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2012 Massachusetts Life Sciences Tax Incentive Program Announced

The Massachusetts Life Sciences Center has announced that it is now accepting applications for the 2012 Life Sciences Tax Incentive Program from companies engaged in life sciences research and development, commercialization and manufacturing in Massachusetts. The Program, which is part of the state's Life Sciences Initiative, is authorized to award up to \$25 million in tax incentives each year. The primary goal of the program is to incentivize life sciences companies to create new sustained jobs in Massachusetts.

The deadline for applications to be submitted is October 25, 2012 by noon. The Life Sciences Center is hosting information sessions throughout the state to provide more information and answer any questions from July to October. The dates and locations of the sessions, along with additional information on the program, can be found at <http://www.masslifesciences.com/taxincentive.html>.

In 2011, the Center awarded \$21.2 million in tax incentives to 28 companies. These companies agreed to create more than 940 new jobs during calendar year 2012. With the assistance of CBIZ Tofias, our clients were awarded a total of approximately **\$5 million in tax incentives** in 2010 and 2011, accounting for **over 10 percent** of the \$45.1 million awarded over the last two years. As a direct result of the tax incentives awarded, our clients committed to creating over **200 new jobs** in the state during this time period.

Applicants are generally companies that have transitioned or are transitioning from pure life sciences research and development ("R&D") to commercialization and manufacturing. The Center recognizes that many companies struggle to address the significant capital investment associated with the long life sciences R&D cycle and the high cost of translating research into a commercially viable product. This Program is designed to help sustain these companies through a critical stage of development and to leverage additional sources of capital to bring cutting edge innovation to the marketplace. To qualify, companies must receive certification from the Massachusetts Life Sciences Center as well as demonstrate both scientific and economic merit to their expansion plans.

Some of the incentives available through the program include:

- 10% Life Sciences Investment Tax Credit (90% of excess credit refundable)
- 100% FDA User Fees Credit (90% of excess credit refundable)
- Extension of NOL carryforwards from 5 years to 15 years
- 90 % Refund of Already-available Research Credits
- Elimination of throwback provision for Massachusetts apportionment purposes
- Deduction for Orphan Drug Testing Expenses
- Designation as R&D company for sales tax purposes
- Sales tax exemption for property used in development of facilities
- Life Sciences Jobs Incentive Refundable Credit (90% of excess credit refundable)



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Interested applicants are required to submit an on-line application. Applications will be accepted on an ongoing basis via the Massachusetts Life Sciences Center website (<http://www.masslifesciences.com/taxincentive.html>) **until the deadline of October 25, 2012 at noon.** This is a one-step application process that includes information necessary for company certification under the Life Sciences Act. Please see Sections 5 and 6 of the solicitation for more information regarding the application process.

CBIZ Tofias has the experience to assist life science companies in the 2012 certification and application process, as well as with other tax matters affecting life science companies. If you have any questions or require assistance, you may contact either:

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