



Ohio Revised Code

Section 5751.51 Credit for qualified research expenses.

Effective: October 3, 2023

Legislation: House Bill 33

(A) As used in this section, "qualified research expenses" has the same meaning as in section 41 of the Internal Revenue Code.

(B)(1) For calendar years beginning on or after January 1, 2008, a nonrefundable credit may be claimed under this chapter equal to seven per cent of the excess of (a) qualified research expenses incurred in this state by the taxpayer in the calendar year for which the credit is claimed over (b) the taxpayer's average annual qualified research expenses incurred in this state for the three preceding calendar years.

(2) The taxpayer shall claim the credit allowed under division (B)(1) of this section in the order required by section 5751.98 of the Revised Code. A credit claimed in calendar year 2008 may not be applied against the tax otherwise due under this chapter for a tax period beginning before July 1, 2008. Any credit amount in excess of the tax due under section 5751.03 of the Revised Code, after allowing for any other credits that precede the credit under this section in the order required under that section, may be carried forward for seven years, but the amount of the excess credit claimed against the tax for any tax period shall be deducted from the balance carried forward to the next tax period.

(3) No credit shall be allowed under this chapter if the credit was available against the tax imposed by section 5733.06 of the Revised Code, except to the extent the credit was not applied against such tax.

(C) In the case of a taxpayer that is a consolidated elected taxpayer or combined taxpayer, each person in the taxpayer's group shall separately calculate the credit claimed under this section using the qualified research expenses incurred by that person on a form prescribed by the tax commissioner, which shall be used by the taxpayer to claim the credit.

Such a taxpayer may only claim the credit with respect to persons included in the taxpayer's group as



of the thirty-first day of December of the calendar year in which the qualified research expenses are incurred. Such a taxpayer may only claim any excess credit carried forward under division (B)(2) of this section with respect to persons included in that group as of the last day of the tax period for which the return claiming the credit is filed.

(D) A taxpayer that claims a credit under this section shall retain records to substantiate the claim. Required records include those relating to any expenses used in calculating the credit and incurred in the current calendar year and in the three preceding calendar years.

The taxpayer shall retain the required records until the date that is four years after the due date for the return on which the credit was claimed or four years after the date the return was actually filed, whichever is later.

(E) The tax commissioner may audit a sample of the taxpayer's qualified research expenses over a representative period to ascertain the amount of tax credit the taxpayer may claim under this section and may issue an assessment under section 5751.09 of the Revised Code based on the audit. The commissioner shall make a good faith effort to reach an agreement with the taxpayer in selecting a representative sample. The commissioner is not, however, precluded from proceeding under this division if an agreement is not made.