

**Include with your return.**For the calendar year 2021 or fiscal year beginning MM/DD/2021 and ending MM/DD/YYYY.

Name as shown on Form 140, 140PY, 140NR, 140X, 140-SBI, 140PY-SBI, 140NR-SBI, or 140X-SBI

Social Security Number

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(s) 2006 and after.

**Part 1 Qualification for the Credit**

- 1 Did your sole proprietorship have qualified research expenses for the tax year indicated above? ☐ Yes ☐ No  
 a If "Yes" and you are claiming the Arizona Credit for Increased Research Activities, go to line 2.  
 b If "No", go to line 3.  
 2 Is this credit refundable? ☐ Yes ☐ No  
 a If "Yes":  
     1 Include a copy of the certification you received from the Arizona Commerce Authority (ACA).  
     2 Enter the maximum refund amount authorized by the ACA here and on line 31a.  
 b If "No", go to line 3.  
 3 Are you claiming a pass through of this credit from a partnership or S Corporation? ☐ Yes ☐ No  
 (If you are claiming a pass through of this credit from more than one partnership and/or S Corporation, include copies of all Form(s) 308-P and/or Form(s) 308-S you received.)  
 4 Is this pass through credit refundable? ☐ Yes ☐ No  
 5 If you answered "Yes" to the question on line 1, go to Part 2.  
 6 If you answered "No" to the question on line 1 and "Yes" to the question on line 3, go to Part 3.  
 7 If you answered "No" to the question on line 1 and "No" to the question on line 3, complete this form ONLY if you have credit carryovers. Go to Part 6. Otherwise, **STOP! YOU ARE NOT ELIGIBLE TO CLAIM THIS CREDIT.**

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**Part 2 Current Taxable Year's Credit Calculation (Sole Proprietorships Only)**

8	Wages for qualified services (do not include wages used in figuring the federal work opportunity credit).....	8		00
9	Cost of supplies.....	9		00
10	Rental or lease cost of computers.....	10		00
11	Contract research expenses: See instructions.....	11		00
12	Total research expenses: Add lines 8 through 11. Enter the total.....	12		00
13	Average annual Arizona gross receipts: See instructions.....	13		00
14	Fixed-base percentage [not more than 16% (.1600)]: See instructions.....	14	•	
15	Base amount: Multiply line 13 by the percentage on line 14. Enter the result.....	15		00
16	Subtract line 15 from line 12. Enter the difference. If less than zero, enter "0".....	16		00
17	Multiply line 12 by 50% (.50). Enter the result.....	17		00
18	Enter the lesser of line 16 or line 17.....	18		00
• If line 18 is \$2,500,000 or less, complete line 19 and skip lines 20 through 22. • If line 18 is more than \$2,500,000, skip line 19 and complete lines 20 through 22.				
19	Multiply line 18 by 24% (.24). Enter the result.....	19		00
20	Subtract \$2,500,000 from line 18. Enter the difference.....	20		00
21	Multiply line 20 by 15% (.15). Enter the result.....	21		00
22	Add \$600,000 to line 21. Enter the total.....	22		00
23	Enter the amount from line 19 or line 22 here.....	23		00

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**Part 3 Current Taxable Year's Credit Passed Through From S Corporations and Partnerships**

24 Enter the total amount of this credit passed through from partnerships on Form 308-P, Part 2, line 4. ....	<b>24</b>		00
25 Enter the total amount of this credit passed through from S Corporations on Form 308-S, Part 2 line 4. ....	<b>25</b>		00

**Part 4 Total Current Taxable Year's Credit for Increased Research Activities**

26 <b>Total Credit:</b> Add lines 23 through 25. Enter the total. <b>This is your current year's total credit for increased research activities.</b> .....	<b>26</b>		00
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**Part 5 Refundable Portion of the Current Taxable Year's Excess Credit for Individuals that made the SBI election**

Complete Part 5 *only* if you checked "Yes" in Part 1, line 2, or Part 1, line 4 and made the SBI election.

**NOTE:** Individuals that made the SBI election, you must complete Arizona Form 301-SBI and Arizona Form 301 before completing Part 5.

