indicate the total employer cost of the health insurance offered to employees

Research activity is considered "qualified research" if it meets all of the following four requirements of Internal Revenue Code (IRC) § 41(d)(1):

1. Qualify as a business deduction under IRC §174;
2. Be undertaken to discover information that is technological in nature.
3. Be undertaken to discover information intended to be useful to develop a new or improved business component of the taxpayer.
4. Substantially all activities involve a process of experimentation. "Substantially all" means 80% or more the research activities involve a process of experimentation.

A qualified research activity must meet all four tests to be considered for the Louisiana R&D Tax Credit. Apply tests separately to each business component of the taxpayer.

Please note that if your application is selected for a desk audit or detailed examination you will be asked to provide additional documentation. A detailed list of additional documentation that might be requested if your application is selected for a detailed examination can be found on page 6, Section Four, in the Checklist of Application Requirement by Application Type form.

Fill in necessary information. Sign, print and notarize.

SECTION THREE

(Application Page 5)
Affidavit

SECTION FOUR

(Application Page 6)
Checklist of Application
Requirements

Complete the checklist of application requirements by application type.

Please mail to:

Louisiana Economic Development
Office of Business Incentive Services
617 North Street, Floor 11
Baton Rouge, LA 70802



Research and Development Incentive

FOR OFFICE USE ONLY

DEPOSIT DATE _____

RECEIPT # _____

CHECK # _____

CHECK AMOUNT _____

INITIALS _____

TAX CREDIT APPLICATION

BUSINESS INFORMATION

Section One Application Instructions

BUSINESS NAME

BUSINESS ADDRESS 1 BUSINESS ADDRESS 2

CITY STATE ZIP CODE PARISH

PHONE NUMBER EXT

WEBSITE

BUSINESS CONTACT EMAIL ADDRESS

DISTRICT

LA STATE SENATOR LA STATE REPRESENTATIVE

THIRD PARTY CONSULTANT

APPLICATION TYPE LQRE (LESS THAN 50 EMPLOYEES) SBIR INCREASE IN R&D (50+ EMPLOYEES)

PROPOSED TAX BENEFIT (See R&D Fee Calculation Sheet)

IS THE APPLICANT PART OF A CONTROLLED GROUP? YES NO If so, who is the controlling entity who files for the Federal Research and Development credit? _____

HAS THE CONTROLLED ENTITY APPLIED FOR LOUISIANA RESEARCH AND DEVELOPMENT CREDIT? YES NO

PLEASE PROVIDE A LIST OF ANY BUSINESS THAT HAS 50% OR MORE COMMON OWNERSHIP OR CONTROL WITH THE APPLICANT.
(Provide list as an attachment.)

HAVE YOU APPLIED OR PLAN TO APPLY FOR ANY OTHER PROGRAMS ADMINISTERED BY LED (I.E. QUALITY JOBS, DIGITAL MEDIA)?

YES NO

If yes, list all programs: _____

HAS THE COMPANY FILED FOR THE FEDERAL RESEARCH AND DEVELOPMENT CREDIT FOR THE CURRENT TAX YEAR?

YES NO

If yes, please attach Federal Form 6765 for the current tax year. If no, please attach a completed Agreed Upon Procedures Report.

NAICS CODE

DEPT OF REVENUE ID

FEDERAL TAX ID

UNEMPLOYMENT ID

IS THE COMPANY A CALENDAR YEAR END OR FISCAL YEAR END FILER FOR TAX PURPOSES?

CALENDAR FISCAL

IF FISCAL YEAR END FILER, PLEASE STATE FISCAL YEAR END

RESEARCH AND DEVELOPMENT INFORMATION

Section Two Application Instructions

TAX YEAR

BUSINESS DESCRIPTION

LIST ALL LOCATIONS

FEDERAL QUALIFIED RESEARCH EXPENSES

LA QUALIFIED RESEARCH EXPENSES

SBIR OR STTR AWARDS RECEIVED

THREE PREVIOUS YEARS' AVERAGE OF LA QUALIFIED RESEARCH EXPENSES (ATTACH COMPUTATION)

TOTAL EMPLOYEES (INCLUDE AFFILIATES)

TOTAL R&D EMPLOYEES (INCLUDE AFFILIATES)

