



CLIENT ALERT

IRS Provides Very Short and Fast Approaching Window to Apply for Up to \$5 Million in Qualifying Therapeutic Discovery Project Credits/Grants

June 18, 2010

In new Internal Revenue Code Section 48D, Congress provided a 50% tax credit (or grant in lieu of the tax credit) for qualified investments in “qualifying therapeutic discovery projects” by companies with less than 250 employees. We are currently assisting several small and medium-sized biotechnology and life sciences clients to prepare their applications, but the short 30-day window to apply is quickly approaching -- and runs from June 21 to July 21. This will be the only opportunity to apply since the IRS will distribute the entire \$1 billion provided for the program in this single round in consultation with the Department of Health and Human Services. Applicants will be certified and approved for the tax credits/grants no later than October 29, 2010, but no applicant will be certified for more than \$10 million in expenses (or allocated more than \$5 million in credits/grants) in the aggregate for 2009 and 2010.

A “qualifying therapeutic discovery project” is a project designed to do one of three things:

- Treat or prevent diseases or conditions by conducting pre-clinical activities, clinical trials and clinical studies or carrying out research protocols for the purpose of securing federal government approval by the FDA;
- Diagnose diseases or conditions, or determine molecular factors related to diseases or conditions, by developing molecular diagnostics to guide therapeutic decisions; or
- Develop a product process or technology to further the delivery or administration of therapeutics.
- IRS Notice 2010-45 issued on May 21 provided more details regarding the requirements for these tax credits and grants than were available for the earlier April 15th Client Alert about the new program.

Please click [here](#) for a complete summary of the IRS Requirements to apply for Qualifying Therapeutic Discovery Project Tax Credits or Grants.

If you have any questions or would like additional information, please contact:

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