



Research and Development Tax Credit Program V. 4– 9/09/2021

## RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

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Research and Development Tax Credit Program V. 4– 9/09/2021

### **Electronic Filing Requirement**

In our continuing effort to promote “Government that Works,” the REV-545 paper application has been replaced with the Research and Development (R&D) Tax Credit online application system.

This system allows users instant access to the application submitted during the open submission period. Users can also periodically check the status of the application for notifications, and complete action items required to complete the Department of Revenue’s credit review.

All applicants must submit Research & Development tax credit applications using the online application platform. The Department will not accept applications in any other format. The deadline for submission is December 01, 2021.

### **Program Eligibility**

In order to submit an application for R&D tax credits, your business must meet the following criteria:

1. Must be an entity subject to Personal Income Tax (Article III) or Corporate Net Income Tax (Article IV).
2. Must have research expenses incurred for qualified research and development conducted within Pennsylvania, as defined in section 41(d) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §41(d) ) and section 41(b) of the Internal Revenue Code of 1986 ( Public Law 99-514, 26 U.S.C. §41(b) ) incurred for Pennsylvania qualified research and development.
3. Must be in compliance with the tax laws and regulations of the Commonwealth of Pennsylvania as determined by the Department of Revenue.
4. Must have at least two years of R&D expenditures.

### **Help and Assistance**

Contact [RA-RVPACORPRD@pa.gov](mailto:RA-RVPACORPRD@pa.gov) with any questions concerning this application.

### **Accessing the R&D Application**

The R&D application is accessible from June 1, 2021 to December 1, 2021 by visiting <https://www.etides.state.pa.us/RDTaxCredit>.

*If you are currently using a browser other than Internet Explorer, the application may not function as designed. The R&D electronic filing system is compatible with Internet Explorer only. Other browsers do not perform consistently with the R&D system therefore, it is not recommended.*

## Login

Selecting the application link from the preceding website connects you to the R&D Login page.

- To submit an electronic R&D application, users are required to create a Department of Revenue electronic signature, then log on using the e-signature.



**Login**

Existing users must login using their User ID and Password.

e-Signature User ID and Password.

User ID

Password

Login

Did you forget your UserID or Password?

Reset UserID/Password

New Users must first register a User ID and Password.

Register

- Enter your login information in the appropriate fields and select the Login button.
- A single user may file multiple R&D applications on behalf of one or more businesses, without limitation.

## R&D – Home Page

Upon entering the user credentials, the user is presented a message stating the application due date and to select one of the options in a menu on the left side of the page.

**Welcome to Research and Development Tax Credit Application.**

Your application for this year is due on **December 1, 2021 11:59 PM EST.**

Please select one of the options from the left menu.

Upon entering the user credentials, the user must select File Application under the R&D Application menu.

<b>R&amp;D Application</b>
File Application
Incomplete Applications
Amend Applications
View Application
Enter Form REV-545A

The next screen prompt will require the applicant to acknowledge that the business has at least two years of expenditures prior to application for the R&D tax credit.



**R&D Tax Credit Application**  
**Electronic Submission of a Research and Development Tax Credit Application**

Taxpayers and tax practitioners now have the ability to electronically submit Research and Development Tax Credit applications through this website. Applicants will be able to submit, receive a confirmation number and check the status of their application at any time. This new process will save time and money.

You must have at least two years of expenditures in order to apply for the R&D tax credit.