AVERAGE WAGE OF NON-R&D EMPLOYEES

AVERAGE WAGE OF R&D EMPLOYEES

AVERAGE VALUE OF BENEFITS RECEIVED BY ALL EMPLOYEES

COST OF HEALTH INS COVERAGE OFFERED

RESEARCH AND DEVELOPMENT ACTIVITIES

Research activity is considered "qualified research" if it meets all of the following four requirements of Internal Revenue Code (IRC) § 41(d)(1):

1. Qualify as a business deduction under IRC §174;
2. Be undertaken to discover information that is technological in nature.
3. Be undertaken to discover information intended to be useful to develop a new or improved business component of the taxpayer.
4. Substantially all activities involve a process of experimentation. "Substantially all" means 80% or more the research activities involve a process of experimentation.

A qualified research activity must meet all four tests to be considered for the Louisiana R&D Tax Credit. Apply tests separately to each business component of the taxpayer.

Please note that if your application is selected for a desk audit or detailed examination you will be asked to provide additional documentation. A detailed list of additional documentation that might be requested if your application is selected for a detailed examination can be found on page 6. Section Four, in the Checklist of Application Requirement by Application Type form.

AFFIDAVIT
Section Three Application Instructions

The undersigned authority hereby certifies: That I am _____ of
_____ TITLE
_____. That I have examined the information contained in this application and found the
COMPANY
information given to be true and correct to the best of their knowledge. That I have verified that these expenditures meet the requirements
of Internal Revenue Code Section 41. That I understand the R&D Tax credits are subject to audit and recapture for a period of three years.

I hereby certify that the Research and Development Tax Credit Application meets all of the requirements of R.S. 47:6015 and
applicable regulations. I am aware that my submission of any false information or omission of any pertinent information resulting in
the false representation of a material fact may subject me to civil and/or criminal penalties for filing of false public records (R.S. 14:133)
and/or forfeiture of any tax credits approved under this program. I understand that application and information submitted with it shall not
be returnable to the applicant.

Subscribed on _____, 20_____.

COMPANY OFFICIAL SIGNATURE

PRINTED COMPANY OFFICIAL NAME

NOTARY

CHECKLIST OF APPLICATION REQUIREMENTS BY APPLICATION TYPE

Section Four Application Instructions

LQRE (Less than 50 Employees)

- Completed R&D Application (All information should be completed)
- Calculate the fee using the R&D Fee Calculation Sheet and send with a check made payable to Louisiana Economic Development (Appendix B)
- Filed Federal Form 6765 for the current tax year or a request for a verification report AND the three previous years tax returns.

SBIR

- Completed R&D Application (All information should be completed)
- Calculate the fee using the R&D Fee Calculation Sheet and send with a check made payable to Louisiana Economic Development (Appendix B)
- SBIR/STTR grant
- Listing of disbursements received (including disbursement dates, amount, SBIR/STTR)
- Bank statements showing payments received

Increase in Louisiana Research and Development Expenditures (50+ Employees)

- Completed R&D Application (All information should be completed)
- Calculate the fee using the R&D Fee Calculation Sheet and send with a check made payable to Louisiana Economic Development (Appendix B)
- Filed Federal Form 6765 for current tax year or request for a verification report AND three previous years tax returns

The following additional information may be requested if your application is selected for either a desk audit or detailed examination.

1. Copy of the R&D application submitted and any of the below supporting documentation
 - Breakdown of cost by expenditure category (wages, supplies, contracted research, etc.)
 - Breakdown of cost by each activity (business component)
 - W-2's or K-1's for wages listed on the application
 - 1099's, K-1's and/or invoices for contracted research
 - Invoices and/or receipts for supplies listed on the application
 - Financial Statements for the above referenced tax year(s) (compiled or reviewed)
 - Tax returns for the above referenced tax year(s)
 - Organizational chart for the above referenced tax year(s), please include employee name, title and description of work performed by each employee
 - Contracts related to the research completed
 - Narrative describing R&D Activities completed (including Federal 4 Part Test)
2. Diagrams, mark-ups, and notes related to the business component or prototype
3. Employees who engaged in, supervised, or supported the R&D activities
4. Any patents or pending patent applications

Please note that once the above information is received it may prompt additional questions.

