

**Include with your return.**For the calendar year 2025 or fiscal year beginning MM/DD/2025 and ending MM/DD/YY,YY.

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) 2009 and after.

If the taxpayer is electing the Alternative Simplified Credit (ASC) for this year, check the box.  ASC**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 37a.....

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 8. Otherwise, **STOP! YOU ARE NOT ELIGIBLE TO CLAIM THIS CREDIT.**

**Part 2****Current Taxable Year's Regular Credit Calculation - Sole Proprietorships Only** (Complete lines 8 through 23a if electing to claim the regular credit. To elect the Alternative Simplified Credit, skip to page 6, Part 12, line 71.)

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	.	00	
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		
<ul style="list-style-type: none"> <li>• If line 18 is \$2,500,000 or less, complete line 19 and skip lines 20 through 22.</li> <li>• If line 18 is more than \$2,500,000, skip line 19 and complete lines 20 through 22.</li> </ul>				
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		
23a If the taxpayer is electing the regular credit, enter the amount from line 19 or line 22 here .....	23a	00		
23b If the taxpayer is electing the Alternative Simplified Credit, enter the amount from page 6, Part 12, line 85.. ....	23b	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. ....	24	00
25 Enter the total amount of this credit passed through from S Corporations on Form 308-S, Part 2 line 4. ....	25	00

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

26 Total Current Year Credit:  If the taxpayer is electing to claim the regular credit, add line 23a and lines 24 and 25. Enter the total.  If the taxpayer is electing to claim the Alternative Simplified Credit, add line 23b and lines 24 and 25. Enter the total.  This is your current year's total credit for increased research activities. ....	26	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 Total current taxable year's credit: Enter the amount from Part 4, line 26 .....	27	00
28a Subtotal of SBI tax: Enter the amount from Form 140-SBI, line 54; or Form 140PY-SBI, line 58; or Form 140NR-SBI, line 54; or Form 140X-SBI, line 56 ...	28a	00
28b Nonrefundable SBI tax credits: Enter the amount of nonrefundable tax credits from Form 301-SBI, Part 1, line 18 less the amount (if any) on Form 301-SBI, Part 1, line 1, column (c).....	28b	00
28c Excess SBI tax over SBI nonrefundable tax credits: Subtract line 28b from line 28a and enter the difference. If the difference is less than zero, enter "0". ....	28c	00
28d Current taxable year's SBI credit for increased research activities that will be used to offset the current taxable year's SBI tax liability. Enter the lesser of line 27 or line 28c. Also enter this amount on Form 301-SBI, Part 1, line 1, column (a) and on Form 301-SBI, Part 2, line 25.....	28d	00
29 Current taxable year's excess SBI credit: 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 10. No refund is available. ....	29	00
30a Enter the amount from Form 301-SBI, Part 2, line 42 .....	30a	00
30b Subtract line 28a from line 28b. Enter the difference. If the difference is less than or equal to zero, enter "0". ....	30b	00
30c Subtract line 30b from line 30a. Enter the difference. If the difference is less than or equal to zero, enter "0". ....	30c	00
30d 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: Enter the lesser of line 29 or line 30c. Also enter this amount on Form 301-SBI, Part 3, line 46, column (b).....	30d	00
31 Current taxable year's total excess credit: Subtract line 30d from line 29 and enter the difference. If zero, enter "0". No refund is available. ....	31	00
32 Tentative refundable credit: Multiply line 31 by 75% (.75). Enter the result and skip to Part 7. ....	32	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.

33	<b>Total current taxable year's credit:</b> Enter the amount from Part 4, line 26.	33	00
34a	<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.	34a	00
34b	<b>Nonrefundable tax credits:</b> Enter the amount of nonrefundable tax credits from Form 301, Part 1, line 25 less the amount (if any) on Form 301, Part 1, line 1, column (c).	34b	00
34c	<b>Excess tax over nonrefundable credits.</b> Subtract line 34b from line 34a and enter the difference. If the difference is zero, enter "0".	34c	00
34d	<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 1, column (a) and on Form 301, Part 2, line 34.	34d	00
35	<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.	35	00
36	<b>Tentative refundable credit:</b> Multiply line 35 by 75% (.75). Enter the result.	36	00

**Part 7 Calculation of Maximum Refundable Credit**

**Maximum refundable credit: See instructions.**

37a	Enter the maximum refundable credit amount authorized by the ACA from Part 1, line 2a2 for the credit you earned.	37a	00
37b	Enter the partner's maximum refundable credit amount from Form 308-P, Part 3, line 6.	37b	00
37c	Enter the shareholder's maximum refundable credit from Form 308-S, Part 3, line 6.	37c	00
37d	Add the amounts on lines 37a through 37c. Enter the total here.	37d	00
38	<b>Refundable Credit:</b> <ul style="list-style-type: none"> <li><i>Individuals that made the Small Business Income election:</i> Enter the lesser of line 32 or line 37d. Complete Part 8 if you have credit carryovers generated before January 1, 2022. Complete Part 9 if you have credit carryovers generated after 12/31/2021. Enter this amount on Form 140-SBI, line 61, or Form 140NR-SBI, line 59, or Form 140PY-SBI, line 61, or Form 140X-SBI, line 61.</li> <li><i>Individuals that did not make the Small Business Income election:</i> Enter the lesser of line 36 or line 37d. Complete Part 8 if you have credit carryovers generated before January 1, 2022. Enter this amount on Form 140, line 58; or Form 140NR, line 65; or Form 140PY, line 67; or Form 140X, line 45.</li> </ul>	38	00