**Please be advised that all applicants, including owners with a greater than 20% ownership share, will be subject to a PA state tax compliance check as part of the application process. Letters will be sent to the address provided for any noncompliant applicant or eligible owner, which will provide an opportunity for any tax issues to be resolved. In order to avoid unnecessary delays, or denial of the application, please instruct applicants and eligible owners to confirm with you they are compliant with all PA state taxes. Business taxpayers can confirm their status by calling 717-783-8434, or by requesting a statement of account through [www.etides.state.pa.us](http://www.etides.state.pa.us), the online tax filing system for businesses. Individuals can call 717-783-3000, or register on our self-service portal, [my.path.pa.gov](http://my.path.pa.gov).**

[Proceed to file](#)

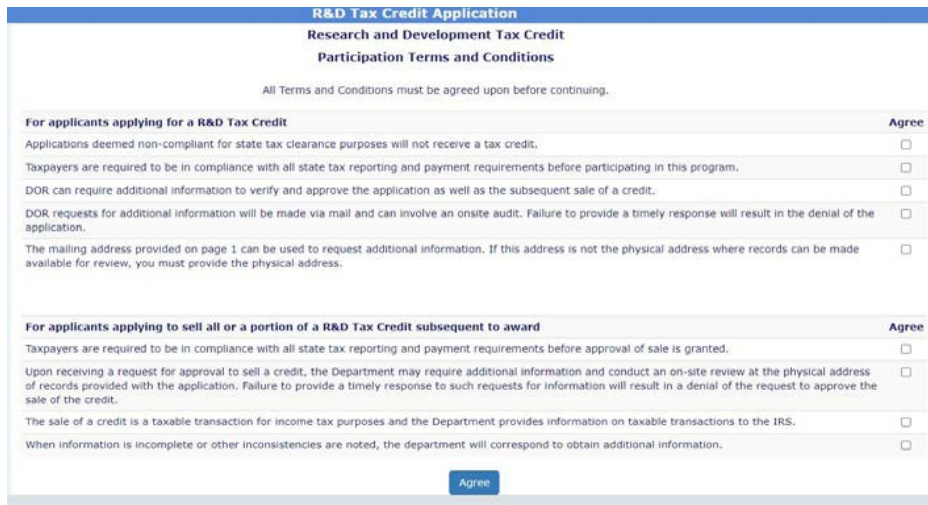
To continue with the application filing, select

[Proceed to file](#)

- All fields with an asterisk \*, must be completed within the application.
- When navigating between fields, use the tab key on keyboard to continue to next field. Pressing enter on the keyboard will save your application and take you to main page.

## Terms and Conditions

All users will be required to agree with the Terms and Conditions of the Application.



**R&D Tax Credit Application**  
**Research and Development Tax Credit**  
**Participation Terms and Conditions**

All Terms and Conditions must be agreed upon before continuing.

For applicants applying for a R&D Tax Credit	Agree
Applications deemed non-compliant for state tax clearance purposes will not receive a tax credit.	<input type="checkbox"/>
Taxpayers are required to be in compliance with all state tax reporting and payment requirements before participating in this program.	<input type="checkbox"/>
DOR can require additional information to verify and approve the application as well as the subsequent sale of a credit.	<input type="checkbox"/>
DOR requests for additional information will be made via mail and can involve an onsite audit. Failure to provide a timely response will result in the denial of the application.	<input type="checkbox"/>
The mailing address provided on page 1 can be used to request additional information. If this address is not the physical address where records can be made available for review, you must provide the physical address.	<input type="checkbox"/>

For applicants applying to sell all or a portion of a R&D Tax Credit subsequent to award	Agree
Taxpayers are required to be in compliance with all state tax reporting and payment requirements before approval of sale is granted.	<input type="checkbox"/>
Upon receiving a request for approval to sell a credit, the Department may require additional information and conduct an on-site review at the physical address of records provided with the application. Failure to provide a timely response to such requests for information will result in a denial of the request to approve the sale of the credit.	<input type="checkbox"/>
The sale of a credit is a taxable transaction for income tax purposes and the Department provides information on taxable transactions to the IRS.	<input type="checkbox"/>
When information is incomplete or other inconsistencies are noted, the department will correspond to obtain additional information.	<input type="checkbox"/>

[Agree](#)

*Applicants must read all statements and check all boxes before continuing to the following page.*

## Identification of Qualified Business

The next set of screen prompts require applicants to identify information about the business, as it pertains to tax records.

