



BIOTECHNOLOGY TAX CREDIT APPLICATION
FOR GENERAL CORPORATION TAX, BUSINESS CORPORATION TAX
AND UNINCORPORATED BUSINESS TAX

Calendar Year
Ending
December 31, 2015

Filing Due Date: January 15, 2016

For detailed instructions and mailing information, refer to the complete set of instructions at the end of this application.

Name: FIRST NAME LAST NAME
Business Address: NUMBER AND STREET
City:
State: Zip Code:

Social Security Number
Employer Identification Number

Business Type: Individual Partnership LLC Corporation

Business Telephone Number: Email Address:
Mailing Address (if different than Business Address):
STREET NUMBER AND NAME CITY STATE ZIP CODE

SCHEDULE A - QETC Eligibility Requirements (All the questions in Schedule A pertain to the tax year for which you are claiming the credit.)

PART 1 - Location and Sales - (Mark an X in the appropriate boxes.)

- 1. Is the company located in New York City?
2. Are the total annual product sales of the company \$10,000,000 or less?
3. Does the company engage in biotechnologies?
If you answered Yes to questions 1, 2 and 3, continue with Part 2.
If you answered No to either question 1, 2 or 3, stop. You are not a QETC engaged in biotechnologies and cannot claim this credit for the current tax year.

PART 2 - QETC Business Activities

Research and development (R&D) activities (See Instructions)

- 4. Does the company have R&D activities in New York City?
5. Enter the amount of R&D expenditures.
6. Enter the amount of net sales for the current year.
7. R&D funds percentage (divide the amount on line 5 by the amount on line 6, and round the result to the fourth decimal place)
8. Does the percentage entered on line 7 equal or exceed the percentage specified in the instructions for line 8?
If you answered Yes to question 8, you are a QETC. Continue with Schedule B.
If you answered No to question 8, you may continue with question 9 or see instructions.

Primary products and services (See Instructions)

- 9. Does the company have products or services that may be classified as emerging technologies?
If Yes, describe the company's emerging technology products or services, and continue with line 10.
If you answered No to line 4 and line 9, stop. You are not a QETC and cannot claim this credit.
10. Enter your gross receipts or sales from the company's emerging technology products or services described on line 9
11. Enter your gross receipts or sales from all the company's products or services
12. Divide the amount on line 10 by the amount on line 11 (round the result to the fourth decimal place)
13. Is the percentage entered on line 12 greater than 50%?
If you answered Yes to question 13, continue with Schedule B.
If you answered No to question 13, stop. You are not a QETC and cannot claim this credit.

SCHEDULE B - Credit Eligibility Requirements

PART 1 - Employment

14. Number of full-time employees employed in New York City and elsewhere during the year (see instr.)14.
15. Is the number of employees entered on line 14 one hundred (100) or less?15. Yes No
 If you answered Yes to question 15, continue with line 16.
 If you answered No to question 15, stop. You are not eligible to claim this credit.
16. Number of employees entered on line 14 above who are employed in New York City16.
17. Divide the amount on line 16 by the amount on line 14 (round the result to the fourth decimal place) .17. %
18. Does the percentage on line 17 equal or exceed 75%?18. Yes No
 If you answered Yes to question 18, continue with line 19.
 If you answered No to question 18, stop. You are not eligible to claim this credit.

PART 2 - Research and Development Activities

19. Enter the amount of R&D expenditures during the calendar year ending with or within the taxable year for which the credit is claimed19.
20. Enter the amount of net sales during the calendar year ending with or within the taxable year for which the credit is claimed. (If you have any amount of R&D expenditures but zero net sales, mark the Yes box on line 22.)20.
21. Research and development funds percentage (Divide the amount on line 19 by the amount on line 20, and round the result to the fourth decimal place. If you made an entry on line 7, line 21 will be the same percentage.)21. %
22. Does the percentage on line 21 equal or exceed 6%?22. Yes No
 If you answered Yes to question 22, continue with line 23.
 If you answered No to question 22, stop. You are not eligible to claim this credit.

PART 3 - Gross Revenues

23. For calendar year 2014, were your gross revenues, along with the gross revenues of affiliates and related members, \$20,000,000 or less?23. Yes No
 If you answered Yes to question 23, continue with Schedule C.
 If you answered No to question 23, stop. You are not eligible to claim this credit.

