

## **QUALIFIED EMERGING TECHNOLOGY COMPANIES (QETCs)**

A QETC is defined as a company located within New York State

- whose primary products or services are classified as emerging technologies under Public Authorities Law section 3102-e **and** whose total annual product sales are \$10 million or less.

**Or**

- a company which has Research & Development (R&D) activities in New York State **and** whose ratio of R&D funds to net sales equals or exceeds the average ratio for "all surveyed companies classified as determined by the National Science Foundation" in its most recent Survey of Industry Research and Development, or any comparable successor survey as determined by the New York State Department of Taxation and Finance **and** whose total annual product sales are \$10 million or less.

Emerging technologies may include:

- computer-integrated manufacturing
- robotics and automated equipment
- microprocessors
- optical fibers
- medical and scientific instruments

## **TAX CREDITS FOR QETCS**

### **Qualified Emerging Technology Employment Credit**

A refundable tax credit of \$1,000 per new full-time employee (i.e. employees in excess of 100% of base year employment level), available for one three-year period (i.e. the year the credit is first claimed and in each of the next two years) provided minimum employment levels are maintained.

### **Qualified Emerging Technology Company Capital Tax Credit**

QETC investors are allowed a credit equal to a percentage of each qualified investment in a qualified emerging technology company that has been certified by the Commissioner of Taxation and Finance as follows:

- 10% of qualified investments, provided the taxpayer certifies that the qualified investment will not be sold, transferred, traded, or disposed of during the four years following the year in which the credit is first claimed (maximum credit of \$150,000 per taxpayer); or
- 20% of qualified investments, provided the taxpayer certifies that the qualified investment will not be sold, transferred, traded, or disposed of during the nine years following the year in which the credit is first claimed (maximum credit of \$300,000 per taxpayer).

### **Qualified Emerging Technology Company Facilities, Operations and Training Tax Credit**

A taxpayer that is a QETC **and**

- has no more than 100 full-time employees, of which at least 75% are employed in New York State;

- has a ratio of research and development funds to net sales (as referred to in Public Authorities Law section 3102-e) which equals or exceeds 6% during its authorized taxable year; and
- has gross revenues, along with the gross revenues of its affiliates and related members, not exceeding \$20 million for the taxable year immediately preceding the year the taxpayer claims this credit

may earn a refundable tax credit equal to the sum of the following three components:

- 18% of the cost or other basis for federal income tax purposes of “research and development property” acquired by the taxpayer by purchase and placed in service during the taxable year;
- 9% for “qualified research expenses” paid or incurred by the taxpayer in the taxable year; and
- 100% of “qualified high technology training expenditures” paid or incurred by the taxpayer, up to \$4,000 per employee per taxable year.

An eligible taxpayer may claim these credits for QETCs in an amount up to \$250,000 per year for four consecutive taxable years. These credits will sunset on December 31, 2011.