

Form 355RD Instructions

General Information

Who Should File Form 355RD?

Form 355RD must be filed by only those entities seeking classification as a research and development corporation for purposes of claiming exemption from local property tax on their machinery situated in a locality that has adopted the exemption provided under M.G.L. Ch. 59, sec. 5(16).

An entity qualifying as a research and development corporation under the requirements of M.G.L. Ch. 63, sections 38C and 42B may be eligible for the Investment Tax Credit provided under M.G.L. Ch. 63, sec. 31A and for sales tax exemptions provided under M.G.L. Ch. 64H, sec. 6(r) and (s) on its purchases of materials and machinery used directly and exclusively in research and development. This is without regard to whether it is classified by the Commissioner as a research and development corporation.

When Are Applications Due?

Applications for classification as a research and development corporation must be sent to the Department of Revenue on or before January 31 of the calendar year for which classification is sought to be considered for that year. Applications sent after January 31 will be reviewed for classification for the following calendar year. The date of the postmark made by the United States Postal Service on the envelope in which the application is mailed shall determine the date the application was sent.

What If The Applicant Is an LLC?

If the applicant is a Limited Liability Company (LLC), a copy of the applicant's Federal Form 8832, Entity Classification Election, must be included with Form 355RD. U.S. Form 8832 is the means by which an LLC entity declares to the IRS how it elects to be treated for U.S. tax filing and reporting purposes.

What Are the Required Qualifications?

In order to qualify as a research and development corporation, an entity must meet one of the following requirements. It must derive more than two-thirds of its Massachusetts receipts from research and development or more than two-thirds of its Massachusetts expenditures must be allocable to research and development. See Regulation 830 CMR 64H.6.4, Research and Development, for rules on eligible receipts and expenditures.