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CLIENT ALERT FOLLOW UP

Patient Protection and Affordable Care Act Tax Credit and Grant for Qualifying Therapeutic Discovery Projects

Tax Practice Group and Life Sciences Industry Team Update

May 21, 2010

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 created a two-year temporary income tax credit or grant applicable to qualifying therapeutic discovery projects (see previous [Client Alert](#)). The credit or grant will cover up to 50% of qualifying expenditures made in 2009 or 2010 for companies with 250 employees or less. Today, the Internal Revenue Service's Notice 2010-45 established the [program](#) to consider and award certifications for qualified investments.

The application timeline is as follows:

June 21, 2010	Application period begins and application for certification, Form 8942, made available by this date
July 21, 2010	Application period ends, deadline to postmark applications
Sep. 30, 2010	End of preliminary review of applications
Oct. 1, 2010	Applications deemed officially submitted
Oct. 29, 2010	Approval or denial of certification made

While the application itself has not been released, [Section 6 and Appendix A of the Notice](#) provide the information required to be filed as part of the application. A separate application is required for each qualifying therapeutic discovery project. A maximum of \$5 million will be awarded to each taxpayer, and no more than \$10 million in qualified expenses will be certified for any taxpayer, regardless of the number of qualified projects.

Our Tax Practice Group and Life Sciences Industry Team are reviewing the detailed regulations to assist clients in preparing their applications.

For further guidance on an individual basis, feel free to call 919-781-4000 or e-mail your Wyrick Robbins contact or one of the following members of our Tax Practice Group: [Tom Cook](#) or [Adam Snyder](#); or Life Sciences Industry Team: [Ken Eheman](#).

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