

**New Hampshire Department of Revenue Administration
45 Chenell Drive, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2007-007 Date: November 13, 2007**

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 Customer Service at (603) 271-2191.

New Hampshire Research and Development Tax Credit

During the 2007 session, the Legislature enacted a research and development credit against business taxes paid to the State of New Hampshire. 2007 Laws of New Hampshire, Chap. 271. The Legislature has designated \$1,000,000 for each of the next 5 fiscal years to be available to fund the credit. The credit may be taken against taxes due on account of taxable periods ending on and after September 7, 2007. The credit is first applied against the business profits tax. Any remainder may be applied against the business enterprise tax. Unused portions of the credit may be carried forward for up to 5 years.

The credit is for expenditures made 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 which qualify and are reported as a 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, 24, or 49 of the business organization's Federal Form 6765.

The amount of the credit shall be 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 \$1,000,000, all 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, Form DP 165, is available on the Department's website, www.nh.gov/revenue and by calling the Department's forms line at (603) 271-2192.

Applications for the first fiscal year of the credit shall be filed with the Department on or before June 30, 2008. The Department will send acknowledgement letters to all applicants by July 31, 2008. Applicants will be notified, by mail, of award amounts granted to them by September 30, 2008.

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, 45 Chenell Drive, Concord, NH 03301 or by contacting them at (603) 271-2318.