

RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT CLAIM FORM

Name of business		New Mexico CRS identification no.	
Street address		City, state and ZIP code	
Mailing address		City, state and ZIP code	
Name of contact	Phone number	E-mail address	

INSTRUCTIONS FOR USING THIS FORM: When claiming the research and development tax credit, this form must accompany the CRS-1 form to which the taxpayer wishes to apply the credit. For report periods beginning after July 1, 2011 but not after June 30, 2015, a qualified research and development small business may claim a credit for all gross receipts taxes or 50% of withholding taxes paid on behalf of employees and owners with no more than five percent ownership that are due to the state or payable by the taxpayer with respect to that business for that report period. **The credit must be claimed within one year after the end of the report period to which the credit is applicable.** You must check each box, declaring the statement to be true for the calendar months within the report period.

You may apply this credit when you file your return online. Sign into Taxpayer Access Point (TAP) at <https://tap.state.nm.us>, and follow the prompts to attach this form. To mail in, attach this form and any applicable payments to the CRS-1 tax return in which you wish to apply the credit, and mail to the address on the return. If a refund is due because the CRS-1 form was previously filed and paid, you must mail in the return, this form and a completed Application for Tax Refund, Form RPD-41071. CRS-1 assistance call: 505-476-3683.

Section I. Indicate the first calendar month in which the business was eligible and claimed the research and development small business tax credit.

IMPORTANT: If this is your first time claiming the credit, you must attach a detailed description of the qualified research and development performed on a separate page or your claim will be denied. If your qualified research and development description changes, also attach a description of the change on a separate page.

Section II. Eligibility for the research and development small business tax credit during a calendar month: Check all that apply. For any calendar month during the current report period, you must be able to check all the statements below, or you are not eligible to claim the research and development small business tax credit during that calendar month.

- No more than 25 employees on a full-time-equivalent basis have been employed in any prior calendar month.
- Total revenues have not exceeded \$5,000,000 in any prior tax year.
- In any prior calendar month, no more than 50% of the voting securities or other equity interest having the right to designate or elect the board of directors or other governing body of the qualified business has been owned directly or indirectly by another business.
- Qualified research expenditures in the 12 calendar months ending with the calendar month of the report period are at least 20% of total expenditures for those 12 calendar months.
- The business has been a qualified research and development small business in the 12-month period ending with this calendar month.
- The business is not a beneficiary of an industrial revenue bond issued by a municipality or county during the current calendar month.
- During the calendar month, the taxpayer did not sell any goods it does not manufacture without receipt of an appropriate NTTC for the sale.

Section III. RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT CLAIMED

FOR REPORT PERIOD						AMOUNT CLAIMED					
			through								
Month	Day	Year		Month	Day	Year	\$,	,	-	-

*Enter same report period as indicated on the CRS-1 form to which you wish to claim this credit.

I declare that I have examined this form including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Taxpayer or Agent _____ Date _____

RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT CLAIM FORM INSTRUCTIONS

ABOUT THIS CREDIT: The Research and Development Small Business Tax Credit is available for a qualified research and development small business for report periods beginning on or after July 1, 2011, and before June 30, 2015, but for no more than 35 consecutive calendar months after the first month for which a claim for the credit is made by a taxpayer or by a person to whom the taxpayer is a successor, pursuant to Section 7-1-61 NMSA 1978. The time period between July 1, 2009, through June 30, 2011 is not included in the determination of consecutive calendar months, but claims made for report periods after July 2005 or prior to July 1, 2009, are included.

The amount of the credit is equal to the sum of all gross receipts taxes and 50% of withholding taxes paid on behalf of employees and owners with no more than five percent ownership, that are due to the state or payable by the qualifying small business for the calendar month in which the small business qualifies.

Transition of the Research and Development Small Business Tax Credit

Effective January 1, 2015, the Technology Jobs Tax Credit Act is revised to add an incentive for research and development small businesses, and as of January 1, 2016, will be known as the Technology Jobs and Research and Development Tax Credit Act. The new legislation allows research and development small businesses to obtain the new "technology jobs and research and development tax credit" for qualified expenditures made after January 1, 2015. For report periods between January 1, 2015, and June 30, 2015, a taxpayer who becomes eligible for a "research and development small business tax credit" can choose to either claim the "research and development small business tax credit" or the "technology jobs and research and development tax credit".

