

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

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New York City-Corporate Income, Miscellaneous Taxes: Authorization for Biotechnology Credit Extended for Three Years

The Biotechnology Tax Credit allows qualified emerging technology companies (QETCs) specializing in biotechnology to claim a tax credit against the General Corporation Tax and Unincorporated Business Tax for amounts paid or incurred for certain expenses in New York City. The New York City Biotechnology Credit was previously set to expire for tax years beginning after December 31, 2015. However, the new three-year extension allows the credit to be claimed through tax years beginning before January 1, 2019.

A QETC is defined as a company located in New York City that has total annual product sales of \$10 million or less, and meets either of the following criteria: its primary products or services are classified as emerging technologies; or, it has research and development (R&D) activities in New York City, and its ratio of R&D funds to net sales equals or exceeds the average ratio for all surveyed companies classified (as determined by the National Science Foundation). To claim the Biotechnology Tax Credit, the taxpayer must also: have 100 full-time employees or less, with at least 75% of those employees employed in New York City; have a ratio of R&D funds to net sales which equals or exceeds six percent; and, have gross revenues which did not exceed \$20 million for the preceding year.

The credit is generous and is calculated as the sum of the following amounts: 18% of the cost or other basis of research and development property, and certain other costs and fees incurred in connection with emerging technology activities; 9% of qualified research expenses paid or incurred by the taxpayer; and, 100% of high-technology training expenses paid or incurred by the taxpayer, limited to \$4,000 per employee per year. The amount of allowable credit for a taxpayer is limited to \$250,000 per year.

Don't leave money on the table: Anchin's Tax Credits and Incentives Group can analyze your current situation and help you obtain and maximize valuable incentives. To discuss how you can benefit from this credit, or for more information, please contact Paul Gevertzman, Practice Leader of Anchin's Tax Credits and Incentives Group or Yair Holtzman, Practice Leader of Anchin's Research and Development Tax Credits Group at 212.840.3456.

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