

# CREDIT FOR IDAHO RESEARCH ACTIVITIES 2015

Name(s) as shown on return

Social Security number or EIN

**START-UP COMPANIES:** If you're treated as a start-up company for purposes of the federal research credit, check the box.

If you elect to be treated as a start-up company for purposes of the Idaho research credit, check the box.

You can't revoke the election once you make it.

**CREDIT AVAILABLE SUBJECT TO LIMITATION**

- Corporations, other than S corporations, personal holding companies, and service organizations, begin on line 1.
- Individuals, S corporations, partnerships, trusts, estates, personal holding companies, and service organizations begin on line 4.

**BASIC RESEARCH PAYMENTS.** Only corporations complete lines 1 through 3.

1. Basic research payments paid or incurred during the tax year to qualified organizations .....	1	
2. Qualified organization base period amount .....	2	
3. Subtract line 2 from line 1. If less than zero, enter zero .....	3	

**QUALIFIED RESEARCH EXPENSES PAID OR INCURRED FOR RESEARCH CONDUCTED IN IDAHO**

4. Wages for qualified services performed in Idaho .....	4	
5. Cost of supplies used in Idaho .....	5	
6. Rental or lease costs of computers used in Idaho .....	6	
7. Enter the applicable percentage of contract research expenses .....	7	
8. Total qualified research expenses for research conducted in Idaho. Add lines 4 through 7 .....	8	
9. Enter fixed-base percentage, but not more than 16%, from page 2, Part A or B .....	9	%
10. Enter average annual Idaho gross receipts from page 2, Part C .....	10	
11. Base amount. Multiply line 10 by the percentage on line 9 .....	11	
12. Subtract line 11 from line 8. If zero or less, enter zero .....	12	
13. Multiply line 8 by 50% .....	13	
14. Enter the smaller amount from line 12 or line 13 .....	14	
15. Add lines 3 and 14 .....	15	
16. Credit earned. Multiply line 15 by 5% .....	16	
17. Pass-through share of credit from an S corporation, partnership, trust, or estate .....	17	
18. Credit received through unitary sharing. Include a schedule .....	18	
19. Carryover of credit for Idaho research activities from prior years .....	19	
20. Credit distributed to shareholders, partners, or beneficiaries .....	20	
21. Credit shared with unitary affiliates .....	21	
22. Total credit available subject to limitations. Add lines 16 through 19 then subtract lines 20 and 21 .....	22	

**CREDIT LIMITATIONS** If you're claiming the credit for qualifying new employees, compute the limitation on Form 55, then complete lines 28 through 30 on this form.  
If you aren't claiming the credit for qualifying new employees, complete lines 23 through 30.

23. Enter the Idaho income tax from your tax return .....	23	
24. a. Credit for income tax paid to other states .....	24a	
b. Credit for contributions to Idaho educational entities .....	24b	
c. Investment tax credit .....	24c	
d. Credit for contributions to Idaho youth and rehabilitation facilities .....	24d	
e. Credit for production equipment using postconsumer waste .....	24e	
f. Promoter-sponsored event credit .....	24f	
g. Add lines 24a through 24f .....	24g	
25. Net income tax after allowance of other credits. Subtract line 24g from line 23 .....	25	
26. Total credit available subject to limitations. Enter the amount from line 22 .....	26	
27. Credit for Idaho research activities allowed. Enter the smaller amount from line 25 or line 26 here and on Form 44, Part I, line 5 .....	27	

**CREDIT CARRYOVER**

28. Total credit available subject to limitations. Enter the amount from line 22 .....	28	
29. Credit allowed. Enter the amount from line 27 or from Form 55, Part II, line 17 .....	29	
30. Credit carryover to future years. Subtract line 29 from line 28. Enter the amount here and on Form 44, Part I, line 5 .....	30	

Use Part A or Part B to compute the fixed-base percentage. If the company meets the federal definition of a start-up company or has elected to be treated as a start-up company, skip Part A and use Part B. Enter the fixed-base percentage on page 1, line 9.

