



Does Survey Research Qualify for the Research & Development Tax Credit?

By Howard Fienberg, MRA Director of Government Affairs

Q. Does the federal Research & Development Tax Credit cover survey and opinion research expenses?

A. In 1981, the R&D Tax Credit (also known as the Research & Experimentation Tax Credit) was signed into law. It was envisioned as a temporary measure to incentivize companies to keep high-tech jobs in the United States and boost corporate growth. Since then, the tax credit has been extended at least a dozen times. Most recently, Public Law 110-343 extended the credit through December 31, 2009. It will likely be renewed before the end of 2010, retroactive to January 1.

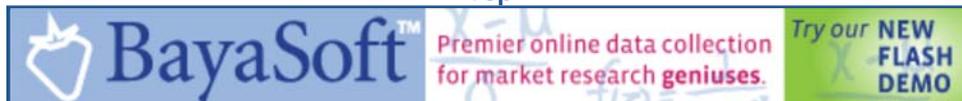
According to the explanations on [IRS Form 6765](#), research expenditures that qualify for the credit "*must be undertaken for discovering information that is technological in nature, and its application must be intended for use in developing a new or improved business component of the taxpayer. In addition, substantially all of the activities of the research must be elements of a process of experimentation relating to a new or improved function, performance, reliability, or quality.*"

The Form explicitly states that the "*research credit generally is not allowed for*" such activities as "*surveys or studies.*" The credit has always been aimed at manufacturing (although it expanded to cover some information technology development). It is NOT aimed at survey and opinion research, or any other form of social science research.

MRA recommends you consult your accountant about any attempts to utilize this or any other tax credits or deductions.

Disclaimer: The information provided in this article is for guidance and informational purposes only. It is not intended to be a substitute for legal advice. MRA advises all parties to consult with private legal counsel regarding the interpretation and application of any laws to your business.

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Quote of the Week

"A genuine leader is not a searcher for consensus but a molder of consensus."

- Martin Luther King, Jr.

Did You Know?

An earthquake on December 16, 1811 caused parts of the Mississippi River to flow backwards

Source:
www.randomfacts.com