R&D Tax Credit 2019 Application

Entity Type\*

Select entity type from drop-down box, then

Entity Type\*

C CORPORATION

INDIVIDUAL

LLC

PARTNERSHIP

S CORPORATION

SOLE PROPRIETORSHIP

Entity Type\*

FEIN\*  (No dashes or spaces allowed)

Revenue ID

R&D Tax Credit 2021 Application

<b>R&amp;D Application</b> <a href="#">File Application</a> <a href="#">Incomplete Applications</a> <a href="#">Amend Applications</a> <a href="#">Withdraw Application</a> <a href="#">Paper Form REV-5624</a> <b>Options</b> <a href="#">Instructions</a> <a href="#">Frequently Asked Questions</a> <b>ESignature</b> <a href="#">User Profile</a> <a href="#">Log Off</a>	<b>Taxpayer Name*</b>	<input type="text" value="TEST TEST"/>	<b>Entity Type*</b>	<input type="text" value="C CORPORATION"/>
	<b>EIN*</b>	<input type="text" value="212-83300"/>	<b>Revenue ID*</b>	<input type="text" value="100047421"/>
	<b>Business Address</b>			
	<b>Address Line 1*</b>	<input type="text" value="1 Test Lane"/>	<b>Address Line 2</b>	<input type="text"/>
	<b>City*</b>	<input type="text" value="CRESCO"/>	<b>State*</b>	<input type="text" value="PENNSYLVANIA"/>
	<b>Zip*</b>	<input type="text" value="18306-9804"/>	<b>Phone*</b>	<input type="text" value="123-565-4444"/>
	<b>Small Business</b>	<input type="checkbox"/>		
	<b>Are records for audit kept at the business address?*</b>	<input type="text" value="Yes"/>		
	<b>Did you file Form 6765 with the IRS?*</b>	<input type="text" value="No"/>		
	<b>As part of your claimed R&amp;D expenditures, do you have direct wages or subcontractors?*</b>	<input type="text" value="No"/>		

Note: 8 1/2-11 week file always opens in the first week of January in calendar year file

Information in this section may automatically populate using data from the Department of Revenue. It is the responsibility of the applicant to ensure the information is accurate.



Research and Development Tax Credit Program V. 4- 9/09/2021

**Federal Form 6765**

Federal Form 6765

**IMPORTANT:** Please see instructions for Federal Form 6765 to fill out the section below.

Wages for Qualified Services*	Cost of Supplies*	Rental or Lease Costs of Computers*	Applicable Percentage of Contract Research Expenses*	Total Qualified Research Expenses
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**R&D Expenditures by Location**

The R&D Expenditures by Location section requires applicants to identify specific detailed information on the expenditures. There are four parts to this area within the application. Applicants must make at least one entry for each part. If additional information needs to be entered, select “add additional” to add other information.

R&D Tax Credit 2019 Application

Breakdown of R&D Expenditures by Location

**Note:** At least one entry for Part I, Part II and Part III is required. If you have additional locations for R&D expenditures, please click “Add Additional Expenditure” button below. For each entry in Part I, there must be a corresponding entry in Part II. For additional Subcontractor Costs, please click “Add Additional Subcontractor Cost” button below.

**Part I: Listing of Expenditures by Physical Location**

Enter the following information:

- PA Location & Project Name
- PA-Qualified Expenditure
- PA Expenditure Located in KOZ (if applicable)
- Total Expenditure
- Direct Wages (if a business)
- 3rd Party/Subcontracted Labor & Supplies (if applicable)

Part I: Listing of Expenditures by Physical Location

PA Location & Project Name*	PA-Qualified Expenditure*	PA Expenditure Located in KOZ*	Total Expenditure	Direct Wages	3rd Party/ Subcontracted Labor	Supplies and/or Computer Rental Costs
1 <input type="text"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>
<b>Non-PA Expenditures</b>			<input type="text" value="0.00"/>			
<b>Total</b>	<input type="text" value="0.00"/>		<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>



**Part II: For PA withholding purposes, Entity for which Direct Wages are reported**  
**Please Note: Pennsylvania Wage supporting documents may be required upon request!**

