

Application deadlines approaching for Florida research and development credit

Overview

On February 5, 2016, the Florida Department of Revenue (Department) issued Taxpayer Information Publication TIP No. 16C01-01¹ (TIP), providing guidance to taxpayers applying for an allocation of the Florida research and development tax credit (Florida Credit). The TIP provides that qualified target industry businesses subject to the Florida corporate income tax may apply online for an allocation of the Florida Credit for expenses incurred in the 2015 calendar year.

In this Tax Alert we summarize the process taxpayers must follow to apply for an allocation of the Florida Credit for expenses incurred in the 2015 calendar year.

Florida Department of Economic Opportunity certification request form

The TIP provides that a taxpayer who is a target industry business as provided in Fla. Stat. §288.106 must request a certificate from the Florida Department of Economic Opportunity (DEO) to document eligibility for the Florida Credit. Target industry businesses include 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. Each eligible taxpayer must apply for a certification letter from the DEO by Tuesday, March 1, 2016 at 5:00 p.m. (EST). Taxpayers may obtain the DEO “Certification Request Form” at the DEO’s website [here](#), or by sending an email to DEOcertificationrequest@deo.myflorida.com. Completed Certification Request Forms are returned to the DEO by sending an email with the form attached to this same email address.

Application to the Florida Department of Revenue

After receiving confirmation from the DEO that the taxpayer is a qualified target industry business, taxpayers may then file an application with the Department for an allocation of the Florida Credit during the period beginning Sunday, March 20, 2016 at 12:00 a.m. (EST) and ending Saturday, March 26, 2016 at 11:59 p.m. (EST). Applications, including the DEO certification, will be accepted via the Department’s tax incentives website, located [here](#). At the time of this Tax Alert’s issuance, the Department had not yet posted the application for allocation of the Florida Credit.

Considerations

The TIP states that because the Florida Legislature has not yet adopted the federal Protecting Americans from Tax Hikes Act of 2015, including its provisions related to the federal research and development credit, the Department will accept the applications but cannot approve any allocations of the Florida Credit until Florida adopts the updated Internal Revenue Code, including revisions to the federal research and development credit. As a result, the TIP advises that some taxpayers may need to extend the due date of their Florida corporate income tax returns to be able to claim the Florida Credit. The Department will ultimately send a notification to all eligible taxpayers of their allocated portion of the Florida Credit.² Note that the Department may only award up to \$23 million of the Florida Credit to qualified target industry businesses based on qualified expenses incurred during calendar year 2015.³

¹ TIP No. 16C01-01 (Feb. 5, 2016) is available [here](#).

² Fla. Stat. §220.196(4). Note that state legislative changes enacted in 2015 replaced Florida’s prior “first come first served” Florida Credit allocation and distribution method – which had previously resulted in many otherwise eligible taxpayers losing their ability to claim the Florida Credit—with Florida’s current pro rata allocation method for the Florida Credit. s. 21, ch. 2015-221, Laws of Florida (H.B. 33-A, Sec. 21, 2015 Leg., Spec. Sess. (Fla. 2015), amending Fla. Stat. § 220.196).

³ Fla. Stat. §220.196(2)(e).

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