

**Revenue Information Bulletin No. 09-020**  
**October 26, 2009**  
**Income and Corporation Franchise Taxes**  
**Research and Development Tax Credit Changes**

[Act 477](#) of the 2009 Regular Session of the Louisiana Legislature amended La. R.S. 47:6015 to make significant changes to the research and development tax credits effective July 9, 2009.

The Act changed the nonrefundable, transferable credit to a refundable credit that cannot be transferred. For taxable years beginning prior to January 1, 2009, expenditures that qualify for the research and development credit will be eligible for nonrefundable, transferable credits with a 10-year carryforward. Expenditures made in taxable years beginning on or after January 1, 2009, that qualify for the research and development credit will be eligible for refundable credits that cannot be transferred. Act 477 also changed the amount of the credit as follows:

Research And Development Tax Credits	Expenditures Made in 2003 and 2004	Expenditures Made in 2005 through 2008	Expenditures Made in 2009 Forward
	Number of Louisiana Residents Employed	Number of Louisiana Residents Employed	Number of Louisiana Residents Employed
Credit on the state's apportioned share of the taxpayer's expenditures for increasing research activities			
8 Percent of increase in expenditures	All employers regardless of the number of Louisiana residents employed	500 or more	100 or more
20 Percent of increase in expenditures	N/A	Less than 500	50 to 99
Credit on the state's apportioned share of the taxpayer's research expenditures			
40 Percent of the taxpayer's expenditures	N/A	N/A	Less than 50

Note that the eight percent and 20 percent tax credits are based on the taxpayer's increase in expenditures and the new 40 percent tax credit for taxpayers with less than 50 employees is based on the taxpayer's total qualified expenditures. The 25 percent tax credit for taxpayers who claim the alternative incremental tax credit under 26 U.S.C. §41 was not changed.

The tax credit allowed for taxpayers who receive a Federal Small Business Innovation Research Grant was increased from 20 percent to 40 percent. In addition, the research and development credit program was extended four years to December 31, 2013.

Taxpayers must apply for the research and development tax credits to the Department of Economic Development and submit a \$250 application fee. If the application is approved, the taxpayer may claim the tax credits.

Pre 2009 nonrefundable credits should be claimed as follows:

- Individual--Nonrefundable Tax Credit Schedule G of the Income Tax Return, Form IT-540
- Corporations--Nonrefundable Tax Credit Schedule NRC of the Corporation Tax Return, Form CIFT-620
- Trusts and Estates—Line 14B of the Fiduciary Tax Return, Form IT-541.

Refundable credits for 2009 forward should be claimed as follows:

- Individuals--Refundable Tax Credit Schedule F of the Income Tax Return, Form IT-540
- Corporation--Refundable Tax Credit Schedule RC of the Corporation Tax Return, Form CIFT-620
- Trusts and Estate--Line 14B of the Fiduciary Tax Return Form IT-541.

Interested parties should contact the LDR Special Programs at (225) 219-0067.

Cynthia Bridges  
Secretary