

# RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

## ELECTRONIC APPLICATION WALKTHROUGH

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## **Electronic Filing Requirement**

In our continuing effort to promote “Government that Works,” the REV-545 paper application has been replaced with the Research and Development (R&D) Tax Credit online application system.

This system allows users instant access to the application submitted during the open submission period. Users can also periodically check the status of the application for notifications, and complete action items required to complete the Department of Revenue’s credit review.

All applicants must submit Research & Development tax credit applications using the online application platform. The Department will not accept applications in any other format. The deadline for submission is September 15, 2020.

## **Program Eligibility**

In order to submit an application for R&D tax credits, your business must meet the following criteria:

1. Must be an entity subject to Personal Income Tax (Article III) or Corporate Net Income Tax (Article IV).
2. Must have research expenses incurred for qualified research and development conducted within Pennsylvania, as defined in section 41(d) of the Internal Revenue Code of 1986 ( Public Law 99-514, 26 U.S.C. §41(d) ) and section 41(b) of the Internal Revenue Code of 1986 ( Public Law 99-514, 26 U.S.C. §41(b) ) incurred for Pennsylvania qualified research and development.
3. Must be in state tax compliance with the laws and regulations of the Commonwealth as determined by the Department of Revenue.
4. Must have at least two years of R&D expenditures.

## **Help and Assistance**

Contact [RA-RVPACORPRD@pa.gov](mailto:RA-RVPACORPRD@pa.gov) or call 717-705-6225 with any questions concerning this application.

## **Accessing the R&D Application**

The R&D application is accessible from May 30, 2020 to September 15, 2020 by visiting [www.revenue.pa.gov/](http://www.revenue.pa.gov/) by selecting the R&D Electronic State Application link on the home page.

***If you are currently using a browser other than Internet Explorer, the application may not function as designed. The R&D electronic filing system is compatible with Internet Explorer only. Other browsers do not perform consistently with the R&D system therefore, it is not recommended.***

## **Login**

Selecting the application link from the preceding website connects you to the R&D Login page.

- To submit an electronic R&D application, users are required to create a Department of Revenue electronic signature, then log on using the e-signature.
- Enter your login information in the appropriate fields and select the Login button.



- A single user may file multiple R&D applications on behalf of one or more businesses, without limitation.

## **R&D – Home Page**

Upon entering the user credentials, the user is presented a message stating the application due date and to select one of the options in a menu on the left side of the page.

### **Electronic Submission of a Research and Development Tax Credit Application**

Taxpayers and tax practitioners now have the ability to electronically submit Research and Development Tax Credit applications through this website. Applicants will be able to submit, receive a confirmation number and check the status of their application at any time. This new process will save time and money.

You must have at least two years of expenditures in order to apply for the R&D tax credit.

[Proceed to file](#)

Upon entering the user credentials, the user must select File Application under the R&D Application menu.

<b>R&amp;D Application</b>
File Application
Incomplete Applications
Amend Applications
View Application
Enter Form REV-545A

The next screen prompt will require the applicant to acknowledge that the business has at least two years of expenditures prior to application for the R&D tax credit.

**Electronic Submission of a Research and Development Tax Credit Application**

Taxpayers and tax practitioners now have the ability to electronically submit Research and Development Tax Credit applications through this website. Applicants will be able to submit, receive a confirmation number and check the status of their application at any time. This new process will save time and money.

You must have at least two years of expenditures in order to apply for the R&D tax credit.

Proceed to file

To continue with the application filing, select

Proceed to file

- All fields with an asterisk \*, must be completed within the application.
- When navigating between fields, use the tab key on keyboard to continue to next field. Pressing enter on the keyboard will save your application and take you to main page.

## Terms and Conditions

All users will be required to agree with the Terms and Conditions of the Application.

