



**pennsylvania**  
DEPARTMENT OF COMMUNITY  
& ECONOMIC DEVELOPMENT

# KEYSTONE INNOVATION ZONE TAX CREDIT PROGRAM

September 15, 2020

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Office of Business Financing – Tax Credit Division

## BACKGROUND

Keystone Innovation Zones improve and encourage Pennsylvania's research and development efforts, technology commercialization and entrepreneurship programs.

Created in 2003 – “Knowledge Neighborhoods” include

- 28 Keystone Innovation Zones
- 92 Academic Partners
- 800+ Companies
- \$180,000,000 Tax Credits Awarded

## FY 20-21 PROGRAM UPDATES

- The Pennsylvania Legislature passed HB 2387 (Interim Budget) which was signed by Governor Wolf on May 29, 2020.
- Tax credit programs will continue to be implemented during the interim budget
- The KIZ Tax Credit Program will remain at \$15 million for FY 2020-2021.

## ELIGIBILITY

A Keystone Innovation Zone Company (KIZ Company) is a for profit business entity which is all of the following:

- Located within a Keystone Innovation Zone
- Has been in operation for less than eight years
- Creates/develops unique proprietary technology
- Falls within one of the targeted industry segments:

Advanced Materials/Diversified Manufacturing

Business Services

Life Science

High Technology

# COVID-19 STAY-AT-HOME ORDER

- Under Governor Wolf's Stay-At-Home Order, KIZ Companies operating from their home is permissible with no impact on their eligibility.
- Under Governor Wolf's Reopening Plan, KIZ Companies operating from their home while the County was in the Red or Yellow Phase is permissible with no impact on their eligibility.
- Under Governor Wolf's Reopening Plan, KIZ Companies operating in a Green County should make every attempt to return back to the office on a consistent basis following all guidance set in place by the CDC and the PA Department of Health.
- If any KIZ Company broke their lease as a result of COVID-19 related issues, please contact the KIZ Program Office at DCED. These matters will be reviewed on a case by case basis.

## SITE VISIT REQUIREMENTS

- Under current circumstances, DCED will allow virtual site visits to occur if the Coordinator is unable to make a physical visit.
- Virtual site visits should still be at the company's KIZ location and NOT from their home office.
- All pertinent questions must be asked related to their time spent in the zone, employees operating in the zone, etc.