Enter the following information:

- Whether the direct wages information is being reported under another entity
- Federal EIN
- Federal ID Type

Part II: For PA withholding purposes, Entity for which Direct Wages are Reported

Is the Direct Wages information being reported under another entity?*	Employer Withholding Account ID	Federal ID	Federal ID Type
If yes, please enter the Employer Withholding Account ID and Federal ID information for which the wages are being reported, otherwise please enter the applicant's Employer Withholding Account ID if you have Direct Wages. <b>Pennsylvania Wage supporting documents may be required upon request!</b>			
1 Yes	11111111	111111111	FEIN

**Part III: Description of Project**

Enter information that describes:

- Elimination of Uncertainty
- Process of Experimentation
- Technological in Nature
- Qualified Purpose

Part III: Description of Project

Elimination of Uncertainty:*	Process of Experimentation:*	Technological in Nature:*	Qualified Purpose:*
Describe in detail how you have attempted to eliminate uncertainty about the development of improvement of a product or process	Describe in detail how you evaluated alternatives for achieving your desired result. Describe in detail your method of experimentation including modeling, simulation, systematic trial and error or other methods	Describe in detail your process of experimentation and how it relies on engineering, physics, chemistry, biology, or computer science	Describe in detail what new or improved product or process you created. Describe in detail the resulting increased performance, function, reliability, or quality
1			

**Part IV: Physical Location Address**

Enter the following information:

- Address
- City
- Zip Code

Part IV: Physical Location Address

Address Line 1*	Address Line 2	City*	ZIP Code*
1			



### Part V: Listing of 3rd Party/Subcontractor Labor Costs

Enter the following information:

- Amount
- Subcontractor/Employer Name
- Sub./Emp. Federal ID
- Sub./Emp. Federal ID Type
- Contact Phone Number
- Was a 1099-MISC/W-2 Issued?

Part V: Listing of 3rd Party/Subcontractor Labor Costs

Amount	Subcontractor/Employer Name	Sub./Emp. Federal ID	Sub./Emp. Federal ID Type	Contact Phone Number	Was a 1099-MISC/W-2 Issued?	
0.00						Delete
0.00	Total Costs (Should equal Total 3rd Party/Subcontracted Labor)					

Once you enter all information, press [Continue](#) to proceed to the next page.

### Prior Years' Expenditures

Applicants must enter prior years' Pennsylvania R&D Expenditures on this page. Enter tax years from most recent to oldest.

	Tax Year Beginning (MM/DD/YYYY)	Tax Year Ending (MM/DD/YYYY)	Actual	Annualized
A*	10/01/2015	09/30/2016	1,824,408.00	1,824,408.00
B	10/01/2014	09/30/2015	1,625,914.00	1,625,914.00
C	10/01/2013	06/30/2014	1,708,509.00	1,708,509.00
D	10/01/2012	09/30/2013	1,477,039.00	1,477,039.00

[Back](#)
[Save and Continue Later](#)
[Continue](#)

Press [Continue](#) once all information has been entered.



## Credit Calculation Page

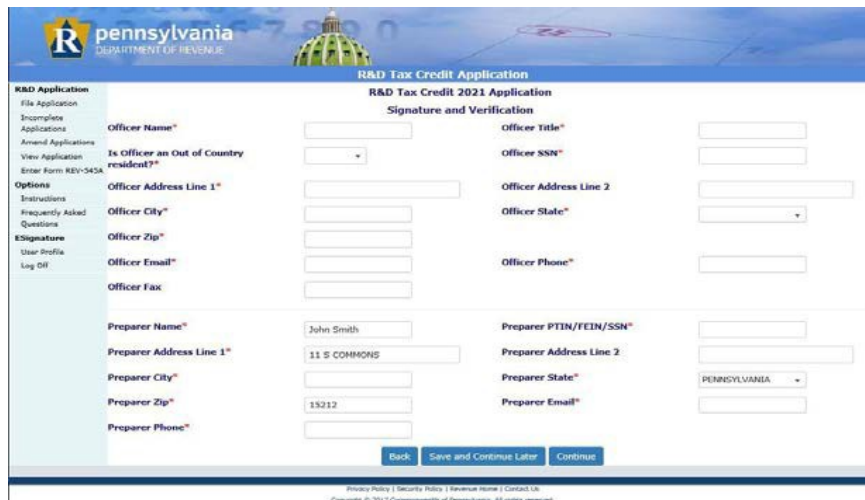
This page will use information from the previous pages to calculate the tentative PA R&D Credit.