Research and Development Tax Credit	
Participation Terms and Conditions	
All Terms and Conditions must be agreed upon before continuing.	
<b>For applicants applying for a R&amp;D Tax Credit</b>	<b>Agree</b>
Taxpayers are required to be in compliance with all state tax reporting and payment requirements before participating in this program.	<input type="checkbox"/>
DOR can require additional information to verify and approve the application as well as the subsequent sale of a credit.	<input type="checkbox"/>
DOR requests for additional information will be made via certified U.S. mail and can involve an onsite audit. Failure to provide a timely response will result in the denial of the application.	<input type="checkbox"/>
The mailing address provided on page 1 can be used to request additional information. If this address is not the physical address where records can be made available for review, you must provide the physical address.	<input type="checkbox"/>
<b>For applicants applying to sell all or a portion of a R&amp;D Tax Credit subsequent to award</b>	<b>Agree</b>
Taxpayers are required to be in compliance with all state tax reporting and payment requirements before approval of sale is granted.	<input type="checkbox"/>
Upon receiving a request for approval to sell a credit, the Department may require additional information and conduct an on-site review at the physical address of records provided with the application. Failure to provide a timely response to such requests for information will result in a denial of the request to approve the sale of the credit.	<input type="checkbox"/>
The sale of a credit is a taxable transaction for income tax purposes and the Department provides information on taxable transactions to the IRS.	<input type="checkbox"/>
When information is incomplete or other inconsistencies are noted, the department will correspond to obtain additional information.	<input type="checkbox"/>
<p>Agree</p>	

*Applicants must read all statements and check all boxes before continuing to the following page.*

## Identification of Qualified Business

The next set of screen prompts requires applicants to identify information about the business, as it pertains to tax records.

R&D Tax Credit 2019 Application

Entity Type\*

Select entity type from drop-down box, then

Entity Type\*

- C CORPORATION
- INDIVIDUAL
- LLC
- PARTNERSHIP
- S CORPORATION
- SOLE PROPRIETORSHIP

Entity Type\*

FEIN\*  (No dashes or spaces allowed)

Revenue ID

R&D Tax Credit 2019 Application

Taxpayer Name*	<input type="text" value="test application"/>	Entity Type*	<input type="text" value="S CORPORATION"/>
EIN*	<input type="text" value="123456789"/>	Revenue ID	<input type="text"/>
Business Address			
Address Line 1*	<input type="text"/>	Address Line 2	<input type="text"/>
City*	<input type="text"/>	State*	<input type="text"/>
Zip*	<input type="text"/>	Small Business	<input type="checkbox"/>
Are records for audit kept at the business address?*	<input type="text"/>		<input type="text"/>
Did you file Form 6765 with the IRS?*	<input type="text"/>		<input type="text"/>
As part of your claimed R&D expenditures, do you have direct wages or subcontractors?*	<input type="text"/>		<input type="text"/>
<small>Note: A 52-53 week filer whose year ends in the first week of January is considered a calendar year filer.</small>			
Tax Year Beginning (MM/DD/YYYY)*	<input type="text"/>	Tax Year Ending (MM/DD/YYYY)*	<input type="text"/>

Information in this section may automatically populate using data from the Department of Revenue.

It is the responsibility of the applicant to ensure the information is accurate.

## Federal Form 6765

### Federal Form 6765

**IMPORTANT:** Please see instructions for [Federal Form 6765](#) to fill out the section below.

Wages for Qualified Services*	Cost of Supplies*	Rental or Lease Costs of Computers*	Applicable Percentage of Contract Research Expenses*	Total Qualified Research Expenses
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## R&D Expenditures by Location

The R&D Expenditures by Location section requires applicants to identify specific detailed information on the expenditures. There are four parts to this area within the application. Applicants must make at least one entry for each part. If additional information needs to be entered, select “add additional” to add other information.

### R&D Tax Credit 2019 Application

#### Breakdown of R&D Expenditures by Location

**Note:** At least one entry for Part I, Part II and Part III is required. If you have additional locations for R&D expenditures, please click "Add Additional Expenditure" button below. For each entry in Part I, there must be a corresponding entry in Part II. For additional Subcontractor Costs, please click "Add Additional Subcontractor Cost" button below.

## Part I: Listing of Expenditures by Physical Location

Enter information regarding:

- PA Location & Project Name
- PA-Qualified Expenditure
- PA Expenditure Located in KOZ (If applicable)
- Total Expenditure
- Direct Wages (If a business)
- 3<sup>rd</sup> Party/Subcontracted Labor (If applicable)

### Part I: Listing of Expenditures by Physical Location

PA Location & Project Name*	PA-Qualified Expenditure*	PA Expenditure Located in KOZ*	Total Expenditure	Direct Wages	3rd Party/ Subcontracted Labor
1 Erie, PA; Bio-food	1,000,000.00	0.00	1,000,000.00	650,000.00	100,000.00
<b>Non-PA Expenditures</b>			0.00		
<b>Total</b>	1,000,000.00		1,000,000.00	650,000.00	100,000.00

## Part II: For PA withholding purposes, Entity for which Direct Wages are reported

Enter information that describes:

- Whether the direct wages information is being reported under another entity
- Federal EIN
- Federal ID Type