SCHEDULE C - Computation of Credit Component Amounts

PART 1 - Research and Development Property Credit Component

A Description of Property, expense or fee (list and attach schedule if needed)	B Date placed in service (mm-dd-yyyy)	C Cost, basis, expense or fee	D Credit (column C x rate of 18% (.18))
Totals from attached schedule, if needed			
24. Research and development property credit component amount (add amounts in column D and enter the total here) ..24.			

PART 2 - Qualified Research expenses Credit Component

A Description of expense	B Date paid or incurred (mm-dd-yyyy)	C Cost	D Credit (column C x rate of 9% (.09))
Totals from attached schedule, if needed			
25. Qualified research expenses credit component amount (add amounts in column D and enter the total here) ...25.			

SCHEDULE C - Computation of Credit Component Amounts - Continued

PART 3 - Qualified High-Technology Training Expenditures Credit Component

A Employee name	B Social Security number	C Description of qualified high-technology training expense	D Date paid or incurred mm-dd-yyyy	E Amount of expense	F Credit (enter the lesser of Column E or \$4,000)
Totals from attached schedule, if needed					
26. Qualified high-technology training expenditures credit component amount (add amounts in column F and enter the total here) 26.					

SCHEDULE D - Credit Limitations

PART 1 - Dollar Amount

27. Total credit component amounts	27.	
28. Credit limitation	28.	\$250,000 00
29. Available credit after limitation (enter the lesser of line 27 or line 28; see instructions)	29.	

PART 2 - Percentage Limitation

30. Enter the number of full-time employees located in the City of New York during the base year (see instructions)	30.	
31. Enter the number of full-time employees located in the City of New York in the calendar year ending with or within the taxable year	31.	
32. Divide the number entered in line 31 by the number entered in line 30 and enter the percentage	32.	%
33. Is the number of full-time employees entered on line 32, 105% or greater?	33.	<input type="checkbox"/> Yes <input type="checkbox"/> No
34. If you answered Yes on line 33, enter the amount on line 29	34.	
35. Is the company receiving space and support services by an academic incubator facility?	35.	<input type="checkbox"/> Yes <input type="checkbox"/> No
36. If you answered No on both lines 33 and 35, enter 50% of the amount on line 29..... If you answered No on line 33 and Yes on line 35, enter zero. The company is not entitled to a credit.	36.	

CERTIFICATION

I hereby certify that this application, including any accompanying documentation, is, to the best of my knowledge and belief, true, correct and complete.

_____	_____
SIGNATURE	PRINTED NAME
_____	_____
TITLE	TELEPHONE NUMBER
_____	DATE

**BIOTECHNOLOGY TAX CREDIT APPLICATION**
FOR GENERAL CORPORATION TAX, BUSINESS CORPORATION
AND UNINCORPORATED BUSINESS TAXCalendar Year
Ending
December 31, 2015**DEFINITIONS AND INSTRUCTIONS****GENERAL INFORMATION**

For taxable years beginning on or after January 1, 2010, and before January 1, 2016, taxpayers that are qualified emerging technology companies (QETC), engage in biotechnologies and meet the eligibility requirements may claim a tax credit against the general corporation tax, business corporation tax or unincorporated business tax for amounts paid or incurred for certain facilities, operations, and employee training.

In order to be considered, the Biotechnology Tax Credit Application must be submitted **in duplicate** and post-marked on or before **January 15, 2016**. A copy acknowledging receipt will be returned to the taxpayer within 10 business days. The Department will make a determination of the amount of the biotechnology credit that the taxpayer may claim on its city general corporation tax ("GCT"), business corporation tax or unincorporated business tax ("UBT") return and mail a **certificate of eligibility** to the taxpayer indicating that amount on or before February 16, 2016.

