

TIP 98C1-02

DATE ISSUED: Jul 01, 1998

Changes To Corporate Income Tax Affecting Companies Involved In Research And Development Activities With Universities

Apportionment factor exclusions for corporate income tax are available to companies involved in research and development activities sponsored by universities for research contracts entered into on or after July 1, 1998.

Property apportionment factor

Any real or tangible personal property located in Florida that is certified to the Department as being used solely for university sponsored research and development activities is excluded from the property apportionment factor. This exclusion applies only during the contractual period of the research and development activities.

Payroll apportionment factor

Any compensation paid to employees in the state who are dedicated exclusively to university sponsored research and development activities is excluded from the payroll apportionment factor. This exclusion applies only during the contractual period of the research and development activities.

Apportionment of adjusted federal income

The reduction in tax due as a result of the amounts excluded from the payroll or property apportionment factors may not exceed the amounts paid to the university for the conduct of the sponsored research and development activities.

No corporation shall be subject to corporate income tax when its sole activities in Florida are the conducting of university sponsored research and development activities.

Qualification

To qualify for the exclusion, the university must be either:

- * a member of the State University System; or
- * a nonpublic university that is chartered in Florida that conducts graduate programs at the professional or doctoral level.

Certification

The Board of Regents must provide the Department with a letter certifying:

- * that a university is a member of the State University System;
- * any contracts for university sponsored research and development;
- * any property dedicated exclusively to university sponsored research and development; and,
- * any compensation paid to employees located in the state when those employees are dedicated to university sponsored research and development.

Nonpublic universities that are chartered in Florida and that conduct graduate programs at the professional or doctoral level must provide the Department with a letter from the president of the university certifying:

- * any contracts for university sponsored research and development;
- * any property dedicated exclusively to university sponsored research and development; and,
- * any compensation paid to employees located in the state when those employees are dedicated to university sponsored research and development.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday
- Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at
1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write
the Florida Department of Revenue, PO Box 7443,
Tallahassee, FL 32314-7443.

Also, visit our Web site at
<http://sun6.dms.state.fl.us/dor/> for forms and other
information.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676,
twenty-four hours a day, seven days a week, using your fax
machine handset and follow the instructions.

References:

CS/CS/HB 3351