By claiming the "research and development small business tax credit" for a reporting period prior to July 1, 2015, the taxpayer is ineligible to claim the "technology jobs and research and development tax credit" for the same reporting period. Likewise, a taxpayer who claims a "technology jobs and research and development tax credit" is ineligible to claim the "research and development small business tax credit" for the same reporting period.

CLAIMING THE RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT:

The taxpayer may claim the credit within one year after the end of the report period. To claim the credit, attach Form RPD-41298, *Research and Development Small Business Tax Credit Claim Form*, to the CRS-1 form. Claiming the credit against a report period renders the taxpayer ineligible to claim the investment credit or technology jobs tax credit against the same report period.

A report period is a calendar month, quarter or semiannual

period, according to the filing frequency listed on your Registration Certificate. If the taxpayer determines that it does not qualify for a calendar month during the report period, the taxpayer may not claim the credit for that calendar month, but may qualify during other months within the reporting period.

DEFINITIONS:

"Qualified research and development small business" means a business including a corporation, general partnership, limited partnership, limited liability company, sole proprietorship or other similar entity, that:

- (1) employed no more than 25 employees on a full-time-equivalent basis in any prior calendar month;
- (2) had total revenues of no more than \$5 million in any prior fiscal year;
- (3) did not in any prior calendar month have more than 50% of its voting securities or other equity interest with the right to designate or elect the board of directors or other governing body of the qualified business owned directly or indirectly by another business; and
- (4) has made qualified research expenditures for the period of 12 calendar months ending with the month for which the credit is sought of at least 20% of its total expenditures for those 12 calendar months.

"Qualified research" means research that is undertaken for the purpose of discovering information that is technological in nature and the application of which is intended to be useful in the development of a new or improved business component of the taxpayer, and in which substantially all activities constitute elements of a process of experimentation related to new or improved function, performance, reliability or quality, but not related to style, taste, cosmetic or seasonal design factors.

"Qualified research expenditure" means an expenditure directly related to qualified research, but does not include any expenditure on research funded by any grant, contract or similar mechanism by another person or governmental entity, and does not include any expenditure on property that is owned by a municipality or county in connection with an industrial revenue bond project or expenditures for which the taxpayer has received any credit pursuant to the Capital Equipment Tax Credit Act, the Investment Credit Act or the Technology Jobs Tax Credit Act.

A taxpayer is not eligible for the credit with respect to a calendar month:

- before June 30, 2011, or after June 30, 2015,
- that is more than 35 consecutive calendar months after the first month for which a claim for the credit is made by the taxpayer or by the successor in business as defined in Section 7-1-61 NMSA 1978. The time period between July 1, 2009, through June 30, 2011, is not included in the determination of consecutive calendar months, but claims made for report periods after July 2005 or prior to July 1, 2009, are included;

RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT CLAIM FORM
INSTRUCTIONS

- after which the qualified research and development small business employs more than 25 employees on a full-time-equivalent basis;
- in a fiscal year of the qualified research and development small business after the first fiscal year in which that business has total revenues in excess of \$5 million;
- after the calendar month in which more than 50% of the qualified research and development small business voting securities or other equity interests having the right to designate or elect the board of directors or other governing body of that business are owned directly or indirectly by another business;
- if the business was not a qualified research and development small business in the 12-month calendar period ending with that calendar month,
- during which the taxpayer is the beneficiary of an industrial revenue bond issued by a municipality or county; or
- during which the taxpayer sold any goods of which the taxpayer is not a manufacturer, unless the taxpayer has received an appropriate NTTC for such sale or sales.

FORM INSTRUCTIONS: Complete all information requested in the address block. Complete Sections I and II. To qualify, you must be able to answer yes to all questions in Section II. In Section III, indicate the report period of the CRS-1 form and the amount of credit to be applied to this CRS-1 form. First-time claimants must attach a description of the qualified research and development performed by the business. Sign and date the application.