Please mail to:

Louisiana Economic Development
Office of Business Incentive Services
617 North Street, Floor 11
Baton Rouge, LA 70802

APPENDIX "A"

RESEARCH AND DEVELOPMENT TAX CREDIT CALCULATION

1	2017 Louisiana Research & Development Expenses	
2	2018 Louisiana Research & Development Expenses	
3	2019 Louisiana Research & Development Expenses	
4	3 Previous Year Average	
5	Base Calculation (50% or 80%)*	
6	2020 Louisiana Research & Development Expenses	
7	Increase in Research & Development Expenses (Line 6 minus Line 5)	
8	Credit Percentage (30%, 10%, or 5%)	

*The base calculation -

- a. If the tax payer is an entity that employs 50 or more persons, the base amount shall be 80 percent of the average annual qualified research within Louisiana during the 3 years preceding the taxable years.
- b. If the taxpayer is an entity that employs less than 50 persons, the base amount shall be 50 percent of the average annual qualified research expenses within Louisiana during the 3 preceding taxable years.

Examples of Base Calculations

**The current R&D tax credit rates are as follow:

- LORE/6765 - Companies with 0-49 employees: 30% with a 50% base calculation
- 6765 - Companies with 50-99 employees: 100% with an 80% base calculation
- 6765 - Companies with 100 or more employees: 5% with an 80% base calculation

Research & Development Tax Credit

APPLICATION FEE WORKSHEET (APPENDIX B)

LQRE-6765 (Less than 50 Employees)

BASE CALCULATION

- | | |
|--|-------|
| 1. 2017 LA Research & Development Expenditures | _____ |
| 2. 2018 LA Research & Development Expenditures | _____ |
| 3. 2019 LA Research & Development Expenditures | _____ |
| 4. 3 Previous Years Average | _____ |
| 5. Base Calculation (50% x Line 4) | _____ |
| 6. 2020 LA Research & Development Expenditures | _____ |
| 7. Increase in LA R&D Expenditures (Line 6 minus Line 5) | _____ |
| 8. Credit Percentage (30 % with 1 to 49 LA employees) | 30% |
| 9. Louisiana Research Credit (line 7 times line B) | _____ |
| 10. Fee Calculation equals LA Research Credit multiplied by .5% (.005) | _____ |

\$500 Minimum and \$15,000 Maximum

CREDIT FOR INCREASING R&D EXPENDITURES (50-99 EMPLOYEES)

How many years?

BASE CALCULATION

- | | |
|--|-------|
| 11. 2017 LA Research & Development Expenditures | _____ |
| 12. 2018 LA Research & Development Expenditures | _____ |
| 13. 2019 LA Research & Development Expenditures | _____ |
| 14. 3 Previous Years Average | _____ |
| 15. Base Calculation (80% x Line 4) | _____ |
| 16. 2020 LA Research & Development Expenditures | _____ |
| 17. Increase in LA R&D Expenditures (Line 6 minus Line 5) | _____ |
| 18. Credit Percentage (10 % with 50 to 99 LA employees) | 10% |
| 19. Louisiana Research Credit (line 7 times line B) | _____ |
| 20. Fee Calculation equals LA Research Credit multiplied by .5% (.005) | _____ |

\$500 Minimum and \$15,000 Maximum

Research & Development Tax Credit

APPLICATION FEE WORKSHEET (APPENDIX B)

CREDIT FOR INCREASING R&D EXPENDITURES (100 OR MORE EMPLOYEES)

BASE CALCULATION

1. 2017 LA Research & Development Expenditures	_____
2. 2018 LA Research & Development Expenditures	_____
3. 2019 LA Research & Development Expenditures	_____
4. 3 Previous Years Average	_____
5. Base Calculation (80% x Line 4)	_____
6. 2020 LA Research & Development Expenditures	_____
7. Increase in LA R&D Expenditures (Line 6 minus Line 5)	_____
8. Credit Percentage (5 % with 50 to 99 LA employees)	5%
9. Louisiana Research Credit (line 7 times line B)	_____
10. Fee Calculation equals LA Research Credit multiplied by .5% (.005)	_____

\$500 Minimum and \$15,000 Maximum

SBIR/STIR

1. Awards received during 2020	_____
2. Credit Percentage	30%
3. Louisiana Research Credit (Line 1 times Line 2)	_____
4. Fee Calculation equals LA Research Credit multiplied by .5% (.005)	_____

\$500 Minimum and \$15,000 Maximum