Who is eligible

To claim this credit the taxpayer must:

- be a QETC as defined in section 3102-e of the Public Authorities Law (PAL). See TSB-M-12(9)C, (8)I, September 14, 2012;
- have 100 full-time employees or less, with at least 75% of those employees employed in New York City;
- have a ratio of research and development funds to net sales which equals or exceeds six percent (6%) during the calendar year ending with or within the taxable year for which the credit is claimed;
- have gross revenues, along with the gross revenues of its affiliates and related members, that did not exceed twenty million dollars for the calendar year immediately preceding the calendar year ending with or within the taxable year for which the credit is claimed;
- have total annual product sales of \$10,000,000 or less during the calendar year ending with or within the taxable year for which the credit is claimed;

and

- be engaged in biotechnologies.

Credit amount

The amount of credit subject to limitation is the sum of the following amounts:

- 18% of research and development property, costs, and fees incurred in connection with emerging technology activities;
- 9% of qualified research expenses paid or incurred by the taxpayer; and
- 100% of qualified high-technology training expenses paid or incurred by the taxpayer, limited to \$4,000 per employee per year.

Credit limitation

The total amount of credit allowable to a taxpayer cannot be more than \$250,000 per calendar year. See Schedule C for computation of credit amounts. See Schedule D for Credit Limitation.

Application of credit

The QETC facilities, operations, and training credit may be claimed for a maximum of three consecutive tax years; A portion of this credit that cannot be applied to the current year's tax liability may be refunded without interest, or applied as a payment against next year's tax.

Combined filers

A taxpayer filing as a member of a combined group may claim the QETC facilities, operations, and training credit. The credit is computed on a separate basis and applied against the combined tax.

Filing Instructions

Submit the application in duplicate to:

New York City Department of Finance
Biotechnology Credit Application Section
59 Maiden Lane, 19th Floor
New York, N.Y. 10038

Applications must be postmarked on or before January 15, 2016.

NOTE: Taxpayers filing their tax returns on the basis of a calendar year may use the amounts from their federal returns. Taxpayers on a fiscal year should do the calculations required in this form based on the calendar year ending with or within the taxable year for which the credit is claimed.

EXAMPLE: Taxpayer A's tax year ends March 31, 2016. The calculation in this form should be done based on expenditures in calendar year 2015 and the form should be submitted on January 15, 2016. Any credit that is granted may be taken on A's tax return for the period ending March 31, 2016.

GENERAL DEFINITIONS

A qualified emerging technology company, is a company located in New York City that has total annual product sales of \$10 million or less, and meets either of the following criteria:

- Its primary products or services are classified as emerging technologies under section 3102-e(1)(b) of the PAL.
- It has research and development (R&D) activities in New York State, and its ratio of R&D funds to net sales equals or exceeds the average ratio for all surveyed companies classified (as determined by the National Science Foundation (NSF) in the most recently published results from its survey of industrial research and development or a comparable successor survey as determined by the Department of Finance).

Emerging technologies means:

1. Advanced materials and processing technologies that involve the development, modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes. Such technologies include, but are not limited to, the following: metal alloys, metal matrix and ceramic composites, advanced polymers, thin films, membranes, superconductors, electronic and photonic materials, bioactive materials, bioprocessing, genetic engineering, catalysts, waste emissions reduction, and waste processing technologies.
2. Engineering, production, and defense technologies that involve knowledge-based control systems and architectures, advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment. Such technologies include, but are not limited to, the following: computer-aided design and engineering, computer-integrated manufacturing, robotics and automated equipment, integrated circuit fabrication and test equipment, sensors, biosensors, signal and image processing, medical and scientific instruments, precision machining and forming, biological and genetic research equipment, and environmental analysis, remediation, control, and prevention equipment; defense command and control equipment, avionics and controls, guided missile and space vehicle propulsion units, military aircraft, and space vehicles; and surveillance, tracking, and defense warning systems.

3. Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment, and products of electronic distribution with interactive media content. Such technologies include, but are not limited to, the following: microprocessors, logic chips, memory chips, lasers, and printed circuit board technology; electroluminescent, liquid crystal, plasma, and vacuum fluorescent displays; optical fibers, magnetic and optical information storage, and optical instruments; lenses, and filters, simplex and duplex data bases, and solar cells.
4. Information and communication technologies, equipment and systems that involve advanced computer software and hardware, visualization technologies, and human interface technologies. Such technologies include, but are not limited to, the following: operating and applications software, artificial intelligence, computer modeling and simulation, high-level software languages, neural networks, processor architecture, animation and full-motion video, graphics hardware and software, speech and optical character recognition, high-volume information storage and retrieval, data compression, broadband switching, multiplexing, digital signal processing, and spectrum technologies.
5. Biotechnologies, defined as technologies involving the scientific manipulation of living organisms, especially at the molecular or the submolecular genetic level, to produce products conducive to improving the lives and health of plants, animals, and humans; and the associated scientific research and pharmacological, mechanical, and computational applications and services connected with these improvements. Such activities include, but are not limited to, the following: alternative mRNA splicing; DNA sequence amplification; antigenetic switching; bioaugmentation; bioenrichment; bioremediation; chromosome walking; cytogenetic engineering; DNA diagnosis, fingerprinting, and sequencing; electroporation; gene translocation; genetic mapping; site-directed mutagenesis; biotransduction; biomechanical and bioelectrical engineering; and bioinformatics.
6. Remanufacturing technologies, defined as processes whereby eligible commodities are restored to their original performance standards and are thereby diverted from the solid waste stream, retaining the majority of components that have been through at least one life cycle, and replacing consumable portions to enable such commodities to be restored to their original functions. For the purposes of this subdivision, eligible commodities means commodities (excluding paper) used in conjunction with or as a part of equipment performing the functions of facsimile machines, photocopiers, printers, duplication equipment, or any combination thereof,

including, but not limited to the following: magnetic ink character recognition cartridges, photo conductor assemblies, electrostatic cartridges, thermal imaging cartridges, toner cartridges, ink jet cartridges, and printer cartridges. Eligible commodities also includes equipment used to record single frame images on film, where such equipment and film are marketed and sold as a single integrated consumer product, and where such equipment and film may be submitted in whole to a photograph processor for the purposes of processing.

Total annual product sales means the amount of gross receipts from the sale of all products during the calendar year ending with or within the taxable year for which the credit is claimed.

Net sales means total annual product sales minus the amount of returns and allowances during the calendar year ending with or within the taxable year for which the credit is claimed.

Primary products or services means that more than 50% of a taxpayer's receipts from products or services are derived from emerging technology products or services during the calendar year ending with or within the taxable year for which the credit is claimed.

Full-time employment means a job consisting of at least 35 hours per week, or two or more jobs that together constitute the equivalent of a job of at least 35 hours per week. A seasonal job that meets these requirements constitutes full-time employment if the job is continuous for at least three months.

Related member or members means a person, corporation, or other entity, including an entity that is treated as a partnership or other pass-through vehicle for purposes of federal taxation, whether such person, corporation, or entity is a taxpayer or not, where one such person, corporation, or entity, or set of related persons, corporations, or entities, directly or indirectly owns or controls a controlling interest in another entity. Such entity or entities may include all taxpayers under Chapters 5, 6, 11 and 17 of Title 19 of the NYC Admin. Code.

Controlling interest, in the case of a corporation, means either 30% or more of the total combined voting power of all classes of stock of such corporation, or 30% or more of the capital, profits, or beneficial interest in such voting stock of such corporation; and in the case of a partnership, association, trust, or other entity, 30% or more of the capital, profits, or beneficial interest in such partnership, association, trust, or other entity.

Affiliates means those corporations that are members of the same affiliated group (as defined in section 1504 of

the Internal Revenue Code) (IRC) as the taxpayer. *Research and development (R&D) property* for purposes of the research and development credit component (Schedule C, Part 1) is property that is

- acquired by purchase as defined in IRC section 179(d),
- placed in service during the calendar year ending , and
- used for research and development in the experimental or laboratory sense.

The above costs, basis, expenses, or fees cannot be used in the calculation of any other credit.

Do not include property used for the following:

- ordinary testing of materials or products for quality control
- efficiency surveys
- management studies
- consumer surveys
- advertising
- promotions
- research in connection with literary, historical, or similar projects

Qualified research expenses mean expenses associated with in-house research and processes, and costs associated with the dissemination of the results of the products that directly result from such research and development activities. Such costs do not include advertising or promotion through media. For purposes of the qualified research expenses component, include costs associated with the preparation of patent applications, patent application filing fees, patent research fees, patent examination fees, patent post allowance fees, patent maintenance fees, and grant application expenses and fees. Do not include any expenses for litigation or the challenge of another entity's intellectual property rights, or for contract expenses involving outside paid consultants.