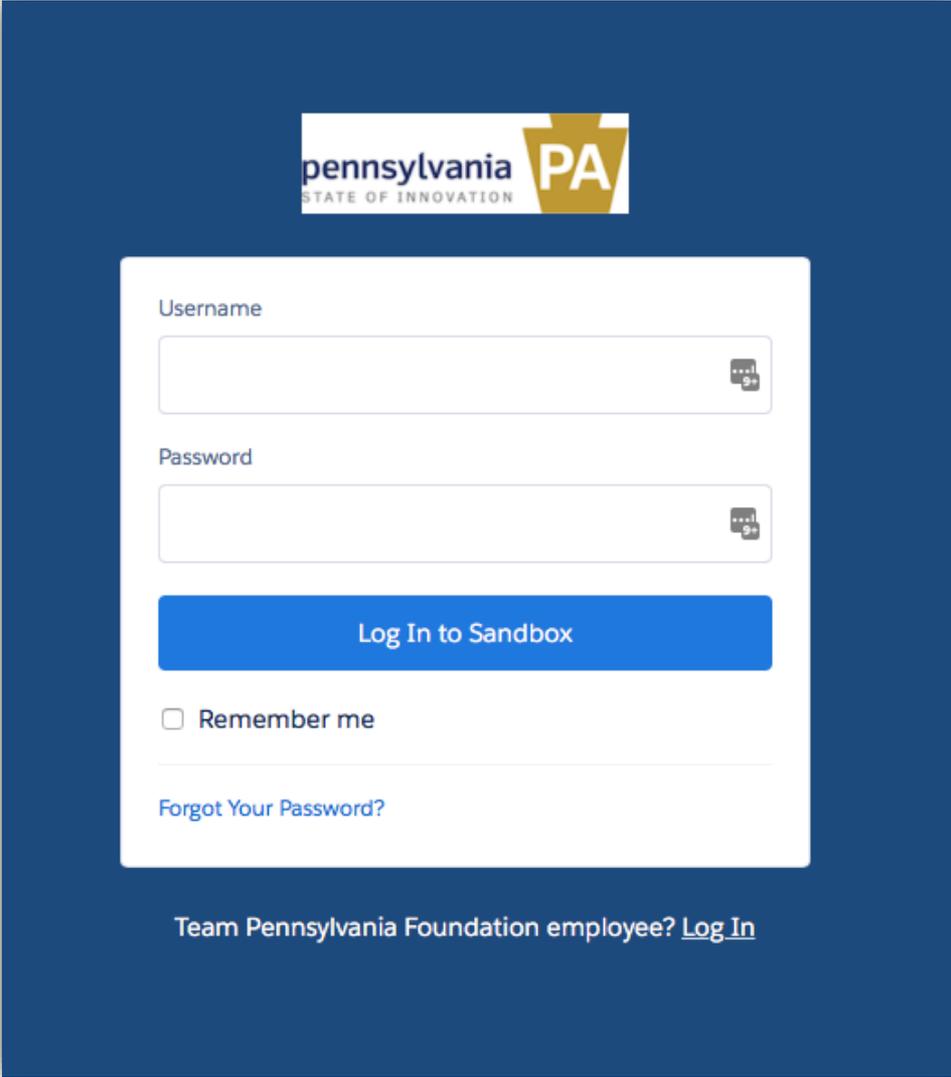
## TAX FILING UPDATES

- Tax filings for tax year 2019 have been extended from April 15<sup>th</sup> to July 15<sup>th</sup> due to the impact of COVID-19.
- The KIZ Program does not accept extension filings as proof of federal or state tax returns.
- For the 2020 KIZ Tax Credit Application, tax filing extensions will **not be allowable.**
- All tax filings **MUST** be filed prior to the application deadline in order to be eligible for the tax credit program.

# KIZ CERTIFICATION

1. Contact local KIZ Coordinator -  
dced.pa.gov search for Keystone Innovation Zones
2. Submit semi-annual metrics – <https://pakiz.force.com>  
  
First half fiscal year: July 1 through December 31  
Reporting window: December 15 through January 15  
  
Second half fiscal year: January 1 through June 30  
Reporting window: June 15 through July 15
3. Submit application for KIZ Tax Credits with Coordinators Certificate

# KIZ FORCE – LOGIN SCREEN





Username

Password

[Log In to Sandbox](#)

Remember me

[Forgot Your Password?](#)

Team Pennsylvania Foundation employee? [Log In](#)

# KIZ FORCE – LANDING PAGE



## KIZ Company Reporting

[Logout](#)

[Home](#)

### Current Reporting Period

	Data Submission Number	Data Entry Complete	Reporting Period
<a href="#">Edit</a>	AIM-2017-03-21257	<input type="checkbox"/>	2016-2017 First Half

### Previous Reporting Periods

	Closed	Data Entry Complete	Reporting Period
<a href="#">AIM-2017-04-21258</a>	true	true	2015-2016 First Half
<a href="#">AIM-2016-08-21256</a>	true	true	2015-2016 Second Half

# KIZ FORCE – HISTORIC INFORMATION



**pennsylvania**  
STATE OF INNOVATION

## KIZ Company Reporting

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### AIM-2017-04-21258

Organization Profile			
Employee Count	131	EIN through KIZ Assistance	<input type="checkbox"/>
Payroll	\$100,000	EIN Filing Date	
Projected Annual Revenue	\$231,000	Spin-Off	<input type="checkbox"/>
Spin-Off Description			
Performance Measures			
Increased Revenue	\$30,000	Jobs Created	5
New PA Grad Employees	3	Jobs Retained	3
Pennsylvania Funding			
KIZ Tax Credit	\$12,345		
KIZ Grants	\$4,500	KIZ Grants Description	
PA Loans	\$1,200	PA Loans Description	
Other PA Funding	\$2,000	Other PA Funding Description	
Leveraged Funding			
Third Party Grants	Grants Description		
Third Party Loans	Loans Description		
Investment Capital	Investment Description		

