

# State and Local Tax ALERT

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## New York State Qualified Emerging Technologies Company Facilities, Operations, and Training Credit

In 2005, New York enacted the Qualified Emerging Technologies Company (QETC) Facilities, Operations, and Training Credit. The credit provides a series of incentives for companies investing in research and development activities.

alliantgroup is the right choice to help you take advantage of this credit because the wide variety of eligible expenditures and vague statutory definitions create a high risk for missed opportunities. Also, the definition of R&D varies dramatically from the federal definition found in Section 41. alliantgroup's years of experience in dealing with federal and state taxing authorities provide a benefit that is unmatched within the industry.

### What Makes the Credit Worthwhile?

- **Refundable:** Credit amounts exceeding New York State Tax for the year may be refunded
- **Flat Credit:** Unlike the federal R&D Credit, there is no base amount to limit available credits
- **Broad Range of Eligible Expenses:** Covers expenses not eligible for the federal R&D Credit, such as the cost of depreciable equipment, patent costs, and training
- **Generous Credit Amounts:** Credit amounts range from 9% to 100% for different types of expenditures

### What Expenses Qualify for the Credit?

- **9% credit for the following expenses:** Qualified research expenses including wages, supplies, patent costs, and other expenses related to in-house research
- **18% credit for the following expenses:** The cost of property used for research and development that is acquired by the taxpayer and placed into service during the taxable year, including expenses for the following purposes:
  - Property used for the testing or inspection of R&D materials and products
  - Quality control of research and development
  - Fees for the use of sophisticated technology facilities and processes
- **100% credit for the following expenses:** High-technology training expenditures (up to \$4,000 per employee) incurred at certain institutions within New York State

### Who Can Claim the Credit?

- Located in New York state
- 100 or fewer full time employees (at least 75% of which are employed in New York state)
- At least 6% of net sales spent on R&D
- \$10 million or less in product sales (and \$20 million or less in total gross revenues)

### Are There Other Limitations?

- Annual credit cap of \$250,000
- Credit may only be claimed for 4 consecutive years

For more information contact:

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### About alliantgroup

alliantgroup is an independent specialty tax services firm that works with clients to ensure that they receive the full benefits of all available federal and state government sponsored incentive programs, such as the Research and Development Tax Credit, export tax incentives, manufacturing tax incentives, energy tax incentives, enterprise zone incentives, state and local tax incentives, sales and use tax refund reviews, captive insurance companies, and tax controversy services.

alliantgroup's national headquarters are located in Houston, Texas with offices in Orange County (CA), Los Angeles, San Francisco, San Diego, Chicago, New York, Boston, Miami, Washington D.C., Toledo, Seattle, Atlanta, and New Orleans.



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