STATE OF DELAWARE

2012

FORM 2070AC 0007

APPLICATION AND COMPUTATION SCHEDULE FOR CLAIMING DELAWARE RESEARCH AND DEVELOPMENT TAX CREDITS

DIVISION OF REVENUE
820 North French St.
P.O. Box 8911
Wilm., DE 19899-8911

FORM 2070AC MUST BE COMPLETED AND SUBMITTED ON OR BEFORE SEPTEMBER 15TH AFTER THE END OF THE TAXABLE YEAR DURING WHICH THE QUALIFIED RESEARCH & DEVELOPMENT EXPENSES WERE MADE.

PART A -- NAME AND ADDRESS

TAX PERIOD ENDING DATE (MM/DD/YY)

_____ / _____ / _____

1. Federal Employer Identification Number: 1 - ☐☐---☐☐☐☐☐☐☐

OR

Social Security Number: 2 - ☐☐☐---☐☐---☐☐☐☐

2. Name of Taxpayer

3. Address

4. Delaware Address (if different from above).

5. Contact Person **Telephone Number** **Fax Number** **E-mail Address**

PART B – DELAWARE RESEARCH & DEVELOPMENT ELECTION AND COMPUTATION

SELECT A METHOD TO COMPUTE THE DELAWARE RESEARCH & DEVELOPMENT CREDIT. ONLY ONE METHOD MAY BE SELECTED TO COMPUTE THE CREDIT. THE METHOD USED TO COMPUTE THE DELAWARE RESEARCH & DEVELOPMENT CREDIT IS AN ANNUAL ELECTION. THE ELECTION IS INDEPENDENT OF THE METHOD USED TO COMPUTE THE FEDERAL RESEARCH & DEVELOPMENT CREDIT. **PLEASE ATTACH A COPY OF FEDERAL FROM 6765 TO THIS APPLICATION. IF A CONSOLIDATED CORPORATE INCOME TAX RETURN IS FILED, PLEASE ATTACH A PROFORMA FORM 6765 FOR THE CORPORATE APPLICANT.**

___ **METHOD A –** ***Ten percent of the excess of the taxpayer's total Delaware qualified research and development expenses for the taxable year over the taxpayer's Delaware base amount.***

1.	Total Delaware qualified R&D expenses for the 4 years preceding the credit year	$ _____
2.	Total Delaware gross receipts for the 4 years preceding the credit year	$ _____
3.	Delaware Fixed Based Percentage. Divide Line 1 by Line 2	_____%
4.	Average annual gross receipts for the 4 years preceding the credit year	$ _____
5.	Delaware Base Amount. Multiply Line 3 by Line 4	$ _____
6.	Total Delaware qualified R&D expenses for the credit year	$ _____
7.	Subtract Line 5 from Line 6	$ _____
8.	Multiply Line 6 by 50%	$ _____
9.	Enter the smaller of Line 7 or Line 8	$ _____
10.	**Delaware R&D Credit**. Multiply Line 9 by 10%	$ _____

___ **METHOD B –** ***Fifty percent of Delaware's apportioned share of taxpayer's federal research and development tax credit calculated using the alternative incremental credit method under Section 41(c)(4) of the Internal Revenue Code of 1986, using federal definitions and methodology.***

1.	Federal Alternative Incremental Credit from Line 39, Federal Form 6765	$ _____
2.	Delaware qualified R&D expenses for the credit year	$ _____
3.	Total qualified R&D expenses for the credit year	$ _____
4.	Divide Line 2 by Line 3	_____%
5.	Multiply Line 1 by Line 4	$ _____
6.	**Delaware R&D Credit**. Multiply Line 5 by 50%	$ _____

STOP: IF THE BUSINESS ENTITY FOR WHICH THE CREDIT HAS BEEN APPROVED IS:

- C CORPORATION – Enter the Delaware R&D Credit on Form 700, Delaware Income Tax Credit Schedule, Line 10(a).
- S CORPORATION – Multiply the Delaware R&D Credit by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 10(b).
- PARTNERSHIP – Multiply the Delaware R&D Credit by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 10(c).
- INDIVIDUAL & SOLE PROPRIETOR – Enter the Delaware R&D Credit on Form 700, Delaware Income Tax Credit Schedule, Line 10(d).

