

For the calendar year 2006 or  
fiscal year beginning MM, D, D, Y, Y, Y, Y and ending MM, D, D, Y, Y, Y, Y.

Attach to your return

Name as shown on Forms 120, 120A, 120S, 120X, or 165	Employer identification number
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**Part I Current Taxable Year Credit Computation**

1 Basic research payments paid or incurred to qualified organizations. <i>See instructions</i> .....	1		00
2 Qualified organization base period amount .....	2		00
3 Subtract line 2 from line 1. <i>If less than zero, enter zero (0)</i> .....	3		00
4 Wages for qualified services (do not include wages used in figuring the federal work opportunity credit) .....	4		00
5 Cost of supplies .....	5		00
6 Rental or lease cost of computers .....	6		00
7 Contract research expenses. <i>See instructions</i> .....	7		00
8 Total qualified research expenses. <i>Add lines 4 through 7. Enter the total</i> .....	8		00
9 Average annual gross receipts. <i>See instructions</i> .....	9		00
10 Fixed-base percentage (not more than 16%). <i>See instructions</i> .....	10	.	
11 Base amount. <i>Multiply line 9 by the percentage on line 10. Enter the result</i> .....	11		00
12 Subtract line 11 from line 8. <i>If less than zero, enter zero (0)</i> .....	12		00
13 Multiply line 8 by 50% (.50). <i>Enter the result</i> .....	13		00
14 Enter the lesser of line 12 or line 13 .....	14		00
15 Add lines 3 and 14. <i>Enter the total</i> .....	15		00

**IF LINE 15 IS \$2,500,000 OR LESS, COMPLETE LINE 16 AND SKIP LINE 17 THROUGH 19. IF LINE 15 IS MORE THAN \$2,500,000, SKIP LINE 16 AND COMPLETE LINES 17 THROUGH 19.**

16 Multiply line 15 by 20% (.20). <i>Enter the result</i> .....	16		00
17 Subtract \$2,500,000 from line 15. <i>Enter the result</i> .....	17		00
18 Multiply line 17 by 11% (.11). <i>Enter the result</i> .....	18		00
19 Add \$500,000 to line 18. <i>Enter the result</i> .....	19		00
20 Enter the result from line 16 or 19 here. <b>This is your current year's credit</b> .....	20		00

**Part II S Corporation Credit Election and Shareholder's Share of Credit**

21 The S corporation has made an irrevocable election for the taxable year ending \_\_\_\_\_ to:  
(CHECK ONLY ONE BOX)

Claim the credit for increased research activities as shown on Part I, line 20 (for the taxable year mentioned above);

OR

Pass the credit for increased research activities as shown on Part I, line 20 (for the taxable year mentioned above) through to its shareholders.

\_\_\_\_\_  
Signature Title Date

If passing the credit through to the shareholder, complete lines 22 through 24 separately for each shareholder. Furnish each shareholder with a copy of the completed Form 308.

22 Name of shareholder .....			
23 Shareholder's TIN .....			
24 Shareholder's share of the amount on Part I, line 20 .....	24		00

**Part III Partner's Share of Credit**

Complete lines 25 through 27 separately for each partner. Furnish each partner with a copy of the completed Form 308.

25 Name of partner \_\_\_\_\_

26 Partner's TIN \_\_\_\_\_

27 Partner's share of the amount on Part I, line 20 ..... 

27	00
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**Part IV Available Credit Carryover**

	(a) Carryover from taxable year ending	(b) Original credit amount	(c) Amount previously used or expired	(d) Available carryover - subtract column (c) from column (b)
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Total available credit carryover .....			

44 Total available credit carryover from years before 2003. *Add all amounts in Part IV, column (d) which are from 2002 and all prior years, and write the result here.*..... 

44	00
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45 Total available credit carryover from years 2003 and later. *Add all amounts in Part IV, column (d) which are from 2003 and all subsequent years, and write the result here.*..... 

45	00
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**Part V Limitations on Amount of Carryover of Credits Originating in Taxable Years Ending before January 1, 2003.**

If you have credit carryovers from tax years 2002 and before, complete this section. If you do not, skip this section and go directly to Part VI. The amount of credit carryover from years 2002 and before that you can use is limited. Complete this schedule to determine how much of this carryover you can use to offset this year's tax liability.

46a	Enter current year's tax liability from form 300, line 27 .....	46a		00
46b	Compare line 46a with \$500,000. <i>Enter the lesser amount.</i> .....	46b		00
46c	Enter this year's credit for increased research activities from Part I, line 20. Corporate partners of a partnership, <i>enter the amount from Part III, line 27</i> .....	46c		00
46d	Subtract line 46c from 46b. If the result is zero or less, enter zero. This is the amount of this year's tax liability to which you may apply your pre-2003 carryovers .....	46d		00
46e	Enter the total of your pre-2003 credit carryovers from Part IV, line 44 .....	46e		00
46f	Compare lines 46d and 46e and enter the lesser amount here. This is the amount of pre-2003 credit carryovers you can use to offset this year's tax liability.....	46f		00

**Part VI Limitations on Amount of Carryover of Credits Originating in Taxable Years 2003 and later.**

If you have credit carryovers from tax years 2003 and after, complete this section. If you do not, skip this section and go directly to Part VII. The amount of credit carryover from years 2003 and after that you can use is limited. Complete this schedule to determine how much of this carryover you may be able to use to offset this year's tax liability.

47a	Enter current year's tax liability from form 300, line 27 .....	47a		00
47b	Enter this year's credit for increased research activities from Part I, line 20. Corporate partners of a partnership, <i>enter the amount from Part III, line 27</i> .....	47b		00
47c	Subtract line 47b from 47a. If the result is zero or less, enter zero. This is the amount of this year's tax liability to which you may apply your post-2002 carryovers.....	47c		00
47d	Enter the total of your post-2002 credit carryovers from Part IV, line 45 .....	47d		00
47e	Compare lines 47c and 47d and enter the lesser amount here. This is the amount of post-2002 credit carryovers you can use to offset this year's tax liability.....	47e		00

**Part VII Total Available Credit**

48	Current year's credit from Part I, line 20..... Corporate partners of a partnership - <i>enter the amount from Part III, line 27</i>	48		00
49	Pre-2003 credit carryover - <i>from Part V, line 46f.</i> .....	49		00
50	Post-2002 credit carryover - <i>from Part VI, line 47e.</i> .....	50		00
51	Total available credit. <i>Add lines 48, 49, and 50. Enter the result here and on Form 300, Part I, line 5.</i> .....	51		00