## KIZ FORCE UPDATES

- Second Half FY 19-20 Reporting Window
  - Closed on July 15<sup>th</sup>
  - If you have not reported, please contact your Coordinator IMMEDIATELY
- Lightning Migration
  - KIZ Force platform has been updated
  - AIM reports remain identical for companies
  - Changes to the Coordinator portal

# APPLICATION PROCESS

File through DCED's Electronic Single Application (ESA)

Applications are due on or before **September 15<sup>th</sup>** each year

Required documentation with ESA application:

1. Completed KIZ Tax Credit Excel Worksheet to be uploaded in ESA
2. Completed KIZ Coordinator's Certificate
3. First page along with the signed signature pages of the applicant's Federal tax returns for the base and comparable years
4. All documents verifying the completed Excel spreadsheet (i.e. RCT 101, RCT106, financial statements, etc.)
5. Department of Revenue Tax Compliance Form – now ONLINE
6. Tax Credit Sale and Assignment documentation

**Incomplete applications will no longer be reviewed**

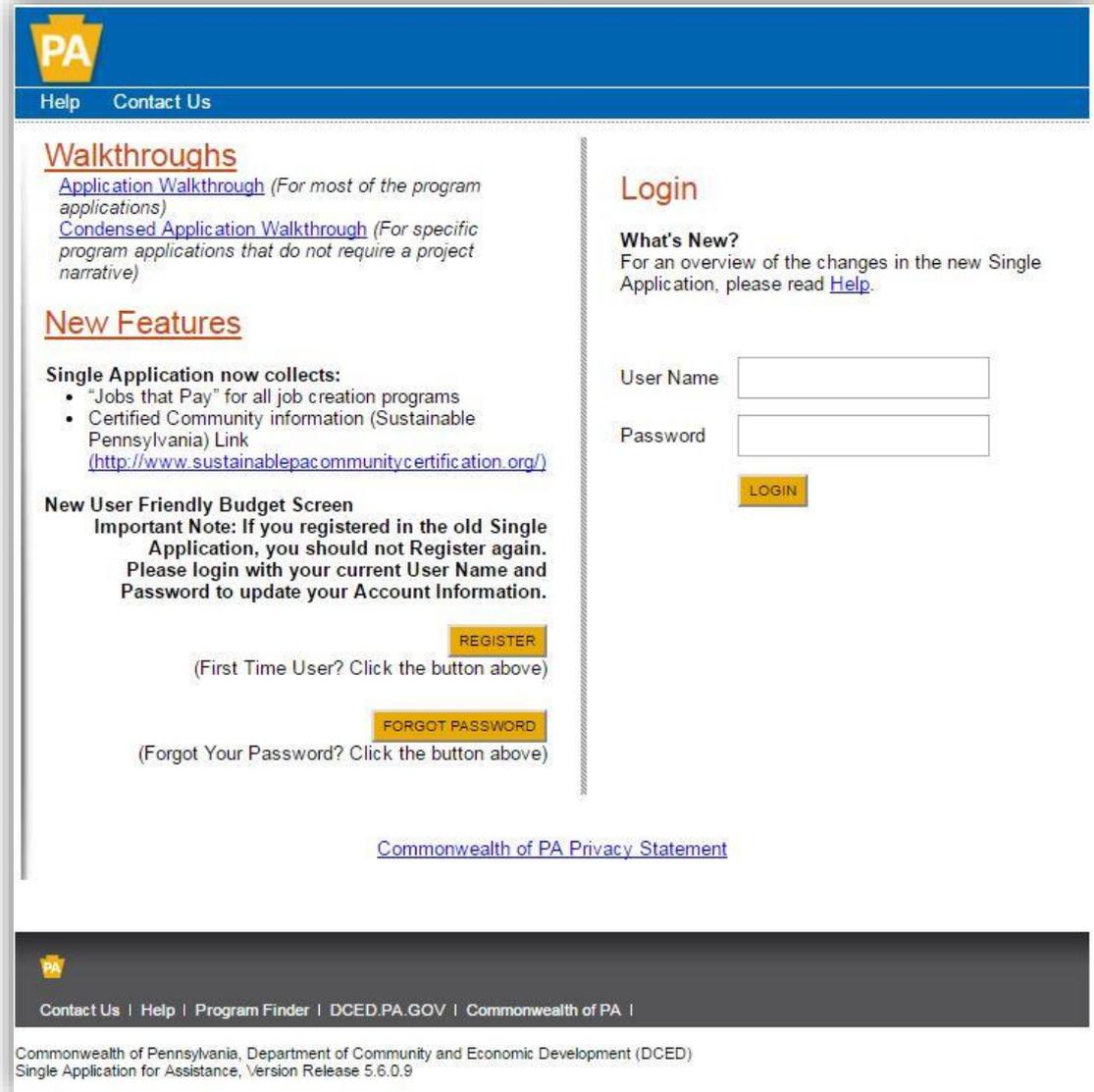
# CONTRACT MANUFACTURING

- If unable to produce yourself, KIZ Companies should make every attempt to identify a PA-based manufacturer
- Significant portion is encouraged to take place within Pennsylvania
- This can be achieved by manufacturing components in PA and having assembly done out of state OR
- Assembling the final product in PA from components produced elsewhere
- KIZ Coordinator Certificates have been reflected to address out of state manufacturing

# NAVIGATING ESA

## Getting Started

- [Dced.pa.gov/kiz](http://Dced.pa.gov/kiz) → Apply
- New users need to register with a username and password
  - Cannot use an existing username or e-mail address
  - Cannot use a symbol in username – no e-mail addresses
  - If possible, use company name for user name and NOT personal name



