

IDAHO STATE R&D TAX CREDIT

ELIGIBILITY

In general, taxpayers are eligible for the R&D Tax Credit if they have QREs as defined by IRC §41, in Idaho, during the tax period.

Taxpayers can claim the R&D Tax Credit to use as a tax offset. The credit is non-refundable.

CALCULATING THE BENEFIT

The Idaho R&D Credit is claimed using Form 67 which is submitted with the annual Idaho state return. It is 5% of QREs over the base amount.

The base amount is calculated using the fixed based percentage method which varies depending on the taxpayer's election as a start-up company. Companies may elect to be treated as a start-up company for the Idaho research credit even if they don't qualify as a start-up company for the federal research credit. The election cannot be revoked once made.

The different fixed based percentage methods are:

Non-election as a start-up Company:

Divide total QREs from 1984-1988 by total gross receipts from 1984-1988 (capped at 16%).

Election as a start-up company:

First 5 tax years = 3%

6th tax year and beyond, see Federal method.

UTILIZATION

The tax credit, including any carry forward amount, may be used to offset a taxpayer's income tax liability after allowing all other tax credits that can be claimed before it.

Any amount in excess of the tax liability may be carried forward for a maximum of 14 consecutive tax periods.

SUMMARY OF STATE CREDIT

- Form: **Form 67**
- Expiration: **Indefinite**
- Calc Rate: **5% of QREs over the base amount**
- Base period: **Dependent on number of taxable years with QREs (based on Federal method)**
- Carry-forward: **14 years**
- Offset: **State Tax Liability**
- Refund: **No**

YR	TOTAL QREs	GROSS RECEIPTS	CREDIT CALCULATION	ID CREDIT
2019	\$750k	\$900k	1) FB% = 3% 2) AAGR = $[(800 + 700 + 600 + 550) / 4] = 662.5$ 3) Base Amount = $662.5 \times 3\% = 19.9$ 4a) $900 - 19.9 = 730.1$ 4b) $900 \times 50\% = 375.0$ 5) $375.0 \times 15\%$ Note: Step 5) uses the minimum value from Step 4)	\$56.25k
Prior Year Amounts				
2018	\$650k	\$800k		
2017	\$500k	\$700k		
2016	\$400k	\$600k		
2015	\$300k	\$550k		
2014	N/A - Company did not exist			

