

Sales Tax Credits, the R&D Credit and Corporate Franchise Tax

Department of Revenue

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Summary

- Sales Tax Credits
 - Manufacturing Machinery and Equipment exemption (MM&E)
 - Manufacturer's Purchase Credit (MPC)
 - Vendors Discount
 - Sales Tax Credit Summary
- Research and Development Credit (Corporate Income Tax)
- Revisit the Corporate Franchise Tax

Manufacturing Machinery and Equipment exemption (MM&E)



MM&E Basics

- A sales and use tax exemption for machinery and equipment used primarily in a manufacturing or assembly process.
- FY2013 Cost Estimate \$204M (State share)
- The general MM&E does not apply to a broad range of production-related tangible personal property (TPP), such as
 - pre- and post-production equipment and materials,
 - fuels, and building materials,
 - TPP used or consumed in associated research and development activities.

Why we have the Manufacturer's Purchase Credit (MPC)

- Basic principle of taxation:
 - Production input purchases should be exempt to avoid distorting productive economic activity and to prevent tax pyramiding.