The screenshot shows the user interface for the Single Application for Assistance (ESA) website. At the top, there is a blue header with the PA logo and navigation links for "Help" and "Contact Us". The main content area is divided into two columns. The left column contains sections for "Walkthroughs" (with links for "Application Walkthrough" and "Condensed Application Walkthrough"), "New Features" (listing "Single Application now collects" information and a "New User Friendly Budget Screen" with an important note), and buttons for "REGISTER" and "FORGOT PASSWORD". The right column features a "Login" section with "User Name" and "Password" input fields and a "LOGIN" button. A "What's New?" section is also present. At the bottom, there is a footer with the PA logo, navigation links, and the text: "Commonwealth of Pennsylvania, Department of Community and Economic Development (DCED) Single Application for Assistance, Version Release 5.6.0.9".

# NAVIGATING ESA

## Getting Started

- Certify that you are eligible to submit an application on behalf of the company
- Upload KIZ Coordinator's Certificate

Agency: Pennsylvania Department of Community and Economic Development  
Company:  
Program: KIZ Tax Credit Program  
[Program Fact Sheet](#) [Program Guidelines](#)  
Web Application #: 8077764

**REVIEW INFORMATION BELOW**

- BEFORE YOU CAN APPLY FOR KIZ TAX CREDIT PROGRAM, YOU MUST COMPLETE THE PRE-APPLICATION REQUIREMENTS SECTION BELOW.

### Program Requirements

By checking this box, I certify that I am authorized to submit this Application by virtue of my status as one of the following: 1) a fulltime employee of the Company; 2) the Certified Public Accountant of the Company; or 3) the KIZ Coordinator for the Company.

Upload the Official KIZ Coordinator's Certificate signed by your KIZ Coordinator?

**Upload Files**  
Click "Browse" to select a file. You can attach files up to a total size of 1.5MB.

File 1  No file chosen

If you have any questions regarding the above requirements please contact:  
Technology & Innovation Office  
717-787-4147  
[Ra-TechInvTaxCredit@state.pa.us](mailto:Ra-TechInvTaxCredit@state.pa.us)

[Continue](#)

# NAVIGATING ESA

### Company Information

To copy your Registration information into the application, click the "Use Account Information" button below.