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Complete Part 8 and Part 9 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 Generated Before 01/01/2022**

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
39				
40				
41		00	00	00
42	2010	00	00	00
43	2011	00	00	00
44	2012	00	00	00
45	2013	00	00	00
46	2014	00	00	00
47	2015	00	00	00
48	2016	00	00	00
49	2017	00	00	00
50	2018	00	00	00
51	2019	00	00	00
52	2020	00	00	00
53	2021	00	00	00
54	Total Available Carryover: Add lines 42 through 53 in column (d). Enter the total.....			54 00

**Part 9 Available Credit Carryover Generated After 12/31/2021**

	(a) Taxable Year	(b) Original Credit Amount	(c) Amount Previously Used or Expired	(d) Available Carryover: Subtract column (c) from column (b).
55	2022	00	00	00
56	2023	00	00	00
57	2024	00	00	00
58				
59				
60				
61				
62				
63				
64				
65	Total Available Carryover: Add lines 55 through 57 in column (d). Enter the total.....			65 00

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### Part 10 Total Credit Carryover

If you completed Part 5 or Part 6 and are receiving a refund or if you have no carryovers of this credit, do not complete Part 10.

Complete Part 10 to figure the amount of credit carryover(s) available to offset your tax liability this year.

66a Enter the carryover generated before 01/01/2022 from Part 8, line 54, column (d) .....

66a		00
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66b Enter the carryover generated after 12/31/2021 from Part 9, line 65, column (d) .....

66b		00
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67 Add lines 66a and 66b. Enter the total. This is the total credit carryover available .....

67		00
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### Part 11 Total Available Nonrefundable Credit

68	Current year's credit:		
	<ul style="list-style-type: none"> <li><i>Individuals that <u>made the Small Business Income election</u>:</i> If you completed Part 5 and are receiving a refund, enter the sum of the amounts from Part 5, lines 28d and 30d. Also enter this amount on Form 301-SBI, Part 1, line 1, column (a). Otherwise, enter the amount from Part 4, line 26.</li> <li><i>Individuals that <u>did not make the Small Business Income election</u>:</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 1, column (a). Otherwise, enter the amount from Part 4, line 26. ....</li> </ul>	68	00
69	If you completed Part 5 or Part 6 and are receiving a refund, enter "0". Otherwise, enter the carryover from Part 10, line 67.		
	<ul style="list-style-type: none"> <li><i>Individuals that <u>made the Small Business Income election</u>:</i> Also enter this amount on Form 301-SBI, Part 1, line 1, column (b).</li> <li><i>Individuals that <u>did not make the Small Business Income election</u>:</i> Also enter this amount on Form 301, Part 1, line 1, column (b) .....</li> </ul>	69	00
70	<b>Total available credit:</b> Add lines 68 and 69. Enter the total.		
	<ul style="list-style-type: none"> <li><i>Individuals that <u>made the Small Business Income election</u>:</i> Also enter this amount on Form 301-SBI, Part 1, line 1, column (c).</li> <li><i>Individuals that <u>did not make the Small Business Income election</u>:</i> Also enter this amount on Form 301, Part 1, line 1, column (c) .....</li> </ul>	70	00

## ALTERNATIVE SIMPLIFIED CREDIT WORKSHEET

## Part 12

## Current Taxable Year's Alternative Simplified Credit Calculation (Sole Proprietorships Only) - (Complete lines 71 through 85 if electing the Alternative Simplified Credit. To elect the regular credit, complete Part 2, lines 8 through 23a.)

71	Current year wages for qualified services (do not include wages used in figuring the federal work opportunity credit).....	71	00		
72	Current year cost of supplies.....	72	00		
73	Current year cost to rent or lease computers .....	73	00		
74	Current year contract research expenses: See instructions.....	74	00		
75	Total research expenses: Add lines 71 through 74. Enter the total .....	75	00		
76	Enter your total qualified research expenses for the prior 3 years. If you have no QREs in any one of those three years, <b>STOP!</b> You do not qualify for the ASC.....	76	00		
77	Average qualified research expenses for the prior three years. Divide line 76 by 6.0 Enter the result.....	77	00		
78	Subtract line 77 from line 75. Enter the difference. If less than zero, enter "0".....	78	00		
79	Multiply line 75 by 50% (.50). Enter the result.....	79	00		
80	Enter the lesser of line 78 or line 79.....	80	00		
<ul style="list-style-type: none"> <li>• If line 80 is \$2,500,000 or less, complete lines 81 and 85. Skip lines 82 through 84.</li> <li>• If line 80 is more than \$2,500,000, skip line 81. Complete lines 82 through 85.</li> </ul>					
81	If line 80 is \$2,500,000 or less, multiply line 80 by 24% (.24). Enter the result.....	81	00		
82	If line 80 is more than \$2,500,000, subtract \$2,500,000 from line 80. Enter the difference.....	82	00		
83	Multiply line 82 by 15% (.15). Enter the result.....	83	00		
84	Add \$600,000 to line 83. Enter the total.....	84	00		
85	Enter the amount from line 81 or 84. Also enter this amount on page 1, Part 2, line 23b of this form and complete the remainder of Form 308-I.....	85	00		