

For taxable year beginning MM / DD / YYYY, and ending MM / DD / YYYY,

Attach to your return

Name(s) as shown on Forms 140, 140PY, 140NR, 140X	Your social security number
---	-----------------------------

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 2001.

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

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		
--	----	--	--

Part III Available 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			

Part IV Calculation of Credit Carryover Limitation
(Carryovers from taxable years beginning January 1, 2001 through December 31, 2002)

The portion of the available credit carryovers included in the amount from Part III, line 14, that may be claimed by the taxpayer is limited to the LESSER OF: (a) the tax liability [Form 301, Part II, line 34], or (b) \$500,000, MINUS the current year credit for increased research activities (regardless of the amount of the current year credit that is claimed on the tax return). [If the current year credit for increased research activities is \$500,000 or more, the taxpayer cannot use the credit for increased research activities carryover in that taxable year.]

15 Available credit carryover - amount from Part III, line 14.....	15		
16 Tax liability - amount from Form 301, Part II, line 34	16		
17	17	\$500,000	
18 Enter the lesser of line 16 or line 17	18		
19 Current taxable year's credit - total of amounts from Part I, line 12, and Part II, line 13	19		
20 Subtract line 19 from line 18. Enter the difference. (If this is a negative amount, enter zero)	20		
21 Enter the lesser of line 15 or line 20. This is the maximum amount of the credit carryover that may be claimed	21		

NOTE: The amount of the credit carryover claimed on the tax return may be further reduced if the taxpayer claims other nonrefundable tax credits.

Part V Total Available Credit

22 Current taxable year's credit - add amounts from Part I, line 12, and Part II, line 13	22		
23 Credit carryover - amounts from Part IV, line 21. (see instructions)	23		
24 Total available credit - add lines 22 and 23. Enter total here and on Form 301 Part I, line 6.	24		