Use Part C to compute the average annual gross receipts attributable to sources in Idaho. Enter this amount on page 1, line 10.

For Parts A, B, and C, determine Idaho gross receipts using the multistate apportionment rules.

**Part A - Fixed-Base Percentage**

	Column A Idaho Qualified Research Expenses	Column B Idaho Gross Receipts
1. Enter the amounts for each year		
a. 1984.....	1a	
b. 1985.....	1b	
c. 1986.....	1c	
d. 1987.....	1d	
e. 1988.....	1e	
f. Total Idaho qualified research expenses. Add lines 1a through 1e in Column A.....	1f	
g. Total Idaho gross receipts. Add lines 1a through 1e in Column B.....		1g
2. Fixed-Base Percentage. Divide line 1f by line 1g. Enter the amount here and on page 1, line 9. Don't enter more than 16% .....		2 %

**Part B - Fixed-Base Percentage for Start-Up Companies**

For the first five tax years beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, enter on line 1 which year after 1993 this tax year is (for example 3rd tax year) and on line 5 enter 3%. You don't need to complete any other lines in Schedule B.

If this is the 6th year or later beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, use the table in the instructions on page 3 to determine the years for which you need to enter the Idaho qualified research expenses and Idaho gross receipts. For example, if this is the 6th tax year beginning after 1993, you will enter the Idaho qualified research expenses and Idaho gross receipts for the 4th and 5th tax years.

	Column A Qualified Research Expenses for Research conducted in Idaho (Column A of table)	Column B Idaho Gross Receipts (Column B of table)
1. Identify the year beginning after 1993 (1st, 2nd, 3rd...). See instructions.....		
2. Enter the qualified research expenses for research conducted in Idaho and the Idaho gross receipts for the applicable years. The applicable years can be found in the table in the instructions on page 3.		
a. 4th Year.....	2a	
b. 5th Year.....	2b	
c. 6th Year.....	2c	
d. 7th Year.....	2d	
e. 8th Year.....	2e	
f. 9th Year.....	2f	
g. 10th Year.....	2g	
h. Total qualified research expenses for research conducted in Idaho for applicable years. Add the amounts in Column A .....	2h	
i. Total Idaho gross receipts for the same tax years. Add the amounts in Column B .....		2i
3. Divide Line 2h by line 2i .....		3 %
4. Percent for applicable year as indicated in the table in the instructions on page 3, Column C.....		4 %
5. Fixed-Base Percentage for Start-Up Companies. Multiply line 3 by line 4. Enter the amount here and on page 1, line 9. Don't enter more than 16%.....		5 %

**Part C - Average Annual Idaho Gross Receipts for the Previous Four Tax Years**

1. Enter the Idaho gross receipts for each of the years indicated.		
a. 1st preceding tax year .....	1a	
b. 2nd preceding tax year .....	1b	
c. 3rd preceding tax year .....	1c	
d. 4th preceding tax year .....	1d	
e. Total annual Idaho gross receipts for the previous four tax years. Add lines 1a through 1d.....		1e
2. Total average annual Idaho gross receipts for the previous four tax years. Divide the amount on line 1e by 4. Enter the amount here and on page 1, line 10 .....		2

# Instructions for Idaho Form 67

## GENERAL INSTRUCTIONS

Form 67 is used to calculate the credit for Idaho research activities (Idaho research credit) earned or allowed. The credit is earned by increasing research activities in Idaho. Each member of a unitary group that earns or is allowed the credit must complete a separate Form 67.

### Qualified Research

The Idaho research credit conforms to the Internal Revenue Code (IRC) Section 41 definitions of basic research payments, basic research, qualified research expenses, and qualified research, except that only the amounts related to research conducted in Idaho qualify for the Idaho research credit.