### Part II: For PA withholding purposes, Entity for which Direct Wages are Reported

	Is the Direct Wages information being reported under another entity?*	Employer Withholding Account ID	Federal ID	Federal ID Type
If yes, please enter the Employer Withholding Account ID and Federal ID information for which the wages are being reported, otherwise please enter the applicant's Employer Withholding Account ID if you have Direct Wages.				
1	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Part III: Description of Project

Enter information that describes:

- Elimination of Uncertainty
- Process of Experimentation
- Technological in Nature
- Qualified Purpose

### Part III: Description of Project

	<b>Elimination of Uncertainty:*</b> Describe in detail how you have attempted to eliminate uncertainty about the development of improvement of a product or process	<b>Process of Experimentation:*</b> Describe in detail how you evaluated alternatives for achieving your desired result. Describe in detail your method of experimentation including modeling, simulation, systematic trial and error or other methods	<b>Technological in Nature:*</b> Describe in detail your process of experimentation and how it relies on engineering, physics, chemistry, biology, or computer science	<b>Qualified Purpose:*</b> Describe in detail what new or improved product or process you created. Describe in detail the resulting increased performance, function, reliability, or quality
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Part IV: Physical Location Address

Enter information that lists:

- Address
- City
- Zip Code

### Part IV: Physical Location Address

	Address Line 1*	Address Line 2	City*	ZIP Code*
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Part V: Listing of 3rd Party/Subcontractor Labor Costs

Enter information that lists:

- Amount
- Subcontractor/Employer Name
- Sub./Emp. Federal ID
- Sub./Emp. Federal ID Type
- Contact Phone Number
- Was a 1099-MISC/W-2 Issued?

Part V: Listing of 3rd Party/Subcontractor Labor Costs

Amount	Subcontractor/Employer Name	Sub./Emp. Federal ID	Sub./Emp. Federal ID Type	Contact Phone Number	Was a 1099-MISC/W-2 Issued?	
0.00						Delete
0.00	Total Costs (Should equal Total 3rd Party/Subcontracted Labor)					

Once you enter all information, press [Continue](#) to proceed to the next page.

### Prior Years' Expenditures

Applicants must enter prior years' Pennsylvania R&D Expenditures on this page. Enter tax years from most recent to oldest.

	Tax Year Beginning (MM/DD/YYYY)	Tax Year Ending (MM/DD/YYYY)	Actual	Annualized
A*	10/01/2015	09/30/2016	1,824,408.00	1,824,408.00
B	10/01/2014	09/30/2015	1,625,914.00	1,625,914.00
C	10/01/2013	06/30/2014	1,708,509.00	1,708,509.00
D	10/01/2012	09/30/2013	1,477,039.00	1,477,039.00

[Back](#)   [Save and Continue Later](#)   [Continue](#)

Press [Continue](#) once all information has been entered.



## Credit Calculation Page

This page will use information from the previous pages to calculate the tentative PA R&D Credit.

R&D Tax Credit 2019 Application	
Calculation of Credit	
1a. Total PA-Qualified Expenditures Actual	<input type="text" value="1.00"/>
1b. Total PA-Qualified Expenditures Annualized	<input type="text" value="1.00"/>
2. 50% of Total PA-Qualified Expenditures Annualized	<input type="text" value="0.00"/>
3. Total of Prior Years' Actual PA R&D Expenditures	<input type="text" value="4.00"/>
4. Total of Prior years' Annualized PA R&D Expenditures	<input type="text" value="4.00"/>
5. Average of Prior years' Annualized PA R&D Expenditures	<input type="text" value="1.00"/>
6. Calculated Expenditure (Line 1b minus the greater of Line 2 or Line 5)	<input type="text" value="0.00"/>
7. Tentative PA R&D Credit (Line 6 x 0.1)	<input type="text" value="0.00"/>

Confirm whether all information is valid and correct. Press  once verified.

## Signature and Verification

The Signature and Verification page must include information on the Entity officer authorizing the application to be completed and the preparer to continue with the application.

