

SRDTC-A

REV 12-11

Application for West Virginia Strategic Research and Development Tax Credit for Qualified Expenditures and Qualified Investments Placed in Service On or After January 1, 2003

Name	Identification Number
Business Name	Tax Year _____, _____ to _____, _____
Street Address	
City, Town, or Post Office	State Zip Code

Application is hereby made to the West Virginia State Tax Commissioner for allowance of Strategic Research and Development Tax Credit with respect to qualified expenditures incurred during Applicant's tax year ending.

_____/_____/_____
MM DD YYYY

1. Base amount of research and development in West Virginia:

- | | |
|---|-------------|
| a. Qualified research and development expenditures in preceding year: | a. \$ _____ |
| b. Qualified research and development expenditures two years ago: | b. \$ _____ |
| c. Qualified research and development expenditures three years ago: | c. \$ _____ |

2. Business Activity in West Virginia:

- a. North American Industry Classification System Code (NAICS) _____
- b. Narrative Description of Qualified Research and Development Activity in West Virginia

3a. Investment:

	Total Investment	Qualified Investment
\$ _____		\$ _____

3b. Location(s) of investment in West Virginia _____

3c. General description of qualified investment:

Narrative:

4. **A. New products, equipment, processes, techniques, formulas, inventions or computer software:**

What new products, equipment, processes, techniques, formulas, inventions, or computer software are intended to result from the research, that will be held by the Taxpayer for sale, lease, or licenses by the Taxpayer, or used by the Taxpayer in a trade or business of the Taxpayer?

B. Processes, machinery and techniques for commercial production:

What new plant processes, machinery, or techniques for commercial production of new products, processes, techniques, formulas, inventions, or computer software are intended to result from the research, that will be held by the Taxpayer for sale, lease, or license by the Taxpayer, or used by the Taxpayer in a trade or business of the Taxpayer?

C. Improvements to existing products, equipment, plant processes, techniques, formulas or machines:

If the research relates to improvement of an existing product, equipment, plant process, technique, formula or machine, specifically describe the new or improved function, performance, reliability or quality that is intended to result from the research.

D. Problem intended to be resolved by research:

What is the problem that is intended to be solved by the research?

Describe why resolution of the problem is important.

Describe what will be different if the research is successful in resolving or addressing the problem.

E. Nature, methodology, line of inquiry:

Does the proposed research activity qualify for the Federal Research and Development Credit?

☐ Yes ☐ No

Describe in general terms the methodology or line of inquiry to be initially followed by which the purposes of the research are to be accomplished or the problem is to be solved.

In general terms, what scientific or technical areas of inquiry will be dealt with in the research project? For example: biology, biochemistry, chemistry, computer science, electronics, mechanics, medicine, immunology, mining technology, drilling technology, pharmacology, aviation and aerospace technology, manufacturing, transportation technology, automotive technology, tools and tooling, power generation, utility delivery systems, communications technology, etc.?

Is the research to be undertaken for the purpose of discovering information that relates to the practical application of scientific or engineering knowledge in a specialized area

☐ Yes ☐ No

Will the research activities substantially constitute elements of a process of experimentation

☐ Yes ☐ No

F. Project costs, accounting and logistics:

Projected time-line for the research program or project:

____ / ____ / ____ to ____ / ____ / ____

Time period over which the Taxpayer seeks to have the project certified for purposes of the West Virginia Strategic research and development tax credit.

____ / ____ / ____ to ____ / ____ / ____

Estimated annual projected budget over the projected time-line

\$ _____

Number and types of jobs created as a direct result of the research and development program.

Type of Job Created

Number

_____	_____
_____	_____
_____	_____

Estimated average wages and benefits to be paid to employees in jobs created as a direct result of the research and development program

Average Wages

Benefits

\$ _____	\$ _____
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Will the Taxpayer have the legal right and entitlement to use and possess the research results?

☐ Yes ☐ No

Does the Taxpayer bear the expense of the research without regard to whether the research is successful or unsuccessful?

☐ Yes ☐ No

Will the Taxpayer be entitled to the federal income tax deduction for research expenses under section 174 of the Internal Revenue Code for research expenses incurred in the project?

☐ Yes ☐ No

Does the Taxpayer intend to apply for a patent or copyright on the products, processes, techniques, formulas, inventions, computer software, plant processes, machinery, or techniques that may result from the research?