**USE ACCOUNT INFORMATION**

Company Entity Type:

<input type="radio"/> Limited Liability Partnership	<input type="radio"/> Partnership
<input type="radio"/> Government	<input type="radio"/> Non-Profit Corporation
<input type="radio"/> Sole Proprietorship	<input type="radio"/> Limited Liability Company
<input type="radio"/> S Corporation	<input type="radio"/> C Corporation

Company Name:

**NAICS Code**

FEIN:   
(xxxxxxxx)

CEO:

CEO Title:

SAP Vendor #:   
(xxxxxxx or xxxxxx-xxx)

Contact Name:

Contact Title:

Phone:  Ext.   
(xxx-xxx-xxxx)

Fax:

E-mail:

Mailing Address:

City:

State: PA ▼

Zip Code:

NAICS Code can be found on your [KIZ](#) Coordinators Certificate – only enter first 4 digits

# NAVIGATING ESA

**Project Site Location(s)**  
To add Project Site Locations, please see the [Project Overview](#) section.

**Site 1**

Address:

City:

State: PA

Zip Code:

County: -- Select County -- ▾

Municipality: -- Select Municipality -- ▾

PA House:

PA Senate:

US House:

Current Employees:

Jobs To Be Created:

Jobs that Pay:

Created

Retained

**Jobs that Pay**

Jobs that Pay is Part Of Governor Wolf's initiative to improve Pennsylvania's overall job climate and job growth through partnering with the private sector to encourage the creation and retention of jobs that pay at least 80% of the annual average wage in the county where the jobs are located. (See current county listings). Job creation and retention will help ensure that businesses and communities provide employment opportunities for all of the state's residents, improve the local tax base, and achieve prosperity and a higher quality of life for families and communities.  
**NOTE:** Jobs that Pay required data by the Department is for reporting purposes only and will **NOT** be used as a criteria for awarding loans, loan guarantees, grants or tax credits.

Please enter the physical location of your business on this page

Jobs that Pay is now removed from the ESA application!

# NAVIGATING ESA

## Project Narrative

Adequate answers to the Project Narrative questions below are required; a minimum of 100 characters has been established for each answer. Uploaded attachments or mailed documents are no longer permitted in this section of the application. If a more detailed narrative is required for the Program selected, instructions will either be provided in the Program Addenda section or the Program Guidelines.

### What do you plan to accomplish with this project? ♦

Identify the problem(s) that need to be resolved.

Character Count: 0/1000 characters

### How do you plan to accomplish it? ♦

Include expected outcomes that are measurable, obtainable, clear and understandable, and valid. Examples of measurable outcomes include jobs created or retained, people trained, land or building acquired, housing units renovated or built, etc.

Character Count: 0/1000 characters

### How do you plan to use the funds? ♦

Should include specific use of funds and reflect the budget provided with the application.

Character Count: 0/1000 characters

# NAVIGATING ESA

## Program Budget

- Required field
- Previously included a long list of eligible budget categories
- Currently the application only shows an “other” category
- Please enter the amount of tax credit you are applying for as noted on the excel worksheet

# DOR TAX COMPLIANCE FORM

## Department of Revenue Tax Compliance Form

- Act 43 of 2017 (Tax Reform Code)
- Tax clearances must be completed prior to awarding tax credit certificates
- Business and shareholder/partner/member information
- If an applicant is out of compliance, notices will be sent by the Dept. of Revenue on how to resolve the issue
- Applicants **MUST** resolve the issue in order to be eligible for tax credits
- Clearances will be completed electronically for the 2020 application
  - <https://expressforms.pa.gov/apps/pa/revenue/Tax-Credit-Economic-Development-Clearance>

## TAX CREDIT SALE AND ASSIGNMENT DOCUMENTATION

- Required in the Addenda Section of the ESA application
- Submit verification pages from tax credit brokers including: amount of tax credits sold, revenue received from the sale, and the date the funds were transferred. Tax return verification is also acceptable
- If no funds were received from the sale of tax credits, applicants must complete an Affidavit (Appendix C of application)
- Includes the sale of KIZ and R&D Tax Credits

## AWARD CALCULATION

A company may claim a tax credit equal to **50%** of the increase in their gross revenue in the immediately preceding taxable year ATTRIBUTABLE to KIZ eligible activities in the zone *over* the KIZ company's gross revenues in the second preceding taxable year ATTRIBUTABLE to its activities in the KIZ.

