

# R&D Tax Incentives

**Q:**

Are there tax incentives available for technology companies located in New York State?

**A:**

There are currently three QETC (Qualified Emerging Technology Company) tax credits available in New York State. The credits are available for taxpayers that meet NYS's definition of emerging technologies by having \$10 million or less in revenue and have a ratio 3.5% (2010 percentage) of R&D funds to revenue.

For tax years 2005-2011, QETC taxpayers may claim a credit for amounts incurred for certain facilities, operations and employee training up to \$250,000 per year. The taxpayer must have 100 or less full-time NYS employees and meet other criteria involving the ratio of R&D funds to sales. The refundable credit can be taken up to four years and is based on a percentage of R&D property, R&D wages and annual expenses incurred in providing employee training.

Another credit is the QETC capital tax credit. This non-refundable credit is available for taxpayers for certain qualified investments made during the year in a certified QETC that equals between 10-20% of the investment not to exceed \$150,000 to \$300,000, depending on the length of ownership. Recapture applies in certain situations.

The QETC employment credit is a refundable credit available to QETC taxpayers for three consecutive tax years if employment for the current year is at least 101% of its base year. The credit is equal to \$1,000 per employee in excess of the base year.

**Whether you are a technology company or a company in another industry, feel free to contact me for additional information on tax credits and strategies to reduce your company's tax obligation.**



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