☐ Yes ☐ No

5. Qualified Research and Development Expenditures

- Qualified in-house wages paid for West Virginia Research and Development
- Qualified in-house supply expenditures for West Virginia Research and Development
- Qualified in-house expenditures paid to others for right to use personal property for qualified West Virginia Research and Development
- Contract research and development expenses incurred in West Virginia for qualified Research and Development

a.	\$ _____
b.	\$ _____
c.	\$ _____
d.	\$ _____

6. Employment:	Payroll	Jobs
a. Total WV payroll and number of jobs prior to research and development expenditures:		
b. Total WV payroll and number of jobs this tax year:		

7. Benefits:	
a. Percentage of employees covered under health plans:	%
b. Average annual health plan benefit cost per employee:	\$
c. Percentage of employees covered under retirement plan:	%
d. Average annual retirement benefit cost per employee:	\$

Under penalties of perjury, I declare that I have examined this credit claim form (including accompanying schedules and statements) and to the best of my knowledge it is true and complete.

Signature of Taxpayer	Name of Taxpayer (type or print)	Title	Date
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Person to contact concerning this return	Telephone Number
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Signature of Preparer other than Taxpayer	Address	Date
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Please return the completed application to:
 West Virginia State Tax Department
 PO Box 11275
 Charleston, WV 25339-1275

If you have any questions or need further information regarding this application, telephone (304) 558-3333 or toll free to 1-800-WVA-TAXS (1-800-982-8297)

SCHEDULE WV/SRDTC-A

APPLICATION FOR WEST VIRGINIA STRATEGIC RESEARCH AND DEVELOPMENT TAX CREDIT FOR EXPENSES OR INVESTMENTS PLACED IN SERVICE ON OR AFTER JANUARY 1, 2003

Information & Instructions

The Strategic Research And Development Tax Credit (R&D) is available to a Taxpayer engaging in qualified research and development activities (on or after January 1, 2003) within West Virginia.

Research and development means systematic scientific, engineering or technological study and investigation in a field of knowledge in the physical, computer or software sciences, often involving the formulation of hypotheses and experimentation, for the purpose of revealing new facts, theories or principles, or increasing scientific knowledge, which may reveal the basis for new or enhanced products, equipment or manufacturing processes.

Research and development includes, but is not limited to, design, refinement and testing of prototypes of new or improved products or equipment or the design, refinement and testing of manufacturing processes before commercial sales relating thereto have begun. The term, commercial sales, includes, but is not limited to, sales of prototypes or sales for market testing.

Research and development does not include: market research; sales research; efficiency surveys; consumer surveys; product market testing; product testing by product consumers or through consumer surveys for evaluation of consumer product performance or consumer product usability; the ordinary testing or inspection of materials or products for quality control; management studies; advertising; promotions; the acquisition of another's patent, model, production or process or investigation or evaluation of the value or investment potential related thereto; research in connection with literary, historical or similar activities; research in social sciences, economics, humanities or psychology and other non-technical activities; and the providing of sales services or any other service, whether technical service or non-technical service.

Qualified research and development credit property means depreciable property purchased for the conduct of qualified research and development. Qualified research and development expenses means the sum of in-house and contract research and development expenses for qualified research and development allocated to West Virginia, which are paid or incurred by the eligible Taxpayer during the taxable year. These expenses do not include any expense that must be capitalized and depreciated for federal income tax purposes, or any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent or quality of any deposit of coal, limestone or other natural resource, including oil and natural gas. In addition, these expenses do not include any wage or salary expense for wages or salary reported on form W-2 for federal income tax purposes on which the West Virginia personal income tax is imposed, and against which tax the Strategic Research And Development Tax Credit is applied.

The allowable tax credit is the greater of three percent [3.0%] of the annual combined qualified research and development expenditure within West Virginia, or ten percent [10.0%] of the excess of the annual combined qualified research and development expenditure within West Virginia over the base amount. The base amount equals the average annual combined research and development expenditure within West Virginia during the three years preceding the current year.

For a taxpayer that has filed a WV Business Franchise tax return for 1 or 2 prior taxable years (but fewer than 3 taxable years), determined on the basis of all filings by the Taxpayer's controlled group, the base amount is the average annual combined qualified research and development expenditure for the number of immediately preceding taxable years, other than short taxable years, during which the taxpayer filed a WV Business Franchise tax return.

For a Taxpayer that has not filed a WV Business Franchise tax return for at least 1 taxable year, determined on the basis of all filings by the taxpayer's controlled group, the base amount is zero.