In general, in order for an activity to qualify for the research credit, "qualified research" must meet all four of these criteria:

- Expenditures may be treated as expenses under IRC section 174;
- Activities are undertaken for the purpose of discovering information which is technological in nature;
- The application must be useful in the development of a new or improved business component of the taxpayer; and
- Substantially all activities constitute elements of a process of experimentation for a qualified purpose.

Qualified research involves only technological activities and doesn't include research in economics, business management, behavioral sciences, arts, or humanities.

Gross receipt calculations include only those gross receipts that are attributable to Idaho using the multistate corporation apportionment rules. These are referred to in the instructions as Idaho gross receipts.

The Idaho credit doesn't include the calculation of the alternative simplified credit, which is allowed in computing the federal credit.

### Unitary Sharing

A corporation included as a member of a unitary group of corporations may elect to share the Idaho research credit it earns but doesn't use with other members of the unitary group. The corporation must claim the Idaho research credit to the extent allowable against its Idaho income tax before it can share the credit.

### Carryover Periods

The credit carryover is limited to 14 tax years.

### Special Rules

If you have a short tax year, see IRC Sections 41(f)(4) and 41(h).

## SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

### START-UP COMPANIES

If you're a start-up company for the federal research credit, mark the applicable box. You'll be treated as a start-up company for the Idaho research credit.

You may elect to be treated as a start-up company for the Idaho research credit even though you don't qualify as a start-up company for purposes of the federal research credit. To make the election, check the applicable box. Once you make this election, you can't change it.

If you're treated as a start-up company, you must use the federal rules under IRC Section 41 for start-up companies to determine the fixed-base percentage. However, the calculation will be different from the federal calculation in the following ways:

- Qualified research expenses will include only qualified research expenses for research conducted in Idaho; and
- Aggregate gross receipts will include only Idaho gross receipts.

If you aren't a start-up company for the federal research credit and you don't want to make the election for the Idaho research credit, leave both boxes blank.

### CREDIT AVAILABLE SUBJECT TO LIMITATION

Like the federal research credit, corporations that aren't S corporations, personal holding companies, or service organizations can only claim the portion of the credit that's computed on the excess of qualified research payments over the base amount. All taxpayers other than these qualifying corporations should begin on line 4.

**Line 1.** If you're a qualifying corporation as discussed above, enter the amount of your payments to a qualified university or scientific research organization that are paid under a written contract for basic research conducted in Idaho.

**Line 2.** Enter the qualified organization base period amount as defined in IRC Section 41(e) that relates to research conducted in Idaho.

**Line 4.** Enter the amount of wages paid to an employee for qualified services performed by the employee in Idaho. Qualified services consist of engaging in qualified research or the direct supervision or direct support of research activities that constitute qualified research.

**Line 5.** Enter the amount of supplies used in Idaho in the conduct of qualified research. Supplies mean any tangible property other than land or improvements to land, and property of a character subject to the allowance for depreciation.

**Line 6.** Enter the amount you paid or incurred for the rental or lease of computers used in qualified research conducted in Idaho. The computer must be located off your premises and you can't be the operator or primary user of the computer. Reduce this amount by the amount that you or any member of a controlled group of corporations or businesses under common control received or accrued for the right to use substantially identical property.

**Line 7.** Enter 65% of the amount you paid or incurred for qualified research conducted in Idaho that was performed on your behalf. Prepaid contract research expenses are considered paid in the year the research is actually done. Also, include 65% of that portion of the line 1 basic research payments that doesn't exceed the line 2 base amount.

If the payments were made to a qualified research consortium that conducted research in Idaho, use 75% instead of 65%. A qualified research consortium is a tax-exempt organization described in IRC Section 501(c)(3) or 501(c)(6) that's organized and operated primarily to conduct scientific research and isn't a private foundation.