R&D Tax Credit 2019 Application			
Signature and Verification			
Officer Name*	<input type="text" value="Joe Smith"/>	Officer Title*	<input type="text" value="CEO"/>
Is Officer an Out of Country resident?*	<input type="text" value="No"/>	Officer SSN*	<input type="text" value="123456789"/>
Officer Address Line 1*	<input type="text" value="Strawberry Square"/>	Officer Address Line 2	<input type="text"/>
Officer City*	<input type="text" value="Harrisburg"/>	Officer State*	<input type="text" value="PENNSYLVANIA"/>
Officer Zip*	<input type="text" value="17128"/>	Officer Email*	<input type="text" value="test@email.com"/>
Officer Phone*	<input type="text" value="717-123-4567"/>	Officer Fax	<input type="text"/>
Preparer Name*	<input type="text" value="Tom Jones"/>	Preparer PTIN/FEIN/SSN*	<input type="text" value="123456789"/>
Preparer Address Line 1*	<input type="text" value="strawberry square"/>	Preparer Address Line 2	<input type="text"/>
Preparer City*	<input type="text" value="Harrisburg"/>	Preparer State*	<input type="text" value="PENNSYLVANIA"/>
Preparer Zip*	<input type="text" value="17128"/>	Preparer Email*	<input type="text" value="test@email.com"/>
Preparer Phone*	<input type="text"/>	Do you prefer to mail all the correspondences to the Preparer Address?*	<input type="text"/>

Enter information in all fields with \*, then press

## Ownership Information for Compliance Check

All entities submitting an application under the program will be checked for entity compliance and ownership compliance. The information found within this section requires all persons or businesses with a 20% or greater ownership in the entity applying for the credit to be listed on the application.

R&D Tax Credit 2019 Application  
Shareholder Information

Do you have partners with 20% or greater ownership? \* Yes ▾

SHAREHOLDER/PARTNER/MEMBER INFORMATION - Provide the information requested in the boxes below for all persons or businesses that will receive pass-through tax credits from the applicant that have a 20% or greater ownership interest in the applicant's business. Incorrect or incomplete information will result in forfeiture of tax credits claimed by any shareholder, member or partner with a 20% or greater ownership not listed on the application.

1.	Is Individual an Out of Country resident? *	No ▾	<a href="#">Delete</a>
	Federal ID Type *	SSN ▾	Federal ID * <input type="text"/>
	First Name *	<input type="text"/>	Middle Initial <input type="text"/>
	Last Name *	<input type="text"/>	Ownership Percent * <input type="text" value="0.00"/> %
	Address Line 1 *	<input type="text"/>	Address Line 2 <input type="text"/>
	City *	<input type="text"/>	State & Zip * <input type="text"/> ▾ <input type="text"/>

[Add Additional Shareholder](#)

[Back](#) [Save and Continue Later](#) [Continue](#)

Enter information in all fields with \* for each shareholder, then press [Continue](#). If no shareholders, press .

*Note: The term "shareholder" on the application within this section, refers to any owner, member or partner with a 20% or greater ownership interest in the business.*

### Notification of Non-Compliance

***Applications identified by the Department of Revenue as non-compliant will be ineligible for the credit, unless the applicant resolves the non-compliant issues in the determination period set by the Department of Revenue.***

## R&D Application Summary

All information submitted within the application will be displayed in the summary. Applicants are required to review the information prior to final submission of the application to the Department.

1a. Total PA-Qualified Expenditures Actual	\$1.00
1b. Total PA-Qualified Expenditures Annualized	\$0.00
2. 50% of Total PA-Qualified Expenditures Annualized	\$0.00
3. Total of Prior Years' Actual PA R&D Expenditures	\$4.00
4. Total of Prior years' Annualized PA R&D Expenditures	\$4.00
5. Average of Prior years' Annualized PA R&D Expenditures	\$1.00
6. Calculated Expenditure (Line 1b minus the greater of Line 2 or Line 5)	(\$1.00)
7. Tentative PA R&D Credit (Line 6 x 0.1)	\$0.00

**Signature and Verification**

<b>Officer Name</b>	JOE SMITH	<b>Officer Title</b>	CEO
<b>Is Officer an Out of Country resident?</b>	No	<b>Officer SSN</b>	123456789
<b>Officer Address Line 1</b>	STRAWBERRY SQUARE	<b>Officer Address Line 2</b>	
<b>Officer City</b>	HARRISBURG	<b>Officer State</b>	PA
<b>Officer Zip</b>	17128		
<b>Officer Phone</b>	717-123-4567	<b>Officer Email</b>	TEST@EMAIL.COM
<b>Officer Fax</b>			
<b>Preparer Name</b>	TOM JONES	<b>Preparer PTIN/FEIN/SSN</b>	123456789
<b>Preparer Address Line 1</b>	STRAWBERRY SQUARE	<b>Preparer Address Line 2</b>	
<b>Preparer City</b>	HARRISBURG	<b>Preparer State</b>	PA
<b>Preparer Zip</b>	17128	<b>Preparer Email</b>	TEST@EMAIL.COM
<b>Preparer Phone</b>	717-123-4567		
<b>Do you prefer to mail all the correspondences to the Preparer Address?</b>	No		