_____ _____ _____

NAME ***TITLE*** ***DATE***

(Revised 01/28/13)

GENERAL INSTRUCTIONS FOR COMPLETION OF
FORM 2070AC 0007

The Delaware Division of Revenue must first approve any taxpayer electing to qualify for the Delaware Research & Development Tax Credits. After receiving tax credit approval from the Delaware Division of Revenue, the amount of approved credit on Delaware Form 2070AC must be transferred to the appropriate line on Delaware Form 700. Delaware Forms 700 and 2070AC must be attached to each annual income tax return approved for the credit. If you need assistance completing this form, please contact Steve Seidel, DE Division of Revenue, 820 N. French Street, Wilmington, DE 19801, 302-577-8455, stephen.seidel@state.de.us.

SPECIFIC INSTRUCTIONS

SELECT A METHOD TO COMPUTE THE DELAWARE RESEARCH & DEVELOPMENT CREDIT. ONLY ONE METHOD MAY BE SELECTED TO COMPUTE THE CREDIT. PLEASE ATTACH A COPY OF FEDERAL FORM 6765 TO THIS APPLICATION. IF A CONSOLIDATED CORPORATE INCOME TAX RETURN IS FILED, PLEASE ATTACH A PROFORMA FEDERAL FORM 6765 FOR THE CORPORATE APPLICANT.

METHOD A – TEN PERCENT OF THE EXCESS OF THE TAXPAYER'S TOTAL DELAWARE QUALIFIED RESEARCH & DEVELOPMENT EXPENSES FOR THE TAXABLE YEAR OVER THE TAXPAYER'S DELAWARE BASE AMOUNT.

Line 1. Enter the total Delaware qualified research & development expenses for the four years immediately preceding the credit year.
Line 2. Enter the total Delaware gross receipts for the four years immediately preceding the credit year.
Line 3. Divide Line 1 by Line 2. This is the Delaware Fixed Base Percentage.
Line 4. Enter the average annual gross receipts for the four years immediately preceding the credit year.
Line 5. Multiply Line 3 by Line 4. This is the Delaware Base Amount.
Line 6. Enter the total Delaware qualified research & development expenses for the credit year.
Line 7. Subtract Line 5 from Line 6. If the result is zero or less, enter zero.
Line 8. Multiply Line 6 by 50%.
Line 9. Enter the smaller of Line 7 or Line 8.
Line 10. This is your Delaware Research & Development Credit. Multiply Line 9 by 10%.

METHOD B – FIFTY PERCENT OF DELAWARE'S APPORTIONED SHARE OF TAXPAYER'S FEDERAL RESEARCH & DEVELOPMENT TAX CREDIT CALCULATED USING THE ALTERNATIVE INCREMENTAL CREDIT METHOD UNDER SECTION 41(C)(4) OF THE INTERNAL REVENUE CODE OF 1986, USING FEDERAL DEFINITIONS AND METHODOLOGY.

Line 1. Enter the Federal Alternative Incremental Credit from Line 39, Federal Form 6765.
Line 2. Enter the Delaware qualified research & development expenses for the credit year.
Line 3. Enter all qualified research & development expenses for the credit year.
Line 4. Divide Line 2 by Line 3.
Line 5. Multiply Line 1 by Line 4.
Line 6. This is your Delaware Research & Development Credit. Multiply Line 5 by 50%.

STOP: IF THE BUSINESS ENTITY FOR WHICH THE CREDIT HAS BEEN APPROVED IS:

- C CORPORATION – Enter the Delaware R&D Credit on Form 700, Delaware Income Tax Credit Schedule, Line 10(a).
- S CORPORATION – Multiply the Delaware R&D Credit by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 10(b).
- PARTNERSHIP – Multiply the Delaware R&D Credit by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 10(c).
- INDIVIDUAL & SOLE PROPRIETOR – Enter the Delaware R&D Credit on Form 700, Delaware Income Tax Credit Schedule, Line 10(d).

THE TOTAL AMOUNT OF CREDITS APPROVED BY THE DIRECTOR WITH RESPECT TO ALL APPLICANTS FOR THE RESEARCH & DEVELOPMENT TAX CREDITS SHALL NOT EXCEED $5,000,000 IN ANY FISCAL YEAR. IF THE AMOUNT OF RESEARCH & DEVELOPMENT TAX CREDITS FOR WHICH ALL TAXPAYERS APPLIED IN ANY FISCAL YEAR EXCEEDS $5,000,000, THEN THE RESEARCH DEVELOPMENT TAX CREDITS TO BE RECEIVED BY EACH APPLICANT SHALL BE THE PRODUCT OF $5,000,000 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE ELIGIBLE RESEARCH & DEVELOPMENT TAX APPLIED FOR BY THE APPLICANT AND THE DENOMINATOR IS THE TOTAL OF ALL ELIGIBLE RESEARCH & DEVELOPMENT TAX CREDITS APPLIED FOR BY ALL APPLICANTS.