

Research and Development Tax Credit — Frequently Asked Questions

- 1. 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.

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

A: By using “Enter REV-545A” on the menu bar and submitting it electronically. Do not fax it.

- 3. Can I override an application by entering a new one?**

A: Only if it is in incomplete status. To make corrections to a submitted application, you must contact the department.

- 4. When can I file for the fiscal year ending March 31, 2018?**

A: Applicants cannot file for the fiscal year ending March 31, 2018 until 2019. The expenses for the 2018 application would be any taxable year that ends in 2017.

- 5. Is the department bringing in prior year information in the new electronic application?**

A: Not at the moment. However, the department is exploring this enhancement to the system.

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

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

- 7. 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.



8. 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.

One thing to keep in mind: 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.

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

A: Personal.

10. Federal Form 6765 is not due until October 15, but the Department of Revenue requires all the information to be sent in by September 15. What should I do?

A: The federal due date is not relevant. Federal Form 6765 has to be completed and sent to the department by September 15 in order for an applicant to be eligible for the PA Research and Development Tax Credit.

11. May I send my supporting documents via email?

A: No. You must fax your supporting documentation to 717-787-4683. This will ensure receipt and avoid a delay or denial of your application. You must also provide the confirmation number provided by the system upon submission when faxing your documents.

12. Once I submit an application, can I go back and update the Federal EIN or Revenue ID?

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

13. 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.