

**Peacock Myers Urges Qualifying Biomedical and Biotechnology Companies to Apply for Qualifying Therapeutic Discovery Project Tax Credit (July 2010)**

**Credit limited to \$5 million per firm. Maximum of \$1 billion credits available.**

Beginning June 21, 2010, companies can apply for the Qualifying Therapeutic Discovery Project Credit. In general, the Qualifying Therapeutic Discovery Project Credit is targeted to projects that show significant potential to produce new therapies, address unmet medical needs, reduce the long-term growth of health care costs and advance the goal of curing cancer within the next 30 years. The credit covers up to 50 percent of the cost of qualifying biomedical research as defined in the guidelines, up to a maximum credit of \$5 million per firm and \$1 billion overall and is only available to firms with fewer than 250 employees. To provide an immediate boost to U.S. biomedical research and the small businesses that conduct it, the credit is effective for investments made in 2009 and 2010. Therefore, expenses that have not yet been incurred but that are scheduled for 2010 are also available. Firms can opt to receive a grant instead of a tax credit, so start-ups that are not yet profitable can benefit as well.

Applicants must use form 8942 which is now available at <http://www.irs.gov/app/picklist/list/formsInstructions.html?value=8942&criteria=formNumber>. In addition applicants must also submit a Project Information Memorandum which is available at [http://grants.nih.gov/grants/funding/QTDP\\_PIM/index.htm](http://grants.nih.gov/grants/funding/QTDP_PIM/index.htm).

Applications must be postmarked no later than July 21, 2010 to meet the deadline for applying for the tax credit. The guidelines for applying for the new Therapeutic Discovery Project tax credit are available at <http://www.irs.gov/newsroom/article/0,,id=224011,00.html> and <http://www.irs.gov/pub/irs-drop/n-10-45.pdf>. The guidance describes the process by which firms can apply to have their research projects certified as eligible for the credit. As part of the review process for research projects, the Department of Health and Human Services (HHS) will evaluate each project for its potential to produce new therapies or reduce health care costs. Only projects that show a reasonable potential to meet these goals will be certified as eligible for the credit. The IRS will issue certifications by the end of October 2010 based on the determinations made by HHS.

