



## Application to be Considered a Research and Development Firm

Please type or print the information required in the boxes below:	
Name of corporation	FEIN
Number and street	Date the firm was incorporated or qualified to do business in Montana
City, state, and zip code	

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

Corporate License Tax Exemption

Class 5 Property Class

**Part I**

Enter the 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 your corporation's research and development activity that it will conduct in Montana (Note: Please refer to the general instructions listed on the back of this form and incorporate the required information.)


(Please attach a supplement if necessary.)

# General Instructions

## Application Filing Requirements

- When we receive your timely application, we will evaluate your firm's eligibility to be designated as a research and development firm. If your firm qualifies we will send you a letter conforming this designation.
- If you fail to properly complete this form or fail to file in the time allowed, you will automatically be disqualified from being designated and treated as a research and development firm.
- The director of the Department of Revenue may grant an extension of time for you to file an application for treatment as a research and development firm if you submit the extension 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 License and Income Tax - 15-31-103, MCA

- An eligible research and development firm that is 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, we will 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.
- This application has to be filed with us annually before the end of the first calendar quarter of the taxable year that you engage in business in Montana.

## Property Tax Classification - 15-6-135, MCA

- If you qualify as a research and development firm, all of the land and improvements and all of the personal property that you own will be determined to be "class five property" for purposes of property tax classification.
- In order to qualify for the class five property classification, you have to file this form annually with the department on or before January 1 of the year that you desire the classification. Through our natural resource and corporation tax division, we will certify the eligibility of your class five research and development property classification.