**Line 9.** Enter the applicable percentage from page 2, Part A or Part B. If you're a start-up company, compute your fixed-based percentage on page 2, Part B. If you didn't meet the federal definition of a start-up company or make the Idaho election to be treated as a start-up company, use Part A to compute your fixed-base percentage. The instructions for Parts A and B begin on page 2 of these instructions.

**Line 10.** Enter the average annual Idaho gross receipts for the previous four tax years from page 2, Part C. The instructions for Part C begin on page 2 of these instructions.

**Line 11.** Multiply the amount on line 10 by the percentage on line 9. If the tax year is a short tax year, prorate the base amount based on the number of months in the short tax year.

**Line 17.** Enter the amount of Idaho research credit that's being passed to you from S corporations, partnerships, trusts, or estates, in which you have an interest. This amount is from Form ID K-1, Part D, line 5.

**Line 18.** If you're a member of a unitary group of corporations, enter the amount of credit you received from another member of the unitary group.

**Line 19.** Enter the carryover from your 2014 Form 67, line 30.

**Line 20.** If you're an S corporation, partnership, trust, or estate, enter the amount of credit that passed through to shareholders, partners, or beneficiaries.

**Line 21.** If you're a member of a unitary group of corporations, enter the amount of credit you earned that you elect to share with other members of your unitary group. Before you can share your credit, you must use the credit up to the allowable limitation of your Idaho income tax.

Corporations claiming the Idaho research credit must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify shared credit and the computation of any credit carryovers.

#### CREDIT ORDERING AND LIMITATIONS

If you're claiming against tax the Idaho credit for qualifying new employees, skip lines 23 through 27 and compute the limitations on Form 55, Idaho Credit for Qualifying New Employees, Part II, Credit Limitations. The Idaho research credit and most other credits will be limited to 50% of your Idaho income tax. Return to Form 67, line 28 to compute the credit carryover.

If you aren't claiming against tax the credit for qualifying new employees, compute the credit limitations on Form 67. The Idaho research credit is limited to the Idaho income tax after allowing all other tax credits that can be claimed before it.

The following credits must be applied to the tax before the Idaho research credit:

1. Credit for income tax paid to other states
2. Credit for contributions to Idaho educational entities
3. Investment tax credit
4. Credit for contributions to Idaho youth and rehabilitation facilities
5. Credit for production equipment using postconsumer waste
6. Promoter-sponsored event credit
7. Credit for qualifying new employees

**Line 23.** Enter the amount of your Idaho income tax. This is the computed tax before subtracting any credits or adding the permanent building fund tax or other taxes.

**Line 24a.** Enter the credit for income tax paid to other states from Form 39R or Form 39NR. This credit is available only to individuals, trusts, or estates.

**Line 24b.** Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return.

**Line 24c.** Enter the investment tax credit allowed from Form 49, Part II, line 8.

**Line 24d.** Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return.

**Line 24e.** Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

**Line 24f.** Enter the promoter-sponsored event credit from the appropriate Idaho income tax return.

**Line 27.** Enter the smaller amount from lines 25 or 26. Carry this amount to Form 44, Part I, line 5, and enter it in the Credit Allowed column.

#### CREDIT CARRYOVER

**Line 30.** The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 14 tax years. Enter this amount on Form 44, Part I, line 5 in the Carryover column.

#### FIXED-BASE PERCENTAGE - PARTS A & B

If you're computing the credit for a start-up company, skip Part A and use Part B to compute your fixed-base percentage. If you aren't a start-up company, use Part A and skip Part B.

##### Part A

**Line 1.** For each of the years 1984 through 1988, enter the total Idaho qualified research expenses for the year in Column A and the total Idaho gross receipts in Column B. Use the multistate apportionment rules to determine the amount of gross receipts attributable to Idaho. Gross receipts include receipts minus returns and allowances from the sale of real, tangible, or intangible property held for sale to customers in the ordinary course of your trade or business. Amounts attributable to Idaho include receipts from property that's delivered or shipped to a purchaser in Idaho. Sales to the U.S. Government are Idaho gross receipts if the property is shipped from an office, store, warehouse, factory, or other place of storage in Idaho.

