

State and Local **ALERT**

Tax Alert

09.03.09

Changes to Utah Research & Development Tax Credit Mean Greater Benefits for Utah Businesses

The Utah Research & Development Tax Credit, Utah Code Ann. § 59-7-612, underwent a major revision as a result of Senate Bill No. 223 and House Bill No. 52, both effective January 1, 2008. The changes allow taxpayers to choose between a flat credit for 5% of their qualified research expenses, 6.3% for taxable years beginning on or after January 1, 2009 and 9.2% for taxable years beginning on or after January 1, 2010, and an incremental credit for 5% of their qualified research expenditures that exceed the base amount. These credits provide significant benefit to companies who have experienced base amount limitations in the past or have had difficulty utilizing their credits.

Under the Old Law

- Taxpayers claiming a Utah R&D credit were entitled to 6% of the taxpayer's qualified research expenses for the previous taxable year that exceeded the base amount.
- This credit could only be claimed in the taxable year immediately following the year for which the corporation qualified for the credit.

Under the New Law

- Taxpayers claiming a Utah R&D credit are entitled to 5% of the taxpayer's qualified research expenses for the current taxable year that exceed the base amount.
- Alternatively, taxpayers may now claim 5% of all current year qualified research expenses for taxable years beginning after January 1, 2008. The credit increases to 6.3% for taxable years beginning on or after January 1, 2009 and 9.2% for taxable years beginning on or after January 1, 2010.

How alliantgroup Can Help You Take Advantage of the Utah R&D Tax Credit

alliantgroup's professional staff is always up-to-date on new regulations that could provide you with additional revenue and/or tax reduction. The R&D Tax Credit provides, among other things, a hidden and immediate source of cash for many companies as well as a significant reduction to current and future years' state tax liabilities. Our team of specialists in state R&D tax credits consists of attorneys, accountants, engineers, software developers, biologists, chemists, and others who have the experience and the technical capability to identify and maximize the R&D tax credits available to your business.

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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 credit and 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 New York, Los Angeles, Orange County, San Diego, San Francisco, Chicago, Boston, Seattle, Miami, Washington D.C., Atlanta, Denver, New Orleans and Phoenix.