

Credit for Increasing Research Activities

(and orphan drug credit from fiscal year 1994-95 flow-through entities)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to your return.

Name(s) shown on return

Identifying number

Part I Current Year Credit for Increasing Research Activities (Do not include costs incurred after June 30, 1995.)

1 Basic research payments paid or incurred to qualified organizations	1		
2 Qualified organization base period amount	2		
3 Subtract line 2 from line 1. If zero or less, enter -0-	3		
Qualified research expenses paid or incurred (lines 4-7):			
4 Wages for qualified services (do not include wages used in figuring the jobs credit)	4		
5 Cost of supplies	5		
6 Rental or lease costs of computers	6		
7 Enter 65% (.65) of contract research expenses	7		
8 Total qualified research expenses. Add lines 4 through 7	8		
9 Enter fixed-base percentage, but not more than 16% (see instructions).	9		%
10 Enter average annual gross receipts (see instructions)	10		
11 Base amount (see instructions for computation).	11		
12 Subtract line 11 from line 8. If zero or less, enter -0-	12		
13 Multiply line 8 by 50% (.50)	13		
14 Enter the smaller of line 12 or line 13	14		
15 Add lines 3 and 14	15		
16 Current year credit. Regular credit — If you do not elect the reduced credit under section 280C(c), multiply line 15 by 20% (.20), enter the result, and see the instructions for the schedule that must be attached. Reduced credit — If you elect the reduced credit, multiply line 15 by 13% (.13) and enter the result. Also, write "Sec. 280C" in the margin to the right of the entry space	16		
17 Flow-through research credit(s) from a partnership, S corporation, estate, or trust	17		
18 Total current year credit for increasing research activities. Add lines 16 and 17.	18		

Part II Tax Liability Limit (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

19a Individuals. Enter amount from Form 1040, line 40			
b Corporations. Enter amount from Form 1120, Schedule J, line 3, or Form 1120-A, Part I, line 1			
c Other filers. Enter regular tax before credits from your return			
20a Credit for child and dependent care expenses (Form 2441, line 10)	20a		
b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	20b		
c Mortgage interest credit (Form 8396, line 11)	20c		
d Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12)	20d		
e Possessions tax credit (Form 5735).	20e		
f Orphan drug credit from line 34, page 2	20f		
g Credit for fuel from nonconventional source	20g		
h Qualified electric vehicle credit (Form 8834, line 19)	20h		
i Add lines 20a through 20h.	20i		
21 Net regular tax. Subtract line 20i from line 19	21		
22 Tentative minimum tax (see instructions):			
a Individuals. Enter amount from Form 6251, line 26	22		
b Corporations. Enter amount from Form 4626, line 13			
c Estates and trusts. Enter amount from Form 1041, Schedule I, line 37			
23 Net income tax:			
a Individuals. Add line 21 above and line 28 of Form 6251	23		
b Corporations. Add line 21 above and line 15 of Form 4626			
c Estates and trusts. Add line 21 above and line 41 of Form 1041, Schedule I			
24 If line 21 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	24		
25 Subtract line 22 or line 24, whichever is greater, from line 23. If zero or less, enter -0-	25		
26 Corporations. Enter here and on the appropriate line of your return the smaller of line 18 or line 25. This is your General Business Credit for 1995	26		
27 Individuals, estates, and trusts. Enter here and on the appropriate line of your return the smaller of line 18 or the amount from the formula in the instructions for line 27 (but do not enter more than line 25). This is your General Business Credit for 1995	27		

Part III Current Year Orphan Drug Credit From Flow-Through Entities and Tax Liability Limit (see instructions)

Note: To complete Part III, you will need entries from Part II. If you did not complete Part II, enter on lines 29, 30, and 32, the required information for lines 19, 20a through 20e, and 22.

28	Orphan drug credit(s) from flow-through entities (partnerships, S corporations, estates, or trusts)				28		
29	Amount from line 19, page 1	29					
30	Total of lines 20a through 20e, page 1	30					
31	Subtract line 30 from line 29	31					
32	Amount from line 22, page 1	32					
33	Subtract line 32 from line 31				33		
34	Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your return the smaller of line 28 or line 33.				34		