**(Second Year Revenue – First Year Revenue) x 50% = Eligible Tax Credit**

**\*\*A tax credit for a KIZ shall not exceed \$100,000\*\***

# AWARD CALCULATION

## Gross Revenue Calculations

Revenues derived from the sale of goods and services from activities in a KIZ targeted industry and from operations transacted within the KIZ.

### Gross Revenue may include:

- Grants from SBIR/SBTT, NIH, DOD, etc.
- Licensing fees derived from the applicant's intellectual property
- Cash awards received by an applicant through a business competition, incubator/accelerator program, etc. and included on the applicant's tax filings.

### Ineligible Revenues:

- Rent collected
- Sales of tax credits
- Loans
- Funds from investors

# AWARD CALCULATION

## KIZ Tax Credit Worksheet

- Companies with only one location in Pennsylvania (within a KIZ) do not have to complete the apportionment worksheet

Gross Revenues for the Comparable Tax Year					
Comparable Tax Year (Comp Year) 2016	Tax Form # or Document Name	Line #	Page #	Amount	
Gross Revenues for the Comp Year					(Line 1)
Revenue from Grants (if not included in Gross Revenues in Line 1 above).					(Line 2)
Less revenues from non-KIZ targeted activities					
<b>Subtotal (lines 1 &amp; 2 minus line 3)</b>					
Less revenues from the sales of tax credits					
<b>Total gross revenues for the Comp Year</b>					
How many days was the Company located in the KIZ Zone in the Comp Year					
Are the revenues prorated for the time in the KIZ Zone?					

Application Award Calculation			
Comparable Tax Year			<b>2016</b>
Base Tax Year			<b>2015</b>
Comparable Tax Year			
Gross Revenues of the company attributable to target industry activities in the KIZ for the year in Line 6			\$100,000.00
Base Tax Year			
Gross Revenues of the company attributable to target industry activities in the KIZ for the year in Line 12			\$0.00
Increase in Gross Revenues (Line 16 – Line 17)			\$100,000.00
50% of amount on Line 17			\$50,000.00
Amount of KIZ Tax Credit for which the Company is applying			<b>\$50,000.00</b>
<b>Note:</b> If the total for all qualified applications received by DCED exceeds the annual allocation, the amount awarded will be reduced from the amount listed on this application.			

### Reminder!

prorate revenues if your company was not located within the KIZ for the entire taxable year

Gross Revenues for the Base Tax Year					
Comparable Tax Year (Comp Year) 2015	Tax Form # or Document Name	Line #	Page #	Amount	
Total gross revenues for the Base Year					

## AWARD CALCULATION

### Apportionment Worksheet (Property and Payroll Factor)

- Companies with multiple locations in Pennsylvania

#### Property Factor Calculation

value of property owned by the taxpayer and used by the taxpayer **OR**  
property rented to the taxpayer and used by the taxpayer in the KIZ  
during the tax period

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value of property owned by the taxpayer and used by the taxpayer **OR**  
property rented to the taxpayer and used by the taxpayer in PA during  
the tax period

# AWARD CALCULATION

## Property Factor Calculation

**Reminder!**  
You must complete these sections prior to entering an amount

Property Factor Calculation				
Item	Document information			Amount
	Tax Form # or Document Name	Line #	Page #	
Annual Rent, Lease, Mortgage				
				\$0
Property Value Factor				x 8
<b>Rent, Lease, Mortgage Subtotal</b>				\$0
<b>Buildings, Equipment &amp; Other Depreciable Assets</b>				
Beginning of Year				
End of Year				
<b>Sum</b>				\$0
				÷ 2
<b>Building &amp; Equipment Subtotal</b>				\$0
Property Factor (Total of All Property) Within the KIZ			(Line A)	\$0

