

# FLORIDA STATE R&D TAX CREDIT

## ELIGIBILITY

In general, taxpayers are eligible for the R&D Tax Credit if they have QREs as defined by IRC §41 in Florida during the tax period. The taxpayer must be a C-Corp

Taxpayers can claim the R&D Tax Credit to use as a tax offset. Florida tax returns can only be amended for current year credits.

**Pre-Certification:** all taxpayers applying for the credit must include a letter from the Department of Economic Opportunity certifying the applicant is an eligible target industry business. Certification letters are valid for three years.

## CALCULATING THE BENEFIT

The Florida R&D Credit is claimed by submitting Application Form F-1196 "Allocation for Research and Development Tax Credit for Florida Corporate Income/Franchise Tax" to the Department of Revenue.

The application process opens March 20 of the calendar year following the year in which the QREs were incurred, and remains open for 7 days. A copy of the certification received from the Dept. of Economic Opportunity must be included with submission.

The credit is calculated as 10% of QREs in excess of the base amount. The base amount is calculated as

the average QREs of the 4 taxable years preceding the tax year being claimed.

The maximum credit for a taxpayer that has not been in existence for at least 4 taxable years preceding the tax year being claimed is reduced by 25% for each year the business did not exist.

## UTILIZATION

The tax credit, including any carry-forward amount, may be used to offset up to 50% of Florida corporate income tax liability after all other credits have been applied.

Any amount in excess of the tax liability may be carried forward for a maximum of 5 consecutive tax periods.

## SUMMARY OF STATE CREDIT

- Application: **Form F-1196**
  - Applications open March 20 at 12am and close March 26 at 11:59pm.
- Expiration: **Indefinite**
- Calc Rate: **10% of QREs over Base Amount**
  - Base Amount: **avg. QREs of 4 tax years preceding current tax year**
- Amendment Period: **Same year only**
- Offset: **50% of state tax liability**
- Refund: **No**
- Carry-forward: **5 years**

YR	TOTAL QREs	CREDIT CALCULATION	FL CREDIT
2019	\$750k	1) Base Amount: $[(650 + 500 + 400 + 300) / 4] = 462.5$ 2) $750 - 462.5 = 287.5$ 3) $287.5 \times 10\%$	\$28.75k
Prior Year Amounts			
2018	\$650k		
2017	\$500k		
2016	\$400k		
2015	\$300k		