By Law, no credit may be allowed or applied for any qualified investment property placed in service until the person asserting a claim for the credit makes written application to the Tax Commissioner. Failure to timely apply for credit will result in forfeiture of 100% of the annual credit allowance otherwise available under this requirement. Form SRDTC-A is designed to be a general application form for taxpayers wishing to claim credit based upon research expenses and research investments placed into use or service on or after January 1, 2003. The timely filing of this application is a condition precedent to claiming tax credits. This application must be filed for each year, in which qualified research and development expenses or investments are to be made, no later than the due date of the Taxpayer's West Virginia income tax return for the year the expense is incurred or the investment is made, including any legally granted extension of time for filing such returns.

INSTRUCTIONS TO FORM SRDTC-A



Base Amount of Research and Development in West Virginia:

Enter the amount of annual qualified research and development expenditure, if any, in West Virginia for the three taxable years immediately preceding the taxable year for this application form as follows. [Note that for years prior to 2003, the amounts entered below should represent the qualified expenditure made under the assumption that the Strategic Research and Development Tax Credit had been in place at that time.]



- a. Enter the amount of annual qualified research and development expenditure in West Virginia during the immediately preceding tax year.
- b. Enter the amount of annual qualified research and development expenditure in West Virginia during the tax year two years preceding the current year (i.e. two years ago).
- c. Enter the amount of annual qualified research and development expenditure in West Virginia during the tax year three years preceding the current year (i.e. three years ago).

LINE 4

Provide Written Information On The Research And Development Plan.

LINE 5

Qualified Research and Development Expenses:

- a. Enter the total amount of your qualified in-house wages paid for research and development within West Virginia.
- b. Enter the total amount of your qualified in-house expenditures for supplies for use in research and development in West Virginia.
- c. Enter the total amount of your qualified in-house expenditures paid to another person for the right to use personal property in the conduct of research and development in West Virginia.
- d. Enter the total amount of contract research and development expenses incurred in West Virginia for qualified research and development in West Virginia.

LINE 6

Employment:

- a. Enter your total West Virginia payroll and number of jobs attributed to that payroll for the prior year (i.e., twelvemonth period) before the incurrence of this year's qualified expenditures subject to Strategic Research and Development Tax Credit.
- b. Enter your total West Virginia payroll and number of jobs for the current year.

LINE 7

Benefits:

- a. Enter the percentage of your employees covered under your sponsored health insurance plan.
- b. Enter the average annual cost of your employer-provided health insurance benefits (i.e., benefit costs divided by number of covered employees).
- c. Enter the percentage of your employees covered under your retirement plan.
- d. Enter the average annual retirement benefit contribution cost per covered employee.

LINE 2

Business Activity in West Virginia:

- a. Enter the North American Industry Classification System Code that most closely describes your business activity in West Virginia.
- b. Describe in detail the nature of your research and development activity in West Virginia.

LINE 3a

Investment: Enter the total dollar amount of investment placed into service or use in the first column and the dollar amount of qualified investment placed into service or use in the second column. Qualified Investment is determined according to the following useful life table (straight line depreciation):

USEFUL LIFE		
At Least	But Less Than	Percent Qualified
0	4 years	33-1/3
4	6 years	66-2/3
6 or more years		100

LINE 3b

Enter the location(s) of the qualified investment property (i.e. Main Street, Weston, or 12 miles north of Pipestem at the Intersection of State Route 3 and State Route 20).

LINE 3c

Provide a general description of the qualified investment property in the space provided (i.e. \$100,000 to be invested in buildings, \$500,000 to be invested in machinery and equipment, etc.)

The timely filing of this application and project approval are required for the Applicant to begin claiming Strategic Research and Development Tax Credit benefits. Filing of the application will not bar or otherwise prevent the Tax Commissioner from auditing or examining the Applicant's books and records for compliance with the Strategic Research and Development Tax Credit law and regulations or other West Virginia tax provisions.

This application must be signed by an officer of the company to be valid.

If you have questions concerning this publication, please contact:

West Virginia State Tax Department
Compliance & Taxpayer Services Division
Post Office Box 3784
Charleston, West Virginia 25337-3784
Telephone: (304) 558-3333 or

Toll free: 1-800-WVA-TAXS (1-800-982-8297)

TDD Service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)

To order forms or publications call: (304) 344-2068 or toll free 1-800-982-8297