R&D Tax Credit 2019 Application	
Calculation of Credit	
1a. Total PA-Qualified Expenditures Actual	1.00
1b. Total PA-Qualified Expenditures Annualized	1.00
2. 50% of Total PA-Qualified Expenditures Annualized	0.00
3. Total of Prior Years' Actual PA R&D Expenditures	4.00
4. Total of Prior years' Annualized PA R&D Expenditures	4.00
5. Average of Prior years' Annualized PA R&D Expenditures	1.00
6. Calculated Expenditure (Line 1b minus the greater of Line 2 or Line 5)	0.00
7. Tentative PA R&D Credit (Line 6 x 0.1)	0.00

Confirm whether all information is valid and correct. Press once verified.

## Signature and Verification

The Signature and Verification page must include information on the Entity officer authorizing the application to be completed and the preparer to continue with the application.



**R&D Tax Credit 2021 Application**  
Signature and Verification

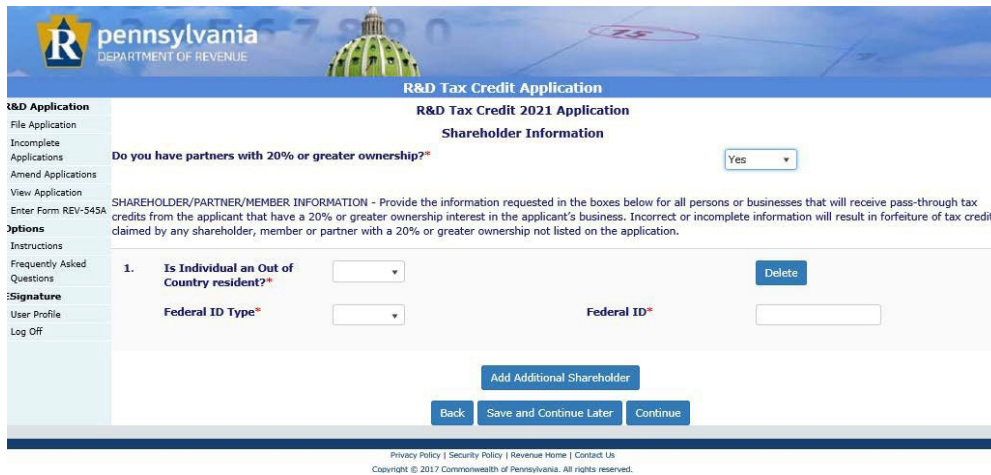
Officer Name*	<input type="text"/>	Officer Title*	<input type="text"/>
Is Officer an Out of Country resident?*	<input type="text"/>	Officer SSN*	<input type="text"/>
Officer Address Line 1*	<input type="text"/>	Officer Address Line 2	<input type="text"/>
Officer City*	<input type="text"/>	Officer State*	<input type="text"/>
Officer Zip*	<input type="text"/>	Officer Phone*	<input type="text"/>
Officer Email*	<input type="text"/>	Officer Fax	<input type="text"/>
Preparer Name*	John Smith	Preparer PTIN/FEIN/SSN*	<input type="text"/>
Preparer Address Line 1*	11 S COMMONS	Preparer Address Line 2	<input type="text"/>
Preparer City*	<input type="text"/>	Preparer State*	PENNSYLVANIA
Preparer Zip*	15212	Preparer Email*	<input type="text"/>
Preparer Phone*	<input type="text"/>		

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Enter information in all fields with \*, then press

## Ownership Information for Compliance Check

All entities submitting an application under the program will be checked for entity compliance and ownership compliance. All persons or businesses with a 20% or greater ownership in the entity applying for the credit are required to be listed within this section.



