

10-721.

(a) (1) In this section the following words have the meanings indicated.

(2) "Department" means the Department of Business and Economic Development.

(3) "Maryland base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code that is attributable to Maryland, determined by:

(i) substituting "Maryland qualified research and development expense" for "qualified research expense";

(ii) substituting "Maryland qualified research and development" for "qualified research"; and

(iii) using, instead of the "fixed base percentage":

1. the percentage that the Maryland qualified research and development expense for the 4 taxable years immediately preceding the taxable year in which the expense is incurred is of the gross receipts for those years; or

2. for a taxpayer who has fewer than 4 but at least 1 prior taxable year, the percentage as determined under item 1 of this item, determined using the number of immediately preceding taxable years that the taxpayer has.

(4) "Maryland gross receipts" means gross receipts that are reasonably attributable to the conduct of a trade or business in this State, determined under methods prescribed by the Comptroller based on standards similar to the standards under § 10-402 of this title.

(5) "Maryland qualified research and development" means qualified research as defined in § 41(d) of the Internal Revenue Code that is conducted in this State.

(6) "Maryland qualified research and development expenses" means qualified research expenses as defined in § 41(b) of the Internal Revenue Code incurred for Maryland qualified research and development.

(b) Subject to the limitations of this section, an individual or a corporation may claim credits against the State income tax in an amount equal to: