



State of Arizona

Research & Development Income Tax Credit

Research & Development Income Tax Credit is a state income tax credit for qualified research and development done in Arizona. This includes research conducted at a state university and funded by the company.

Benefits

The amount of the credit is based on the federal regular credit computation method for Arizona qualified research expenses and Arizona basic research payments. If the allowable expenses do not exceed \$2,500,000 the allowable credit is 20 percent of this amount. If the allowable expenses exceed \$2,500,000, the allowable credit amount is \$500,000 plus 11 percent of the amount of expenses over \$2,500,000, subject to certain limitations. The amount of credit carryover that may be used in any taxable year is limited to the amount by which the tax liability exceeds the current year credit for increased research activities.