

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 2001 or taxable year 2002.

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. <i>See instructions</i>	4	00		
5 Total qualified research expenses. <i>Add lines 1 through 4. Enter the total</i>	5	00		
6 Average annual gross receipts. <i>See instructions</i>	6	00		
7 Fixed-base percentage (not more than 16%). <i>See instructions</i>	7	00		
8 Base amount. <i>Multiply line 6 by the percentage on line 7. Enter the result</i>	8	00		
9 Subtract line 8 from line 5. <i>If less than zero, enter zero (0)</i>	9	00		
10 Multiply line 5 by 50% (.50). <i>Enter the result</i>	10	00		
11 Enter the lesser of line 9 or line 10	11	00		
12 Current year credit for increased research activities. <i>See instructions before completing this line</i>	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 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 credit carryover			

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 16, that may be claimed by the taxpayer is limited to the LESSER OF: (a) the tax liability [Form 301, Part II, line 32], 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.]

17 Available credit carryover - amount from Part III, line 16.....	17		00
18 Tax liability - amount from Form 301, Part II, line 32	18		00
19	19	\$500,000	00
20 Enter the lesser of line 18 or line 19	20		00
21 Current taxable year's credit - total of amounts from Part I, line 12, and Part II, line 13	21		00
22 Subtract line 21 from line 20. Enter the difference. (If this is a negative amount, enter zero)	22		00
23 Enter the lesser of line 17 or line 22. This is the maximum amount of the credit carryover that may be claimed	23		00

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

24 Current taxable year's credit - add amounts from Part I, line 12, and Part II, line 13	24		00
25 Credit carryover - amounts from Part IV, line 23. (see instructions)	25		00
26 Total available credit - add lines 24 and 25. Enter total here and on Form 301 Part I, line 6.	26		00