

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
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A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

New Hampshire Increases the Research and Development Tax Credit

The New Hampshire Legislature passed and Governor Hassan signed Senate Bill 1 (Chp. 5, Laws of 2013). Senate Bill 1 increased the maximum aggregate amount of Research and Development (R&D) tax credit awarded each fiscal year from \$1,000,000 to \$2,000,000, effective May 20, 2013. The new law also repealed the prospective repeal of the R&D tax credit, which was established in 2007 and was prospectively set to be repealed on July 1, 2015.

The R&D tax credit is first applied against the Business Profits Tax (BPT) and any remainder may be applied against the Business Enterprise Tax (BET). Unused portions of the tax credit may be carried forward for up to five years.

The tax credit is for expenditures made or incurred during the fiscal year for qualified manufacturing research and development. Qualified manufacturing research and development expenditures are wages paid to employees of the business organization for services rendered in New Hampshire that qualify and are reported as a tax credit by the business organization under Section 41 of the Internal Revenue Code. In other words, qualified manufacturing research and development expenditures are the wage amounts attributable to New Hampshire that make up Lines 5 or 24 of the business organization's Federal Form 6765.

The amount of the R&D tax credit is the lesser of 10% of the business organization's qualified manufacturing research and development expenditures or \$50,000. In any given fiscal year, in the event that the aggregate amount of credit applied for exceeds \$2,000,000, all R&D tax credits for that year shall be reduced proportionately. Unitary businesses and enterprises consisting of more than one taxpayer shall be considered a single taxpayer for purposes of claiming the credit.

The Research and Development Tax Credit Application (NH Form DP-165) is available on the Department's website, www.revenue.nh.gov/forms and by calling the Department's Forms Line at (603) 230-5001. Form DP-165 must be postmarked no later than June 30th following the tax year during which research and development occurred.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.