

RESEARCH & DEVELOPMENT TAX CREDIT PROGRAM GUIDELINES

INTRODUCTION

The Arkansas Science & Technology Authority is empowered by Sections 15-3-101 through 15-3-123 of the Arkansas Code of 1987 Annotated to encourage, establish, and support both basic and applied research in science, engineering, and technology within the State's colleges and universities.

Sections 26-51-1101 through 26-51-1105 of the Arkansas Code of 1987 Annotated provide a tax credit incentive to Arkansas taxpayers for qualified research expenditures and donations and sales below cost of new machinery or equipment for qualified research programs at qualified educational institutions.

Rules jointly adopted by the Arkansas Science & Technology Authority and the Arkansas Department of Higher Education define "qualified educational institutions" as (1) any public university, college, junior college, or vocational technical training school supported by the State of Arkansas, or (2) any private university, college, junior college, or vocational technical training school located in the State of Arkansas and qualified for tax-exempt status under Arkansas Income Tax Law, or (3) any public elementary or secondary school located in the State of Arkansas.

The rules jointly adopted by the Arkansas Science & Technology Authority and the Arkansas Department of Higher Education also define "qualified research program" as a research program, undertaken by a qualified educational institution, that meets the eligibility criteria of the Arkansas Science & Technology Authority's Applied Research Grant Program or Basic Research Grant Program.

The rules jointly adopted by the Arkansas Science & Technology Authority and the Arkansas Department of Higher Education additionally define "qualified research expenditure" as the sum of any amounts which are paid by a taxpayer during the taxable year in funding a qualified research program, and which have been approved for tax credit treatment under rules and regulations promulgated by the Arkansas Department of Finance and Administration. The rules of the Department of Finance and Administration specify that, "In the case of a claim for qualified research expenditures, the taxpayer must provide a statement from the Arkansas Science & Technology Authority that the Department of Higher Education and the Arkansas Science & Technology Authority have approved the expenditure as part of a qualified research program."