**Line 2.** Divide line 1f by line 1g. Round the percentage to four digits to the right of the decimal point. For example .06666 is rounded to .0667 and should be entered as 6.67%. The percentage can't exceed 16%. Enter the percentage here and on page 1, line 9.

##### Part B

**Line 1.** Enter on this line which year after 1993 this credit year is. For example, if this is the first tax year after 1993 in which you had qualified research expenses for research conducted in Idaho, enter 1st. If it's the seventh tax year after 1993 in which you had qualified research expenses for research conducted in Idaho, enter 7th. Don't enter the tax year.

Consider only the tax years in which you had qualified research expenses for research conducted in Idaho.

If this year is one of the 1st through 5th tax years after 1993 in which you had qualified research expenses for research conducted in Idaho, skip lines 2a through 4 and enter 3% on line 5. This percent will also be entered on page 1, line 9.

**Lines 2a through 2g.** If this year is the 6th or later tax year after 1993 in which you had qualified research expenses for research conducted in Idaho, use the table on page 3 to complete columns A and B for lines 2a through 2g. Column A identifies which years you need to enter the qualified research expenses for research conducted in Idaho. Depending on which year this is, you may not enter an amount on each line. For example, if this is the 8th tax year, enter amounts for the 5th through 7th tax years only, lines 2b through 2d. Enter the Idaho gross receipts in Column B for the same tax years.

**Line 4.** If this year is the 6th or later tax year after 1993 in which you had qualified research expenses for research conducted in Idaho, use Column C of the table on page 3 and enter the percent for the applicable year. For example, if this is the 8th tax year, enter 50%.

**Line 5.** If this year is one of the 1st through 5th tax years after 1993 in which you had qualified research expenses for research conducted in Idaho, enter 3%. For all other years, multiply line 3 by line 4. Round the percentage to four digits to the right of the decimal point. For example .06666 is rounded to .0667 and should be entered as 6.67%. The percentage can't exceed 16%. Enter the percentage here and on page 1, line 9.

**PART C**

**Lines 1a through 1d.** For each of the 1st through 4th tax years prior to this tax year, enter the Idaho gross receipts for each applicable year. Use the multistate apportionment rules to determine the amount

of gross receipts attributable to Idaho. Don't include returns and allowances. If one or more of the four preceding tax years is a short tax year, the Idaho gross receipts for the short year are annualized.

A taxpayer who hasn't been transacting business in Idaho before the credit year is considered to have average annual gross receipts for the four preceding tax years equal to zero.

**Line 2.** Divide the amount on line 1e by 4.

If the taxpayer has been transacting business in Idaho for at least one but less than four previous tax years, the taxpayer's average annual gross receipts for the four preceding tax years is equal to its annual average gross receipts for the number of years that the taxpayer has been transacting business in Idaho. Divide line 1e by the applicable number of tax years.

Enter the amount here and on page 1, line 10.

Tax years beginning after 1993 for which you have Idaho qualified research expenses	Calculation		
First 5 tax years	Use 3% for these years -- Enter 3% on Form 67, Page 2, Part B, line 5.		
	A	B	C
	<b>Aggregate Qualified Research Expenses for Research Conducted in Idaho for:</b>	<b>Aggregate Idaho Gross Receipts</b>	<b>Enter the % on Form 67, Page 2, Part B, line 4</b>
6th tax year	the 4th and 5th such tax years	Enter the aggregate Idaho gross receipts for the same tax years as indicated in Column A	16.67%
7th tax year	the 5th and 6th such tax years		33.33%
8th tax year	the 5th, 6th, and 7th such tax years		50%
9th tax year	the 5th through 8th such tax years		66.67%
10th tax year	the 5th through 9th such tax years		83.33%
tax years beginning after the 10th tax year	any 5 of the 5th through 10th such tax years		100%