

New Grants and Tax Credits for Qualifying Therapeutic Discovery Projects

The Patient Protection and Affordable Care Act of 2010 provides \$1 billion to fund grants and tax credits for qualifying therapeutic discovery projects. Last week, the IRS issued Notice 2010-45 establishing the program guidelines. To apply for a grant or tax credit, taxpayers must submit IRS Form 8942, "Application for Certification of Qualified Investments Eligible for Credits and Grants Under the Qualifying Therapeutic Discovery Project Program," and a Project Information Memorandum.

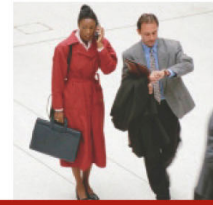
The IRS will accept applications for grants or tax credits beginning on the date Form 8942 is released (which will be no later than June 21, 2010) through July 21, 2010. The applications will be reviewed for scientific merit and statutory compliance jointly by the IRS and HHS as follows:

- The IRS determines whether the applicant is a qualified taxpayer.
- HHS determines whether the project is a qualifying therapeutic discovery project.
- HHS determines whether the project has reasonable potential to result in new therapies to treat areas of unmet medical need or to prevent, detect or treat chronic or acute diseases and conditions; to reduce long-term health care costs in the United States; or to significantly advance the goal of curing cancer within 30 years.
- The IRS determines whether the project has the greatest potential to advance U.S. competitiveness in the fields of life, biological and medical sciences and to create and sustain high-quality, high-paying jobs in the U.S.
- The IRS certifies the investment, and the applicant receives the grant or credit.

To be eligible for the grant or credit, an applicant may have no more than 250 employees. The 250-employee limitation also includes employees from certain affiliates and related businesses.

However, no **grant** will be issued to federal, state or local governments; tax-exempt entities; clean renewable energy bond lenders; cooperative electric companies; or partnerships or other pass-thru entities with a partner or interest holder that is one of the preceding entities.

Notice 2010-45 describes the issues that the IRS and HHS will review before awarding the grants or tax credits.



FOR MORE INFORMATION

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