Qualified high-technology training includes a course or courses taken and satisfactorily completed by an employee of the taxpayer at an accredited, degree-granting, post-secondary college or university in New York City that directly relates to biotechnology activities and is intended to upgrade, retrain, or improve the productivity or theoretical awareness of the employee. Such course or courses may include, but are not limited to, instruction or research relating to techniques, meta, macro, or microtheoretical or practical knowledge bases or frontiers, or ethical concerns related to such activities. Such course or courses do not include classes in the disci-

plines of management, accounting, or the law, or any class designed to fulfill the associate, baccalaureate, graduate, or professional level of these disciplines. Satisfactory completion of a course or courses means the earning and granting of credit or equivalent unit, with the attainment of a grade of B or higher in a graduate level course or courses, a grade of C or higher in an undergraduate level course or courses, or a similar measure of competency for a course that is not measured according to a standard grade formula.

Qualified high-technology training expenditures include expenses for tuition and mandatory fees, software required by the institution, fees for textbooks or other literature required by the institution offering the course or courses, minus applicable scholarships and tuition or fee waivers not granted by the taxpayer or any affiliates of the taxpayer, that are paid or reimbursed by the taxpayer. Qualified high-technology expenditures do not include room and board, computer hardware or software not specifically assigned for such course or courses, late-charges, fines, or membership dues and similar expenses. Such qualified expenses shall not be eligible for the credit unless the employee for whom the expenditures are disbursed is continuously employed by the taxpayer in a full-time, full-year position primarily located at a qualified site during the period of such course work and lasting through at least one hundred eighty days after the satisfactory completion of the qualified course work. Qualified high-technology training expenditures do not include expenses for in-house or shared training outside of a New York City higher education institution or the use of consultants outside of credit granting courses, whether such consultants function inside of the higher education institution or not.

Academic year means the annual period of sessions of a post-secondary college or university.

Academic incubator facility means a facility providing low-cost space, technical assistance, support services, and educational opportunities, including but not limited to, central services provided by the manager of the facility to the tenants of the facility, to an entity located in New York City. Such entity's primary activity must be in biotechnology and such entity must be in the formative stage of development. The academic incubator facility and the entity must act in partnership with an accredited post-secondary college or university located in New York City. An academic incubator facility's mission must be to promote job creation, entrepreneurship, technology transfer, and provide support services to incubator tenants, including but not limited to, business planning, management assistance, financial-packaging, linkages to financing services, and coordinating with other sources of assistance.

SPECIFIC INSTRUCTIONS

SCHEDULE A - QETC eligibility requirements

All of the questions in Schedule A pertain to the tax year for which you are claiming the credit.

Note: A taxpayer will not be entitled to this credit if it is located in the City and is receiving space and business support services by an academic incubator facility, if the average number of individuals employed full time by the taxpayer in the City during the calendar year for which this credit is claimed is less than 105% of the taxpayer's base year employment. For further information, see Part 2 of Schedule D.

Part 2 - QETC business activities Research and development activities

Lines 5 through 8: Complete lines 5 through 8 to determine if the R&D funds percentage on line 7 equals or exceeds the average ratio for all surveyed companies as last determined by the NSF (currently 2.7%). For more information, see the definition of a qualified emerging technology company on page 1.

NOTE: In Schedule B of this application, you will be asked again about your R&D percentage. For purposes of Schedule B, the required percentage is 6%. If your percentage is not equal to or greater than 6%, you will not be eligible to claim this credit and you should stop here.

Line 5 - Enter the amount paid or incurred in the conduct of R&D activities. These funds are the same as those used by NSF in its most recent survey and represent expenditures paid or incurred in the conduct of R&D activities during the calendar year ending with or within the tax year for which the credit is claimed.

