



# Qualified Research Activities Credit

Name of taxpayer (as shown on return)	Tax year	FEIN	BIN
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## Method 1 – Credit Based on Federal Computation (ORS 317.152)

### Part I. Payments for Basic Research: (Include **only** amounts paid or incurred in Oregon) [Internal Revenue Code (IRC) §41(e)]

1. Basic Oregon research payments to qualified organizations..... 1. \_\_\_\_\_
2. Less: Base period amount ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1. If less than zero, enter -0- ..... 3. \_\_\_\_\_

### Part II. Qualified Research Expenses: (Include **only** amounts paid or incurred in Oregon) [IRC §41(b)]

4. Qualified research expenses in Oregon for current tax year..... 4. \_\_\_\_\_
5. Enter fixed-base percentage, but not more than 16 percent..... 5. \_\_\_\_\_ %
6. Enter average federal gross receipts ..... 6. \_\_\_\_\_
7. Base amount. Multiply line 6 by the percent on line 5 ..... 7. \_\_\_\_\_
8. Subtract line 7 from line 4. If less than zero, enter -0- ..... 8. \_\_\_\_\_
9. Multiply line 4 by 50 percent (0.50) ..... 9. \_\_\_\_\_
10. Enter the lesser of line 8 or line 9 ..... 10. \_\_\_\_\_
11. Add line 3 and line 10..... 11. \_\_\_\_\_
12. Multiply line 11 by 5 percent (0.05) ..... 12. \_\_\_\_\_
13. Maximum credit— For tax years beginning on or after January 1, 2012: \$1,000,000 ..... 13. \_\_\_\_\_  
For tax years beginning on or after January 1, 2006 and before January 1, 2012: \$2,000,000  
For tax years beginning prior to January 1, 2006: \$500,000
14. Research tax credit (lesser of lines 12 or 13) ..... 14. \_\_\_\_\_

## Method 2 – Credit Based on Oregon Sales (ORS 317.154 and OAR 150-317.154)

1. Qualified research expenses in Oregon for current tax year..... 1. \_\_\_\_\_
2. Oregon sales (per Oregon sales factor numerator) ..... 2. \_\_\_\_\_
3. Multiply line 2 by 10 percent (0.10) ..... 3. \_\_\_\_\_
4. Subtract line 3 from line 1. If less than zero, enter -0- ..... 4. \_\_\_\_\_
5. Multiply line 4 by 5 percent (0.05) ..... 5. \_\_\_\_\_
6. Divide line 1 by line 2 .....  $\frac{\text{Qualified Research Expenses}}{\text{Oregon Sales}}$  6. \_\_\_\_\_
7. Percentage **points**. Multiply line 6 by 100 (example:  $0.3025 \times 100 = 30.25$ )..... 7. \_\_\_\_\_ %
8. Excess percentage **points**. Subtract 10 (10.00) percent from line 7 (example:  $30.25 - 10.00 = 20.25$ ) ..... 8. \_\_\_\_\_
9. Limitation. Multiply line 8 by \$10,000 (example:  $20.25 \times \$10,000 = \$202,500$ )..... 9. \_\_\_\_\_
10. Maximum credit— For tax years beginning on or after January 1, 2012: \$1,000,000 ..... 10. \_\_\_\_\_  
For tax years beginning on or after January 1, 2006 and before January 1, 2012: \$2,000,000  
For tax years beginning prior to January 1, 2006: \$500,000
11. Research tax credit (lesser of lines 5, 9, or 10) ..... 11. \_\_\_\_\_

### Allowable Credit

Available Research Tax Credit. You may claim either line 14, Method 1; or line 11, Method 2 ..... \_\_\_\_\_

Carryover of unused credits from prior years..... \_\_\_\_\_

Note: The current year credit and any credit carryforward are claimed separately on the Oregon return.

**Attach this form to your Oregon Corporation Tax Return**

# Instructions for Qualified Research Activities Credit

## What types of research qualify for the credit?

This credit is allowed for **increases** in qualified research expenses and basic research payments. It is allowed only for qualified research and basic research conducted in Oregon. The current year credit and any credit carryforward from prior years are reported separately.

Note: If you claim a Qualified Research Activities credit for Oregon, after you've calculated the credit, add it back to your taxable income amount as an "other addition" on your Oregon return.

For tax years beginning on or after January 1, 2006 the only requirement is that the research be conducted in Oregon. For tax years beginning prior to January 1, 2006 "qualified research" and "basic research" are research in the fields of:

- Advanced computing.
- Advanced materials.
- Biotechnology.
- Electronic device technology.
- Environmental technology.
- Straw utilization.

"Advanced computing" means leading edge technologies used in the design and development of computing hardware and software. This includes innovations in design of the full spectrum of hardware from hand-held calculators to super computers, including all peripheral equipment. It also includes innovations in design and development software executing on all computing hardware for any purpose.

"Advanced materials" means high value metals, composites, plastics, and new and improved wood-based materials.

"Biotechnology" means biochemistry, molecular biology, genetics, and engineering dealing with the transformation of biological systems into useful processes and products.

"Electronic device technology" means the design and development of electronic materials and devices such as advances in integrated circuits and superconductivity.

"Environmental technology" means environmental assessment, cleanup, and alternative energy sources.

"Straw utilization" means innovations in the use of straw and straw-based materials.

## Part I, line 1

A "Qualified Organization" means any of the following, as described in IRC §41(e)(6):

- Educational institutions.
- Certain scientific research organizations.
- Scientific tax exempt organizations.
- Certain grant organizations.

## Part I, line 2

The "Base Period Amount" shall include only those amounts paid or incurred in Oregon and is computed using IRC §41(e).

## Part II, line 5

Computation of the "Fixed-Base Percentage" shall include only those amounts paid or incurred in Oregon and is computed using IRC §41(c)(3) and §41(f)(4).

## Part II, line 6

Enter the "Average Federal Gross Receipts" for the four tax years preceding the tax year for which the credit is being determined. Refer to IRC §41(c)(1)(B) and §41(f)(4) for details.

## What happens if the credit exceeds the tax?

The excess credit in tax years beginning on or after January 1, 1995 can be carried forward up to five years. The credit may not be used to offset the minimum excise tax.

## When can the credit be claimed?

For tax years beginning on or after January 1, 1989 and before January 1, 2018.

## What is the applicable law?

Oregon Revised Statute (ORS) 317.152 to 317.154.

## Taxpayer assistance

**General tax information**..... [www.oregon.gov/dor](http://www.oregon.gov/dor)  
Salem ..... 503-378-4988  
Toll-free from Oregon prefix ..... 1-800-356-4222  
E-mail ..... [corp.help.dor@state.or.us](mailto:corp.help.dor@state.or.us)  
*This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.*

**Write to:** Oregon Department of Revenue  
PO Box 14999  
Salem OR 97309-0990

## Asistencia en español:

Salem ..... 503-378-4988  
Gratis de prefijo de Oregon..... 1-800-356-4222

## TTY (hearing or speech impaired; machine only):

Salem ..... 503-945-8617  
Toll-free within Oregon ..... 1-800-886-7204

**Americans with Disabilities Act (ADA):** Call one of the help numbers for information in alternative formats.