27 <b>Total current taxable year's credit:</b> Enter the amount from Part 4, line 26 .....	<b>27</b>		00
28a <b>Subtotal of SBI tax:</b> Enter the amount from Form 140-SBI, line 52; or Form 140PY-SBI, line 50; or Form 140NR-SBI, line 50; or Form 140X-SBI, line 51 ...	<b>28a</b>		00
28b <b>Nonrefundable SBI tax credits:</b> Enter the amount of nonrefundable tax credits from Form 301-SBI, Part 1, line 19 less the amount (if any) on Form 301-SBI, Part 1, line 2, column (c).....	<b>28b</b>		00
28c <b>Excess SBI tax over SBI nonrefundable tax credits:</b> Subtract line 28b from line 28a and enter the difference. If the difference is less than zero, enter "0". .....	<b>28c</b>		00
28d <b>Current taxable year's SBI credit for increased research activities that will be used to offset the current taxable year's SBI tax liability.</b> Enter the lesser of line 27 or line 28c. Also enter this amount on Form 301-SBI, Part 1, line 2, column (a) and on Form 301-SBI, Part 2, line 26.....	<b>28d</b>		00
29 <b>Current taxable year's excess SBI credit:</b> Subtract line 28d from line 27 and enter the difference. If zero, enter "0"; also enter "0" on lines 31 and 32. Skip to Part 9. No refund is available. ....	<b>29</b>		00
30a Enter the amount from Form 301-SBI, Part 3, line 46 .....	<b>30a</b>		00
30b Subtract line 28a from line 28b. Enter the difference. If the difference is less than or equal to zero, enter "0". .....	<b>30b</b>		00
30c Subtract line 30b from line 30a. Enter the difference. If the difference is less than or equal to zero, enter "0". .....	<b>30c</b>		00
30d <b>Current taxable year's SBI credit for increased research activities that will be used to offset the current taxable year's Individual Income tax liability:</b> Enter the lesser of line 29 or line 30c. Also enter this amount on Form 301-SBI, Part 3, line 48, column (b) .....	<b>30d</b>		00
31 <b>Current taxable year's total excess credit:</b> Subtract line 30d from line 29 and enter the difference. If zero, enter "0". No refund is available. ....	<b>31</b>		00
32 <b>Tentative refundable credit:</b> Multiply line 31 by 75% (.75). Enter the result and skip to Part 7. ....	<b>32</b>		00

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**Part 6 Refundable Portion of the Current Taxable Year's Excess Credit for Individuals that did not make the SBI election**

Complete Part 6 *only* if you checked "Yes" in Part 1, line 2, or Part 1, line 4 and ***did not make the SBI election.***

**NOTE:** Individuals that ***did not make the SBI election***, you must complete Arizona Form 301 before completing Part 6.

<b>33</b>	<b>Total current taxable year's credit:</b> Enter the amount from Part 4, line 26 .....	<b>33</b>		00
<b>34a</b>	<b>Subtotal of tax:</b> Enter the amount from Form 140, line 48; or Form 140PY, line 58; or Form 140NR, line 58; or Form 140X, line 39.....	<b>34a</b>		00
<b>34b</b>	<b>Nonrefundable tax credits:</b> Enter the amount of nonrefundable tax credits from Form 301, Part 1, line 26 less the amount (if any) on Form 301, Part 1, line 2, column (c) .....	<b>34b</b>		00
<b>34c</b>	<b>Excess tax over nonrefundable credits.</b> Subtract line 34b from line 34a and enter the difference.- If the difference is zero, enter "0".....	<b>34c</b>		00
<b>34d</b>	<b>Current taxable year's credit for increased research activities that will be used to offset the current taxable year's tax liability.</b> Enter the lesser of line 33 or line 34c. Also enter this amount on Form 301, Part 1, line 2, column (a) and on Form 301, Part 2, line 35. ....	<b>34d</b>		00
<b>35</b>	<b>Current taxable year's excess credit:</b> Subtract line 34d from line 33 and enter the difference. If zero, enter "0". No refund is available.....	<b>35</b>		00
<b>36</b>	<b>Tentative refundable credit:</b> Multiply line 35 by 75% (.75). Enter the result. ....	<b>36</b>		00

**Part 7 Calculation of Maximum Refundable Credit**

**Maximum refundable credit: See instructions.**

<b>37a</b>	Enter the maximum refundable credit amount authorized by the ACA from Part 1, line 2a2 for the credit you earned.....	<b>37a</b>		00
<b>37b</b>	Enter the partner's maximum refundable credit amount from Form 308-P, Part 3, line 6.....	<b>37b</b>		00
<b>37c</b>	Enter the shareholder's maximum refundable credit from Form 308-S, Part 3, line 6.....	<b>37c</b>		00
<b>37d</b>	Add the amounts on lines 37a through 37c. Enter the total here .....	<b>37d</b>		00
<b>38</b>	<b>Refundable Credit:</b> <ul style="list-style-type: none"> <li>• Individuals that <b><i>made the Small Business Income election</i></b>: Enter the lesser of line 32 or line 37d.</li> <li>• Individuals that <b><i>did not make the Small Business Income election</i></b>: Enter the lesser of line 36 or line 37d</li> <li>• See instructions.....</li> </ul>	<b>38</b>		00

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Complete Part 8 if you have carryovers from prior years. If you elect to receive a refund of 75% of the excess credit, you cannot carry forward any amount from the year of the refund.	

**Part 8 Available Credit Carryover**

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used	(d) Available Carryover: Subtract column (c) from column (b).
39	2006	00	00	00
40	2007	00	00	00
41	2008	00	00	00
42	2009	00	00	00
43	2010	00	00	00
44	2011	00	00	00
45	2012	00	00	00
46	2013	00	00	00
47	2014	00	00	00
48	2015	00	00	00
49	2016	00	00	00
50	2017	00	00	00
51	2018	00	00	00
52	2019	00	00	00
53	2020	00	00	00
54	Total Available Carryover: Add lines 39 through 53 in column (d). Enter the total.....			54 00

**Part 9 Limitation of Credit Carryovers**

If you completed Part 5 or Part 6 and are receiving a refund, do not complete Part 9.

LIMITATION OF CREDIT CARRYOVER: Complete Part 9 to determine which credit carryovers you may claim. Also, complete Part 9 to figure the total of all of your available credit carryover from Part 8, line 54, column (d) that you may claim this year.

55a	Current year's liability:		
	• <i>Individuals that <b>made the Small Business Income election</b>:</i> Add the amounts from Form 301-SBI, Part 2, line 24 and Form 301-SBI, Part 3, line 46. Enter the total.		
	• <i>Individuals that <b>did not make the Small Business Income election</b>:</i> Enter the amount from Form 301, Part 2, line 33. ....	55a	00
55b	Current year's total credit: Enter the amount from Part 4, line 26. ....	55b	00
55c	Subtract line 55b from 55a. If the difference is zero or less, enter "0" .....	55c	00
56	Enter the lesser of Part 8, line 54, column (d) or line 55c. This is the amount of carryover you may use.....	56	00

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# Part 10 Total Available Nonrefundable Credit

<b>57</b> Current year's credit: <ul style="list-style-type: none"> <li>• <i>Individuals that <b><u>made the Small Business Income election</u></b>:</i> If you completed Part 5 and are receiving a refund, enter the the sum of the amounts from Part 5, lines 28d and 30d. Also enter this amount on Form 301-SBI, Part 1, line 2, column (a). Otherwise, enter the amount from Part 4, line 26.</li> <li>• <i>Individuals that <b><u>did not make the Small Business Income election</u></b>:</i> If you completed Part 6 and are receiving a refund, enter the amount from Part 6, line 34d. Also enter this amount on Form 301, Part 1, line 2, column (a). Otherwise, enter the amount from Part 4, line 26. ....</li> </ul>	57	00
<b>58</b> If you completed Part 5 or Part 6 and are receiving a refund, enter "0". Otherwise, enter the carryover from Part 9, line 56. <ul style="list-style-type: none"> <li>• <i>Individuals that <b><u>made the Small Business Income election</u></b>:</i> Also enter this amount on Form 301-SBI, Part 1, line 2, column (b).</li> <li>• <i>Individuals that <b><u>did not make the Small Business Income election</u></b>:</i> Also enter this amount on Form 301, Part 1, line 2, column (b) .....</li> </ul>	58	00
<b>59</b> <b>Total available credit:</b> Add lines 57 and 58. Enter the total. <ul style="list-style-type: none"> <li>• <i>Individuals that <b><u>made the Small Business Income election</u></b>:</i> Also enter this amount on Form 301-SBI, Part 1, line 2, column (c).</li> <li>• <i>Individuals that <b><u>did not make the Small Business Income election</u></b>:</i> Also enter this amount on Form 301, Part 1, line 2, column (c) .....</li> </ul>	59	00