Include the following as expenses:

- wages, salaries, and related costs
- materials and supplies consumed
- research and development depreciation
- cost of computer software used in R&D activities
- utilities, such as telephone, telex, electricity, water, and gas
- travel costs and professional dues
- property taxes and other taxes (except income taxes) incurred on account of the R&D organization or the facilities they use
- insurance expenses
- maintenance and repair, including maintenance of buildings and grounds
- company overhead including: personnel, accounting, procurement, and inventory, and salaries of research executives not on the payroll of the R&D organization

Exclude the following as expenses:

- R&D from acquired companies prior to acquisition (in process R&D)
- capital expenditures
- test and evaluation once a prototype becomes a production model
- patent expense
- income taxes and interest

Line 8 - The specified percentage is 2.7%. Lines 9 through 13 are only relevant in a year when the percentage specified for line 8 is greater than 6%. (See Note above).

Primary products and services

Line 9 - If the company has products or services that are included in the definition of emerging technologies, mark an X in the Yes box and enter the description of the company's products or services. If not, mark the No box.

SCHEDULE B - Credit eligibility requirements

Part 1 - Employment

Line 14 - Add the number of full-time employees in New York City and elsewhere on March 31, June 30, September 30, and December 31 for the calendar year ending with or within the tax year for which the credit is claimed and divide by the number of those dates on which you had employees to obtain the number of full time employees to enter on line 14.

Part 2 - Research and development activities

Line 19 - Enter the amount paid or incurred in the conduct of research and development activities during the calendar year that ends with or within the taxable year for which the credit is claimed (see line 5 instructions).

Part 3 - Gross revenues

Line 23 - See General definitions on page 2 for definitions of related members and affiliates.

SCHEDULE C - Computation of credit component amounts

Part 1 - Research and development property credit component

Enter in column C the cost or other basis for federal income tax purposes of research and development property as defined on page 3 acquired during the calendar year that ends with or within the taxable year for which the credit is claimed. See also, Sections 11-503(o)(3)(A-D) (UBT), 11-604.21(a)(3)(A-D) (GCT), and 11-654(21)(a)(3)(i-iv) (Business Corporation Tax) of the NYC Administrative Code.

Part 2 - Qualified research expenses credit component

Enter in column C the qualified research expenses as defined on page 3 paid or incurred by the taxpayer in the calendar year that ends with or within the taxable year for which the credit is claimed.

Part 3 - Qualified high-technology training expenditures credit component

Enter in column E the amount of qualified high-technology training expenditures (as defined on page 3) paid or incurred by the taxpayer in the calendar year that ends with or within the taxable year for which the credit is claimed.

The amount of the credit is 100% of the training expenses, subject to a limitation of \$4,000 per employee per year.

If a taxpayer relocates from an academic business incubator facility partnered with an accredited post-secondary education institution located within city, which provides space and business support services to taxpayers, to another site, the credit shall be allowed for all qualified high-technology training expenditures paid or incurred in the two preceding calendar years that the taxpayer was located in such an incubator facility for employees of the taxpayer who also relocate from said incubator facility to such city site and are employed and primarily located by the taxpayer in city. Such expenditures in the two preceding years shall be added to the amounts otherwise qualifying for the credit that were paid or incurred in the calendar year that the taxpayer relocates from such a facility. Such expenditures shall include expenses paid for an eligible employee who is a full-time, full-year employee of said taxpayer during the calendar year that the taxpayer relocated from an incubator facility notwithstanding (i) that such employee was employed full or part-time as an officer, staff-person or paid intern of the taxpayer when such taxpayer was located at such incubator facility or (ii) that such employee was not continuously employed as provided in the definition of "qualified high-technology training expenditures" in these instructions, provided such employee received wages or equivalent income for at least seven hundred fifty hours during any twenty-four month period when the taxpayer was located at the incubator facility. Such expenditures shall include payments made to such employee after the taxpayer has relocated from the incubator facility for qualified expenditures if such payments are made to reimburse an employee for expenditures paid by the employee during such two preceding years.

SCHEDULE D - Credit limitation

Line 28 - *The total amount of credit allowable to a taxpayer cannot exceed \$250,000 per year.*

Line 29 - Enter the lesser of line 27 or line 28.

Line 30 - The base year is the earliest calendar year immediately preceding a calendar year ending within or with a taxable year for which the credit is claimed. If the credit is taken in more than one year, the base year does not change.