The screenshot shows the 'R&D Tax Credit 2021 Application' interface. The main heading is 'Shareholder Information'. A question asks 'Do you have partners with 20% or greater ownership?' with a 'Yes' dropdown menu. Below this, instructions state: 'SHAREHOLDER/PARTNER/MEMBER INFORMATION - Provide the information requested in the boxes below for all persons or businesses that will receive pass-through tax credits from the applicant that have a 20% or greater ownership interest in the applicant's business. Incorrect or incomplete information will result in forfeiture of tax credits claimed by any shareholder, member or partner with a 20% or greater ownership not listed on the application.'

The form contains the following fields:

- 1. Is Individual an Out of Country resident?\* (Dropdown menu) [Delete button]
- Federal ID Type\* (Dropdown menu)
- Federal ID\* (Text input field)

Navigation buttons include 'Add Additional Shareholder', 'Back', 'Save and Continue Later', and 'Continue'. A footer contains links for Privacy Policy, Security Policy, Revenue Home, and Contact Us, along with a copyright notice for 2017 Commonwealth of Pennsylvania.

*Note: The term “shareholder” on the application within this section, refers to any owner, member or partner with a 20% or greater ownership interest in the business.*

### **Notification of Non-Compliance**

***Applications identified by the Department of Revenue as non-compliant will be ineligible for the credit, unless the applicant resolves the non-compliant issues in the determination period set by the Department of Revenue.***

## R&D Application Summary

All information submitted within the application will be displayed in the summary. Applicants are required to review the information prior to final submission of the application to the department.

1a. Total PA-Qualified Expenditures Actual	\$1.00
1b. Total PA-Qualified Expenditures Annualized	\$0.00
2. 50% of Total PA-Qualified Expenditures Annualized	\$0.00
3. Total of Prior Years' Actual PA R&D Expenditures	\$4.00
4. Total of Prior years' Annualized PA R&D Expenditures	\$4.00
5. Average of Prior years' Annualized PA R&D Expenditures	\$1.00
6. Calculated Expenditure (Line 1b minus the greater of Line 2 or Line 5)	(\$1.00)
7. Tentative PA R&D Credit (Line 6 x 0.1)	\$0.00

**Signature and Verification**

<b>Officer Name</b>	JOE SMITH	<b>Officer Title</b>	CEO
<b>Is Officer an Out of Country resident?</b>	No	<b>Officer SSN</b>	123456789
<b>Officer Address Line 1</b>	STRAWBERRY SQUARE	<b>Officer Address Line 2</b>	
<b>Officer City</b>	HARRISBURG	<b>Officer State</b>	PA
<b>Officer Zip</b>	17128	<b>Officer Phone</b>	717-123-4567
<b>Officer Phone</b>	717-123-4567	<b>Officer Email</b>	TEST@EMAIL.COM
<b>Officer Fax</b>			
<b>Preparer Name</b>	TOM JONES	<b>Preparer PTIN/FEIN/SSN</b>	123456789
<b>Preparer Address Line 1</b>	STRAWBERRY SQUARE	<b>Preparer Address Line 2</b>	
<b>Preparer City</b>	HARRISBURG	<b>Preparer State</b>	PA
<b>Preparer Zip</b>	17128	<b>Preparer Email</b>	TEST@EMAIL.COM
<b>Preparer Phone</b>	717-123-4567		
<b>Do you prefer to mail all the correspondences to the Preparer Address?</b>	No		

**Shareholder Information**

**Do you have partners with 20% or greater ownership?** Yes

1	<b>Is Individual an Out of Country resident?</b>	No	
	<b>Federal ID Type</b>	SSN	<b>Federal ID</b> 123456789
	<b>Shareholder Name</b>	JOE SMITH	<b>Ownership Percent</b> 100.00%
	<b>Address Line 1</b>	TEST STREET	<b>Address Line 2</b> <input type="text"/>
	<b>City</b>	TEST	<b>State &amp; Zip</b> PA 17128

Applications deemed non-compliant for state tax clearance purposes will not receive a tax credit.

