

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Releases New Guidance for Tax Credit in Affordable Care Act to Support Groundbreaking Biomedical Research

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Under the Affordable Care Act, Therapeutic Discovery Credit Will Support Research with Significant Potential to Produce New Therapies, Create High-Quality Jobs

WASHINGTON – The U.S. Department of the Treasury today announced the guidelines for applying for the new Therapeutic Discovery Project Program created by the Affordable Care Act. The program will provide tax credits and grants to small firms that show significant potential to produce new and cost-saving therapies, support good jobs and increase U.S. competitiveness.

"This new tax credit will help advance research to find life-saving treatments and help U.S. companies lead the way in innovative medical discoveries," said Secretary Tim Geithner.

The therapeutic discovery tax credit is targeted to projects that show significant potential to produce new therapies, address unmet medical needs, reduce the long-term growth of health care costs and advance the goal of curing cancer within the next 30 years. The credit's allocation will also take into consideration which projects show the greatest potential to create and sustain high-quality, high-paying jobs in the United States and to advance our competitiveness in the fields of life, biological, and medical sciences. Today, the biotechnology industry employs 1.3 million workers, and the industry continues to be a key growth engine for our economy.

The credit covers up to 50 percent of the cost of qualifying biomedical research, up to a maximum credit of \$5 million per firm and \$1 billion overall and is only available to firms with fewer than 250 employees. To provide an immediate boost to U.S. biomedical research and the small businesses that conduct it, the credit is effective for investments made in 2009 and 2010. Firms can opt to receive a grant instead of a tax credit, so start-ups that are not yet profitable can benefit as well.

The guidance released today by the Internal Revenue Service (IRS) describes the process by which firms can apply to have their research projects certified as eligible for the credit. Companies may submit applications for certification beginning June 21, 2010, and applications must be postmarked no later than July 21, 2010. As part of the review process for research projects, the Department of Health and Human Services (HHS) will evaluate each project for its potential to produce new therapies or reduce health care costs. Only projects that show a reasonable potential to meet these goals will be certified as eligible for the credit. The IRS will issue certifications by the end of October based on the determinations made by HHS.

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REPORTS

- [Fact Sheet](#) 
- [IRS Notice on the Therapeutic Discovery Credit](#) 

