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**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE ADMINISTRATION
(603) 271-2191**

**FREQUENTLY ASKED QUESTIONS
(FAQ's)**

RESEARCH & DEVELOPMENT CREDIT



www.nh.gov/revenue

The New Hampshire Department of Revenue Administration offers this publication of answers to the most frequently asked questions. While we have attempted to identify the most common concerns, this publication does not address every situation, set of facts, or circumstances. Our goal is to develop a tax administration system that is fair and efficient, with taxpayers having the highest degree of confidence in the integrity of the Department.

Should you have questions or wish to request additional educational services or publications for use in state tax instruction, please feel free to send your request in writing to our NH DRA Customer Education Committee, PO Box 457, Concord, NH 03302-0457.

Q: What is the Research and Development Credit?

A: During the 2007 session, the Legislature enacted a research and development credit against business taxes paid to the state of New Hampshire. Under the 2007 Laws of New Hampshire, Chap. 271, the Legislature has designated \$1,000,000 for each of the next 5 fiscal years to be available to fund the credit.

Q: Who can apply for the Research and Development Credit?

A: Business organizations that have expenditures made during the fiscal year for qualified manufacturing research and development. "Qualified manufacturing research and development" expenditures are wages paid to employees of the business organization for services rendered in New Hampshire which qualify and are reported as a credit by the business organization under section 41 of the Internal Revenue Code.

More specifically, "qualified manufacturing research and development" expenditures are the wage amounts attributable to New Hampshire that make up lines 5, 24, or 49 of the business organization's Federal Form 6765.

Q: How can the business organization take the credit?

A: The credit may be taken against taxes due on account of taxable periods ending on and after September 7. The credit is first applied against the business profits tax. Any remainder may be applied against the business enterprise tax. Unused portions of the credit may be carried forward for up to 5 years.

Q: When can I apply for the credit?

A: Applications for the first fiscal year of the credit shall be filed with Department on or before June 30, 2008. The Department will send acknowledgement letters to all applicants by July 31. Applicants will be notified, by mail, of award amounts granted to them by September 30.

Q: Are there limitations on how much credit is awarded to a business organization can use?

A: The amount of the credit shall be the lesser of 10% of the business organization's qualified manufacturing research and development expenditures or \$50,000. In the event that the aggregate amount of credit applied for, in any given fiscal year, exceeds \$1,000,000, all credits for that year shall be reduced proportionately.

Q: Can a unitary or combined business filer take the credit?

A: Unitary businesses and enterprises consisting of more than one taxpayer shall be considered a single taxpayer for purposes of claiming the credit.

Q: Where can I get the forms to apply for the credit?

The Research and Development Tax Credit Application, DP 165, is available on the Department's website, www.nh.gov/revenue, in the business tax booklets, and by calling the Department's forms line at (603) 271-2192.