[Edit](#) [Submit](#)

[Print Application](#)

Verify all information is correct, then [Submit](#).

**Post Electronic Application Submission Information Requirement**

After submitting the electronic portion of the application, users will receive a confirmation number. This number must be included on any fax or email submission of the following documents:

1. A completed Page 2 of REV-545A for each year listed with expenditures.
  - The 545A must be electronically submitted from the application menu bar.
2. A written explanation of the difference between this year’s expenditures and prior filings of REV-545, if applicable.
3. If filing as a small business, include a copy of the balance sheet showing total assets less than \$5 million at the beginning or end of the year.

Application Successfully Submitted.

**IMPORTANT:** This application will not be considered complete until you provide the following documents. (See below)

[Print a copy for your records](#)     [Print Fax Cover Sheet](#)

<b>Taxpayer Name</b>	<b>Revenue ID</b>	<b>Federal Employer Identification Number</b>	
TEST		123456789	
<b>Filed By</b>	<b>Confirmation Number</b>	<b>Status</b>	<b>Time Filed</b>
TOM JONES	222000000000020	RECEIVED	5/27/2020 8:33:34 AM

1. A completed REV-545A for each year listed with expenditures. [Click here](#) to file REV-545A.  
 2. A written explanation of the difference between this year’s expenditures and prior filings of REV-545, if applicable.  
 3. If filing as a small business, include a copy of the balance sheet showing total assets less than \$5 million at the beginning or end of the year.  
 4. If you are going to have a representative contact us on your behalf, include a properly completed and signed Pennsylvania Power of Attorney (POA), [Form REV-677](#).

You must fax these documents (with the exception of REV-545A) to **717-787-4683** to ensure receipt and to avoid a delay or denial of your application. You must also provide the confirmation number provided above when faxing your documents.

**\*Note:** Only provide items 1 and 2 above for years that have had changes in expenditures or for years in which this information was not already provided in prior filings of REV-545.

If prior year expenditure changed from prior reported application(s), [click here](#) to enter updated expenditure (Form REV-545A)

**To avoid a delay or denial of the application, applicants must fax (717-787-4683) or email (ra-rvpacorprd@pa.gov) the additional information to the department by December 1st. The confirmation number provided above must be included when submitting the documents.**

## **Application Status and Notifications**

It is the applicant’s responsibility to monitor the status of their application on a regular basis, and to follow up with Revenue on any action items.

To monitor the status of an application, the applicant must go to the R&D Login page and use the same USER ID and PASSWORD, as for the submission of the application.

Upon entering the user credentials, the user must select View Application under the R&D Application menu.

<b>R&amp;D Application</b>
File Application
Incomplete Applications
Amend Applications
View Application
Enter Form REV-545A

The Department of Revenue will notify applicants if there is a problem with the application. Users are also advised to periodically check the status of the application online for notifications and action items requiring further information. Please note the following application statuses:

- **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.
- **Incomplete**: The application has not been submitted; or the application was reopened by the applicant for edits after the submission.

### **Incomplete and Amended Applications**

Incomplete applications will not be processed by the Department of Revenue for tax credits. Users that elected to use the “save and continue later” option within the application are responsible to complete the application to obtain a confirmation number.

To access **Incomplete Applications**, the applicant must go to the R&D Login page and use the same USER ID and PASSWORD, as for the submission of the application. Upon entering the user credentials, the user must select Incomplete Applications under the R&D Application menu.

Users requesting to Amend Applications after the due date must have a legitimate reason to amend the application and obtain permission from the department to authorize this feature within the electronic database. Users are required to contact the department via Fax.