

For taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_

Attach to your return

Name(s) as shown on Forms 140, 140PY, 140NR, 140X	Social security number
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Individuals must complete this form to claim the credit for increased research activities. Do not complete Form 308.

Complete this form if the taxpayer has:

- (a) a current taxable year's credit from the taxpayer's sole proprietorship; OR
- (b) a current taxable year's credit passed through from an S corporation or a partnership; OR
- (c) a carryover of unused credit from taxable year(s) 2001, 2002, 2003, and/or 2004.

**Part I Current Taxable Year Credit Calculation (Sole Proprietorships Only)**

1 Wages for qualified services (do not include wages used in figuring the federal work opportunity credit) .....	1		00	
2 Cost of supplies .....	2		00	
3 Rental or lease cost of computers .....	3		00	
4 Contract research expenses. See instructions .....	4		00	
5 Total qualified research expenses. Add lines 1 through 4. Enter the total .....	5		00	
6 Average annual gross receipts. See instructions .....	6		00	
7 Fixed-base percentage (not more than 16%). See instructions .....	7	%		
8 Base amount. Multiply line 6 by the percentage on line 7. Enter the result .....	8		00	
9 Subtract line 8 from line 5. If less than zero, enter zero (0) .....	9		00	
10 Multiply line 5 by 50% (.50). Enter the result .....	10		00	
11 Enter the lesser of line 9 or line 10 .....	11		00	
12 Current year credit for increased research activities. See instructions before completing this line .....	12		00	

**Part II Current Taxable Year's Credit Passed Through From S Corporations and Partnerships**

13 Total amount of credit passed through from S corporations and partnerships (Enter the aggregate amount of the credit for increased research activities from all Forms 308 received from S corporations and partnerships. Attach a copy of the Forms 308 to your tax return) .....	13		00	
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**Part III Available Pre-2003 Credit Carryover**

	(a)	(b)	(c)	(d)
	Carryover credit from taxable year	Original credit amount	Amount previously used	Available carryover - subtract column (c) from column (b)
14	2001			
15	2002			
16	Total available pre-2003 credit carryover .....			

**Part IV Available Post-2002 Credit Carryover**

	(a)	(b)	(c)	(d)
	Carryover credit from taxable year	Original credit amount	Amount previously used	Available carryover - subtract column (c) from column (b)
17	2003			
18	2004			
19	Total available post-2002 credit carryover .....			

**Part V Application of Credit Carryovers**

LIMITATION OF PRE-2002 CREDIT CARRYOVER: You may not be able to use all your available pre-2003 credit carryovers from Part III, line 16 to offset this year's tax liability. Complete Part V to determine which credit carryovers you may claim. Also complete Part V to figure the total of all of your available credit carryovers (amounts from Part III, line 16 and Part IV, line 19) that you may claim this year.

20a	Tax liability - amount from Form 301, Part II, line 27 .....	20a		00
20b	Current taxable year's credit - add the amounts from page one, Part I, line 12 and Part II, line 13 ..	20b		00
20c	Subtract line 20b from line 20a .....	20c		00
21a	Available pre-2003 credit carryover - amount from Part III, line 16.....	21a		00
21b	Enter the lesser of line 20a or \$500,000.....	21b		00
21c	Subtract line 20b from line 21b (if the result is zero or less, enter zero).....	21c		00
21d	Enter the lesser of line 21a or line 21c. This is the amount of pre-2003 carryover that you may use .....	21d		00
22	Subtract line 21d from line 20c .....	22		00
23	Enter the lesser of line 19 or line 22. This is the amount of post-2002 carryover that you may use.....	23		00

**NOTE:** The amount of the credit carryover you may claim on your tax return may be further reduced if you claim other nonrefundable tax credits. See Form 301 for details.

**Part VI Total Available Credit**

24	Enter the current year's credit from Part V, line 20b .....	24		00
25	Credit carryover - add the amounts from Part V, line 21d and 23.....	25		00
26	<b>Total available credit</b> - add lines 24 and 25. Enter total here and on Form 301 Part I, line 6. ....	26		00