

Credit for Increasing Research Activities
(or for claiming the orphan drug credit)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to your return.

Name(s) as shown on return	Identifying number
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Part I Current Year Orphan Drug Credit (For costs incurred after June 30, 1992, see instructions.)

1 Qualified clinical testing expenses paid or incurred (do not include any amounts claimed as current year research expenses on line 18 below)	1			
2 Limitation. Multiply line 1 by 50% (.50) (see instructions).			2	
3 Flow-through orphan drug credit(s) from a partnership, S corporation, estate, or trust			3	
4 Current year orphan drug credit. Add lines 2 and 3.			4	

Part II Tax Liability Limitation for the Orphan Drug and Research Credits

5a Individuals. Enter amount from Form 1040, line 40.				5
b Corporations. Enter amount from Form 1120, Schedule J, line 3 (Form 1120-A filers claiming the research credit, enter amount from Form 1120-A, Part I, line 1)				
c Other filers. Enter regular tax before credits from your return				
6 Credits that reduce regular tax before the orphan drug credit:				
a Credit for child and dependent care expenses (Form 2441)	6a			
b Credit for the elderly or the disabled (Schedule R (Form 1040))	6b			
c Foreign tax credit (Form 1116 or Form 1118)	6c			
d Possessions tax credit (Form 5735)	6d			
e Mortgage interest credit (Form 8396)	6e			
f Add lines 6a through 6e			6f	
7 Net regular tax. Subtract line 6f from line 5			7	
8 Tentative minimum tax (see instructions):				
a Individuals. Enter amount from Form 6251, line 20.				8
b Corporations. Enter amount from Form 4626, line 15.				
c Estates and trusts. Enter amount from Form 1041, Schedule H, line 37.				
9 Excess of net regular tax over tentative minimum tax. Subtract line 8 from line 7			9	
10 Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your return the smaller of line 4 or line 9			10	

Part III Current Year Credit for Increasing Research Activities (For costs incurred after June 30, 1992, see instructions.)

11 Basic research payments paid or incurred to qualified organizations				11
12 Base period amount				12
13 Subtract line 12 from line 11. If less than zero, enter -0-				13
Qualified research expenses paid or incurred (lines 14-17):				
14 Wages for qualified services (do not include wages used in figuring the jobs credit)				14
15 Cost of supplies				15
16 Rental or lease costs of computers				16
17 Enter 65% (.65) of contract expenses				17
18 Total qualified research expenses. Add lines 14 through 17				18
19 Enter fixed-base percentage, but not more than 16% (see instructions)				19
20 Enter average annual gross receipts (see instructions)				20
21 Base amount. Multiply line 20 by the percentage on line 19 (see instructions)				21
22 Subtract line 21 from line 18				22
23 Multiply line 18 by 50% (.50)				23
24 Enter the smaller of line 22 or 23				24
25 Add lines 13 and 24				25
26 Tentative credit. Multiply line 25 by 20% (.20). If you do not elect the reduced credit under Section 280C(c), enter the result and see the instructions for the schedule that must be attached. Note: If you elect the reduced credit, multiply line 25 by 13.2% (.132) and enter that amount instead. Also write "Sec. 280C" in the margin to the right of the entry space.				26
27 Flow-through research credit(s) from a partnership, S corporation, estate, or trust				27
28 Current year credit for increasing research activities. Add lines 26 and 27. Enter here and see Claiming the Credit on page 2 to see if you have to file Form 3800				28

Part IV Tax Liability Limitation for the Research Credit

29 Net regular tax for research credit:			
a Net regular tax from line 7		29a	
b Orphan drug credit from line 10	29b		
c Credit for fuel from nonconventional source	29c		
d Add lines 29b and 29c		29d	
e Net regular tax. Subtract line 29d from 29a		29e	
30 Net income tax:			
a Individuals. Add line 29e above and line 22 of Form 6251	}	30	
b Corporations. Add line 29e above and line 17 of Form 4626			
c Estates and trusts. Add line 29e above and line 39 of Form 1041, Schedule H			
31 If line 29e is more than \$25,000, enter 25% (.25) of the excess (see instructions)		31	
32 Subtract line 8 or line 31, whichever is greater, from line 30. If less than zero, enter -0-		32	
33 Corporations. Enter here and on the appropriate line of your return the smaller of line 28 or line 32. This is your General Business Credit for 1992		33	
34 Individuals, estates, and trusts. Enter here and on the appropriate line of your return the smaller of line 28 or the amount from the formula in the instructions for line 34 (but do not enter more than line 32). This is your General Business Credit for 1992		34	

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 8 hr., 37 min.
- Learning about the law or the form** 1 hr.
- Preparing and sending the form to the IRS** 1 hr., 11 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Claiming the Credit

The research credit shown on line 28 is one of several credits that make up the general business credit. The general business credit includes the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit

(Form 6765), low-income housing credit (Form 8586), enhanced oil recovery credit (Form 8830), disabled access credit (Form 8826) and renewable electricity production credit (Form 8835).

If you have more than one of these credits for 1992, a carryback or carryforward of any of these credits, or a research credit from a passive activity, file **Form 3800**, General Business Credit. Use it instead of Part IV to figure the tax liability limitation.

If you have only a 1992 research credit and the credit is not from a passive activity, complete Part IV above. You do not have to file Form 3800 for this year.