**Shareholder Information**

Do you have partners with 20% or greater ownership?  Yes

1	<b>Is Individual an Out of Country resident?</b>	No		
	<b>Federal ID Type</b>	SSN	<b>Federal ID</b>	123456789
	<b>Shareholder Name</b>	JOE SMITH	<b>Ownership Percent</b>	100.00%
	<b>Address Line 1</b>	TEST STREET	<b>Address Line 2</b>	<input type="text"/>
	<b>City</b>	TEST	<b>State &amp; Zip</b>	PA 17128

Applications deemed non-compliant for state tax clearance purposes will not receive a tax credit.

[Edit](#) [Submit](#)

[Print Application](#)

Verify all information is correct, then press [Submit](#).

## **Post Electronic Application Submission Information Requirement**

After submitting the electronic portion of the application, users will receive a confirmation number. This number must be included on any fax submission of the following documents:

1. A copy of Federal Form 6765 or a pro forma copy of Federal Form 6765 for each year listed with expenditures.
2. A completed Page 2 of REV-545A for each year listed with expenditures.
  - The 545A must be electronically submitted from the application menu bar.
3. A written explanation of the difference between this year's expenditures and prior filings of REV-545, if applicable.
4. If filing as a small business, include a copy of the balance sheet showing total assets less than \$5 million at the beginning or end of the year.

Application Successfully Submitted.

**IMPORTANT:** This application will not be considered complete until you provide the following documents. (See below)

[Print a copy for your records](#)

[Print Fax Cover Sheet](#)

Taxpayer Name	Revenue ID	Federal Employer Identification Number	
TEST		123456789	
Filed By	Confirmation Number	Status	Time Filed
TOM JONES	2220000000000020	RECEIVED	5/27/2020 8:33:34 AM

1. A completed REV-545A for each year listed with expenditures. [Click here](#) to file REV-545A.
2. A written explanation of the difference between this year's expenditures and prior filings of REV-545, if applicable.
3. If filing as a small business, include a copy of the balance sheet showing total assets less than \$5 million at the beginning or end of the year.
4. If you are going to have a representative contact us on your behalf, include a properly completed and signed Pennsylvania Power of Attorney (POA), [Form REV-677](#).

You must fax these documents (with the exception of REV-545A) to **717-787-4683** to ensure receipt and to avoid a delay or denial of your application. You must also provide the confirmation number provided above when faxing your documents.

**\*Note:** Only provide items 1 and 2 above for years that have had changes in expenditures or for years in which this information was not already provided in prior filings of REV-545.

If prior year expenditure changed from prior reported application(s), [click here](#) to enter updated expenditure (Form REV-545A)

**Applicants must fax the additional information by September 15 to 717-787-4683 to avoid a delay or denial of application. You must provide the confirmation number provided above when faxing documents.**

## **Application Status and Notifications**

It is the applicant’s responsibility to monitor the status of their application on a regular basis, and to follow up with Revenue on any action items.

To monitor the status of an application, the applicant must go to the R&D Login page and use the same USER ID and PASSWORD, as for the submission of the application.

Upon entering the user credentials, the user must select View Application under the R&D Application menu.

<b>R&amp;D Application</b>
File Application
Incomplete Applications
Amend Applications
View Application
Enter Form REV-545A

The Department of Revenue will notify applicants if there is a problem with the application. Users are also advised to periodically check the status of the application online for notifications and action items requiring further information. Please note the following application statuses:

- **Received**: Your application has been received by the Department, but the review has not been completed yet.
- **Pending**: The application is under review and additional information is required.
- **Awaiting Final Compliance Review**: Initial review completed, application is now awaiting final compliance review.
- **Completed Final Compliance Review**: Compliance review completed.
- **Credit Awarded**: distribution complete, credit award letter mailed out.

## **Incomplete and Amended Applications**

Incomplete applications will not be processed by the Department of Revenue for tax credits. Users that elected to use the “save and continue later” option within the application are responsible to complete the application to obtain a confirmation number.

To access **Incomplete Applications**, the applicant must go to the R&D Login page and use the same USER ID and PASSWORD, as for the submission of the application.

Upon entering the user credentials, the user must select Incomplete Applications under the R&D Application menu.

Users requesting to **Amend Applications after the due date** must have a legitimate reason to amend the application and obtain permission from the Department to authorize this feature within the electronic database. Users are required to contact the Department at 717-705-6225.