
New Tax Breaks for Massachusetts Life Science Companies

2009-02-26

Under the recently enacted Life Sciences Act, Massachusetts-based life sciences companies will be provided with over \$1 billion in benefits over the next 10 years. The legislation, which seeks to expand the life sciences sector in Massachusetts, includes \$500 million in infrastructure investment, \$250 million in life sciences grants, and \$250 million in various tax breaks. The Life Sciences Tax Incentive Program, effective January 1, 2009, includes nine separate tax credits and benefits, including an investment credit, a Food and Drug Administration user fee credit, life sciences research credits, refundability of existing research credits, sales and use tax incentives, extension of net operating losses, and deductions for qualified clinical testing expenses for orphan drugs. The Massachusetts Life Sciences Center (MLSC), the quasi-public agency of the commonwealth that is charged with running the Program, has announced that it is offering \$25 million in tax incentives in 2009. To receive these tax benefits, a life sciences company must file an application with the MLSC, be certified as a life sciences company, and be awarded the benefits by the MLSC. A decision on certification will not be made independent of a decision to award a tax benefit under the Program.

The Program is available to for-profit entities engaged in life sciences research, development, commercialization or manufacturing in Massachusetts. This includes companies working in the following areas:

agricultural biotechnology, biogenetics, bioinformatics, biomedical engineering, biopharmaceuticals, biotechnology, chemical synthesis, chemistry technology, diagnostics, genomics, image analysis, marine biology, marine technology, medical devices, nanotechnology, natural product pharmaceuticals, proteomics, regenerative medicine, RNA interference, stem cell research and veterinary science.

According to the MLSC, the Program targets applicants "that have transitioned or are transitioning from pure life sciences research and development to commercialization and manufacturing." The MLSC will evaluate applications using a number of qualitative criteria including the impact on the Massachusetts economy and jobs, technical merit, management expertise, financial viability, and the potential market for the company's products.

We have extensive experience and expertise in Massachusetts tax laws and we are available to assist you in evaluating your eligibility for tax incentives and in the application procedure. Applications are currently being accepted on a rolling basis until May 15, 2009. Awards will be announced no later than September 15, 2009.

Authors

Richard W. Giuliani

RETIRED PARTNER

☎ +1 617 526 6000



Julie Hogan Rodgers

PARTNER

Vice Chair, Tax Practice

✉ julie.rodgers@wilmerhale.com

☎ +1 617 526 6543