# AWARD CALCULATION

## Property Factor Documentation

<b>Form 1065</b> Department of the Treasury Internal Revenue Service		<b>U.S. Return of Partnership Income</b> For calendar year 2015, or tax year beginning _____, 2015, ending _____, 20_____. ▶ Information about Form 1065 and its separate instructions is at <a href="http://www.irs.gov/form1065">www.irs.gov/form1065</a> .		OMB No. 1545-0123 <b>2015</b>
<b>A</b> Principal business activity	<b>Type or Print</b>	Name of partnership	<b>D</b> Employer identification number	
<b>B</b> Principal product or service		Number, street, and room or suite no. If a P.O. box, see the instructions.	<b>E</b> Date business started	
<b>C</b> Business code number		City or town, state or province, country, and ZIP or foreign postal code	<b>F</b> Total assets (see the instructions)	\$ _____
<b>G</b> Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return (6) <input type="checkbox"/> Technical termination - also check (1) or (2)				
<b>H</b> Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ _____				
<b>I</b> Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ _____				
<b>J</b> Check if Schedules C and M-3 are attached <input type="checkbox"/>				
<b>Caution.</b> Include <b>only</b> trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.				
<b>Income</b>	<b>1a</b> Gross receipts or sales . . . . .	<b>1a</b>		
	<b>b</b> Returns and allowances . . . . .	<b>1b</b>		
	<b>c</b> Balance. Subtract line 1b from line 1a . . . . .			<b>1c</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A) . . . . .			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . .			<b>3</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . .			<b>4</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .			<b>6</b>
	<b>7</b> Other income (loss) (attach statement) . . . . .			<b>7</b>
	<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7 . . . . .			<b>8</b>
	<b>9</b> Salaries and wages (other than to partners) (less employment credits) . . . . .			<b>9</b>
	<b>10</b> Guaranteed payments to partners . . . . .			<b>10</b>
	<b>11</b> Repairs and maintenance . . . . .			<b>11</b>
<b>12</b> Bad debts . . . . .			<b>12</b>	
<b>13</b> Rent . . . . .			<b>13</b>	

# AWARD CALCULATION

## Property Factor Documentation

Form 1065 (2015) Page 5

**Analysis of Net Income (Loss)**

**1** Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l . . . . . **1**

<b>2</b> Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
<b>a</b> General partners						
<b>b</b> Limited partners						

**Schedule L** **Balance Sheets per Books**

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>1</b> Cash . . . . .				
<b>2a</b> Trade notes and accounts receivable . . . . .				
<b>b</b> Less allowance for bad debts . . . . .				
<b>3</b> Inventories . . . . .				
<b>4</b> U.S. government obligations . . . . .				
<b>5</b> Tax-exempt securities . . . . .				
<b>6</b> Other current assets (attach statement) . . . . .				
<b>7a</b> Loans to partners (or persons related to partners)				
<b>b</b> Mortgage and real estate loans . . . . .				
<b>8</b> Other investments (attach statement) . . . . .				
<b>9a</b> Buildings and other depreciable assets . . . . .				
<b>b</b> Less accumulated depreciation . . . . .				
<b>10a</b> Depletable assets . . . . .				
<b>b</b> Less accumulated depletion . . . . .				
<b>11</b> Land (net of any amortization) . . . . .				
<b>12a</b> Intangible assets (amortizable only) . . . . .				
<b>b</b> Less accumulated amortization . . . . .				
<b>13</b> Other assets (attach statement) . . . . .				
<b>14</b> Total assets . . . . .				

# AWARD CALCULATION

## Payroll Factor Calculation

Total Amount of compensation paid in the KIZ during the tax period by the applicant

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Total amount of compensation paid in PA during the tax period by the applicant

### Ineligible Forms of Compensation

1. Contracted employees
2. Consultants
3. Independent sales people

# AWARD CALCULATION

## Payroll Factor Calculation

Payroll Factor Calculation				
Item	Document Information			Amount
	Tax Form # or Document Name	Line #	Page #	
Salaries/wages of employees of the company				
Compensation of officers				
Guaranteed payments to partners				
Dividends paid to partners				
Net profits paid to the owner of the company and included as part of the owners federal personal tax returns.				
Commissions and fees paid to employees of the company working in the zone				
Cost of labor (provided the workers are directly employed by the company)				
<b>Payroll Factor (Total of All Wages) Within the KIZ</b>			(Line B)	\$0

Most common forms of compensation

# AWARD CALCULATION

## Payroll Factor Documentation

<b>Form 1065</b> Department of the Treasury Internal Revenue Service		<b>U.S. Return of Partnership Income</b> For calendar year 2015, or tax year beginning _____, 2015, ending _____, 20_____. ▶ Information about Form 1065 and its separate instructions is at <a href="http://www.irs.gov/form1065">www.irs.gov/form1065</a> .		OMB No. 1545-0123 <b>2015</b>
<b>A</b> Principal business activity	<b>Type or Print</b>	Name of partnership	<b>D</b> Employer identification number	
<b>B</b> Principal product or service		Number, street, and room or suite no. If a P.O. box, see the instructions.	<b>E</b> Date business started	
<b>C</b> Business code number		City or town, state or province, country, and ZIP or foreign postal code	<b>F</b> Total assets (see the instructions) \$ _____	
<b>G</b> Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return (6) <input type="checkbox"/> Technical termination - also check (1) or (2)				
<b>H</b> Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ _____				
<b>I</b> Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ _____				
<b>J</b> Check if Schedules C and M-3 are attached <input type="checkbox"/>				
<b>Caution.</b> Include <b>only</b> trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.				
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	<b>b</b> Returns and allowances	<b>1b</b>		
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	<b>10</b> Guaranteed payments to partners			<b>10</b>
	<b>11</b> Repairs and maintenance			<b>11</b>
<b>12</b> Bad debts			<b>12</b>	
<b>13</b> Rent			<b>13</b>	

## COMMON MISTAKES

- Incorrect KIZ Coordinator Certificate (wrong year)
- Failure to prorate revenues for companies not located within a KIZ for an entire calendar year
- Aged out of program before year end and did not prorate revenue
- Lack of response when requesting follow-up information
- Acquired during application process and no longer qualify

# SALE OR ASSIGNMENT OF KIZ TAX CREDITS

## Introduction

- Must first be applied against the companies tax liability in the tax year the credit was approved
- Cannot carry back or request a refund for an unused KIZ Tax Credit
- Companies may carry forward a credit for up to 4 additional taxable years or apply to DCED to sell the credit

# SALE OR ASSIGNMENT OF KIZ TAX CREDITS

## Sales Application

- Must identify a buyer prior to submitting an application
- Seller needs to be tax compliant with the Department of Revenue
- 60 day targeted turnaround for completion
- If a revised application is required, the 60 day clock begins again
- Approval letters will be e-mailed to the buyer and seller when the sale has been completed
- If no longer subject to CS/FF, companies **MUST** submit a PA-20S / PA-65 prior to selling a credit

# SALE OR ASSIGNMENT OF KIZ TAX CREDITS

## Pass Through Requests

- Complete the tax credit claim form
- Claim form will be included with approval letters sent in December
- Send directly to the Department of Revenue
- DOR address is posted on DCED's website.
- Do not include the claim form with any tax report
- No longer need to complete page 2 of the KIZ Sale Application for pass through requests

# SALE OF R&D TAX CREDITS

## Introduction

- Available to businesses incurring qualified expenses for R&D in Pennsylvania
- The **Department of Revenue** administers the approval of R&D tax credits
- Must first be applied to the entity's corporate tax liability in the year the credit was awarded

# SALE OF R&D TAX CREDITS

## Sales Application

- Seller must be tax compliant with the Department of Revenue
- Application may only be filed with DCED after state tax returns are filed
- Credits may only be sold or assigned ONCE
- Buyer must claim the credit in the taxable year it was approved by DCED
- 90 day targeted turnaround for completion
- If an application is rejected, a new application will need to be submitted and the 90 day clock will begin again

## MORE INFORMATION

### Keystone Innovation Tax Credit Program

[Dced.pa.gov/kiz](https://dced.pa.gov/kiz)

### Research & Development Sales and Assignment Program

[Dced.pa.gov/rd](https://dced.pa.gov/rd)