



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

F-1196  
R. 01/18

Rule 12C-1.051  
Florida Administrative Code  
Effective ###/##/##

**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](http://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 20<sup>th</sup> and ending 11:59 p.m., ET, March 26<sup>th</sup>, 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):

<input type="text"/>	(999999999)
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Corporation Name:

<input type="text"/>
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Date of Incorporation:

<input type="text"/>	(MM-DD-YYYY)
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Mailing Address:

<input type="text"/>
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Address (cont):

<input type="text"/>
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City:

<input type="text"/>
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State:

<input type="text"/>
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ZIP Code:

<input type="text"/>
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Contact Person:

<input type="text"/>
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Contact's Telephone Number:

<input type="text"/>	(999 999-9999)
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Contact's Email Address:

<input type="text"/>
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If a consolidated Florida corporate income tax return is filed, provide the parent corporation's name and FEIN.

Parent Corporation's Name:

<input type="text"/>
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Parent Corporation's FEIN:

<input type="text"/>	(999999999)
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## 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.)

\$
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## 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:

Tax year end	Qualified research expenses in Florida	1st taxable year ending before the taxable year of the credit	2nd taxable year ending before the taxable year of the credit	3rd taxable year ending before the taxable year of the credit	4th taxable year ending before the taxable year of the credit
12/31/2017	1/1/2017-12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
01/31/2018		01/31/2016	01/31/2015	01/31/2014	01/31/2013
02/29/2018		02/28/2016	02/28/2015	02/29/2014	02/28/2013
03/31/2018		03/31/2016	03/31/2015	03/31/2014	03/31/2013
04/30/2018		04/30/2016	04/30/2015	04/30/2014	04/30/2013
05/31/2018		05/31/2016	05/31/2015	05/31/2014	05/31/2013
06/30/2018		06/30/2016	06/30/2015	06/30/2014	06/30/2013
07/31/2018		07/31/2016	07/31/2015	07/31/2014	07/31/2013
08/31/2018		08/31/2016	08/31/2015	08/31/2014	08/31/2013
09/30/2018		09/30/2016	09/30/2015	09/30/2014	09/30/2013
10/31/2018		10/31/2016	10/31/2015	10/31/2014	10/31/2013
11/30/2018		11/30/2016	11/30/2015	11/30/2014	11/30/2013

\*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.

Taxable years preceding the taxable year of the credit	Qualified research expenses in Florida (Enter whole dollar amount only.)
(1) 1st taxable year end    □□/□□/    or □□/□□/20□□	\$
(2) 2nd taxable year end    □□/□□/    or □□/□□/20□□	\$
(3) 3rd taxable year end    □□/□□/    or □□/□□/20□□	\$
(4) 4th taxable year end    □□/□□/    or □□/□□/20□□	\$
(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).	\$
(6) Base amount. Line (5) divided by 4.	\$
(7) Enter qualified research expenses in Florida during calendar year .	\$
(8) Line (7) minus Line (6). If Line (6) is greater than Line (7), the amount will be zero.	\$
(9) 10% of Line (8).	\$
(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.	\$

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: