



MULTISTATE INCOME/FRANCHISE TAX

New York City Biotechnology Tax Credit applications due January 15, 2025 Tax Alert

Overview

The New York City Biotechnology Tax Credit (“NYC Biotech Credit”) provides a refundable New York City tax credit to eligible biotechnology companies. To be eligible for a tax credit for tax year 2024, an eligible biotechnology company must submit an application by January 15, 2025.

This Tax Alert summarizes the key requirements of the NYC Biotech Credit Program.

Program summary

Qualified Emerging Technology Companies engaging in biotechnology activities may apply for this refundable tax credit. The credit may be awarded up to \$250,000 per applicant per year. The total annual credit for all taxpayers cannot exceed \$3 million. Approved companies may first claim this tax credit against business corporation tax, general corporation tax, and unincorporated business tax. Excess credits are refundable.

Application process

Applications for tax year 2024 must be submitted on or before January 15th, 2025 via the New York City E-Service portal. Upon the New York City Department of Finance’s review and the approval of the application, applicants will receive a Certificate of Eligibility with the eligible tax credit amount.

Key criteria

In order to be eligible to apply for the NYC Biotech Credit, a company must be a Qualified Emerging Technology Company engaged in Biotechnology activities under New York City, N.Y., Code sec. 11-503(o)(a)(1) and must meet the following requirements:

- Have 100 or fewer full-time employees, with at least 75% of those employees employed in New York City;

- Have a ratio of research and development funds to net sales that is equal to or exceeds 6%;
- Have annual product sales not exceeding \$10 million; and
- Have gross revenues not exceeding \$20 million for the year immediately preceding the tax year in which the credit is claimed.

Credit amount

The NYC Biotech Credit is equal to:

- 18% of the cost of a research and development property that is purchased by the taxpayer and placed in service in the calendar year;
- 9% for qualified research expenses, such as wages, paid or incurred by the taxpayer in the calendar year; and
- Up to 100% of high-technology training expenditures incurred during the calendar year. There is a limit of \$4,000 per employee per calendar year.

To be eligible to receive the maximum tax credit of \$250,000, an applicant's average full-time employee count in New York city for the tax year of the application must be at least 105% of the year preceding the first year in which the applicant received a credit. If the 105% threshold is not met, the applicant is eligible for 50% of the otherwise allowable credit, up to \$125,000.

The credit may be claimed for up to three consecutive tax years. Currently the tax credit is authorized through tax years beginning before January 1, 2026.

Considerations

Given the limited timeframe to apply, and the current aggregate credit limit, practitioners and businesses in the biotechnology industry should consult with the Multistate Tax Credits & Incentives team regarding this incentive program.

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