



## **Research and Development Tax Credit — Frequently Asked Questions (Updated November 2022)**

### **1. What's new this year?**

- Terms and Conditions – Businesses and 20% owners will be subject to a compliance check. Preparers should notify their clients to contact the Pennsylvania Department of Revenue (DOR) to inquire as to their status prior to submitting the application. To contact the department, business taxpayers should call 717-783-8434 and individuals should call 717-783-3000.
- A “business phone number” field has been added to the application.

### **2. What Internet browser should I use for filing the R&D application?**

**A:** For optimal performance, use Chrome or Edge when completing the application. Other browsers are not recommended for full website functionality.

### **3. Should I include a year in which my entity did not incur expenditures?**

**A:** No. Only include years in which you have actual Qualified Research Expenses.

### **4. Example: I am a tax professional reviewing a PA Research and Development Tax Credit application for a client. For the section on Prior Years' Pennsylvania R&D Expenditures, are only amounts from previously filed REV-545s to be included in this section? Specifically, if my client had R&D expenditures in 2017, 2016, 2015, 2014 and 2013, but only filed a REV-545 starting in 2015, would I enter annualized amounts for 2013 and 2014, or would there be no expenditures listed for those years?**

**A:** In the above example, for a 2018 application, you would enter expenditures for the base year 2017 and all prior years — 2016, 2015, 2014 and 2013 — regardless of whether you applied in those years or not.

### **5. Do I have to list all the information for third-party contractors (some could have more than 100 subcontractors)?**

**A:** Third-party subcontractor information is a requirement. The system has been updated to allow for unlimited subcontractor information to be entered.

*Reminder: The department only needs a record of who was paid.*

**Example: If three companies employed 100 subcontractors and the checks were made to the three companies, then the department only needs the information for the three companies that were paid. If the 100 subcontractors were independent and the checks/payments were issued to the 100 subcontractors, the department requires their information to be entered into the online system.**



**6. What address should be entered for the shareholder information: personal or business?**

**A:** Personal.

**7. May I send my supporting documents via email?**

**A:** Yes, you can email your supporting documentation to [RA- RVCORP\\_RD\\_FAX@pa.gov](mailto:RA-RVCORP_RD_FAX@pa.gov). To avoid a delay or denial of your application, you must format the subject line of your email as shown in the example below. If you fail to format the subject line correctly, your application may be delayed or possibly denied. Incomplete or inaccurate information will not be processed.

Example: Subject Line: R&D Confirmation Number (#####)

**8. Once I submit an application, can I go back to update the Federal EIN or Revenue ID?**

**A:** No. Please carefully verify the accuracy of the entity's identifying information before submission.

**9. What happens to my incomplete application if I choose not to finish it?**

**A:** The application will be deleted by the system at the end of the application cycle. An application is not processed unless a confirmation number is provided.

**10. Can I amend my application?**

**A:** You can amend the application only if it is in Incomplete status or Received status and it is before the application due date. Otherwise, to make corrections to a submitted application, you must contact the department by email at [RA- RVPACORPRD@pa.gov](mailto:RA-RVPACORPRD@pa.gov).

**11. How can I submit Federal Form 6765 supporting information?**

**A:** By completing the "Federal Form 6765" part of the electronic application.

**12. When should I file additional Breakdown of R&D Expenditures forms (REV- 545A) and Federal Form 6765?**

**A:** Only provide these forms for years that had changes in expenditures or years for which this information was not already provided in prior filings of the REV-545.

**13. How should I file REV-545A?**

**A:** By using "Enter REV-545A" on the menu bar and submitting it electronically.

**14. What is the meaning of various application statuses?**

- **Incomplete:** The application has not been submitted; or the application was reopened by the applicant for edits after the submission.
- **Received:** The application has been received by the Department, but the review has not been completed.
- **Pending:** The application is under review and additional information is required.
- **Awaiting Final Compliance Review:** The initial review has been completed, and the application is now awaiting final compliance review.
- **Completed Final Compliance Review:** The final compliance review is complete.
- **Credit Awarded:** The distribution is complete, and the award letter has been mailed.
- **Pending Audit Review:** The application has been selected for audit.

**15. What common filing mistakes should I avoid?**

- Not completing the REV-545A
- Small businesses not providing a balance sheet
- Not providing enough information for the four qualification questions in the projection description section
- Not providing an EIN/SSN for third-party vendors
- Not providing the SSN of the officer(s)
- Entering direct wages as subcontractor expenditures or subcontractor expenditures as direct wage