



# Montana

## Application to be Considered a Research and Development Firm

15-31-103, MCA

Please Type or Print	
Name of Corporation	Federal Employer's I.D. No.
Number and Street	Date Inc./Qualified
City, State, and Zip Code	

Please check the appropriate box(es) regarding this application:

Corporate License Tax Exemption

Class 5 Property Class

### Part I

Name and address of each officer of the research and development firm:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(Please attach a supplement if necessary.)

### Part II

Please provide a detailed description of the corporation's research and development activities to be conducted in Montana (Note: Please refer to part A - No. 5 of the general instructions listed on the back of this page and incorporate the required information.)

_____
_____
_____
_____
_____

(Please attach a supplement if necessary.)

## General Instructions

### Filing Application

- The application must be filed with the department before the end of the first calendar quarter during which the research and development firm engages in business in Montana.
- On receipt of this form, provided that it was filed in the time allowed, the department shall designate the applicant as a research and development firm. A letter will be sent from the department confirming this designation.
- Failure by an applicant to properly complete the form or failure to file in the time allowed automatically disqualifies the applicant from being designated and treated as a research and development firm.
- The director of the department may grant an extension of time for an applicant to file an application for treatment as a research and development firm, provided the extension is given in writing and the extension does not extend beyond 30 days from the date the application was required to be filed.
- ARM Section 42.23.115 states that in order for a firm to qualify as a research and development firm, over 50% of the real and tangible personal property located in Montana and 50% of its Montana Payroll must be directly related to research and development activities.

### Exemption from taxation - Section 15-31-103, MCA

- A research and development firm organized to engage in business in the state of Montana for the first time is not subject to any of the taxes imposed on net income earned from research and development activities during its first five (5) taxable years of activity in Montana. The “taxable year” means a research and development firm’s taxable year for federal income tax purposes.
- For the purpose of calculating or otherwise determining the period for which a deduction, exclusion, exemption, or credit may be taken, the department shall disregard a research and development firm’s first five (5) taxable years of activity in Montana and administer the deduction, exclusion, exemption, or credit as if the corporation did not exist during those taxable years. This treatment of a research and development firm extends to net operating loss carryback and net operating loss carryforward provisions.

### Exemption from taxation - Section 15-6-135, MCA

- When qualified as a research and development firm, all land and improvements and all personal property owned by the research and development firm are determined to be “class five property” for purposes of property tax classification.
- To qualify for the class five property classification, a firm must file this form annually with the department on or before January 1 of the year for which the classification is desired. The department, through its natural resource and corporation tax division, will certify the eligibility of firms for the class five research and development property classification.