

Name(s) as shown on return	Social Security Number or EIN
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**BASE AMOUNT ELECTION:** For purposes of computing the base amount, I elect to be treated as a start-up company and use the fixed-base percentage applicable to such companies. Once the election has been made, it cannot be revoked.  YES  NO

**CREDIT AVAILABLE SUBJECT TO LIMITATION**

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

<b>BASIC RESEARCH PAYMENTS.</b> 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	
<b>QUALIFIED RESEARCH EXPENSES PAID OR INCURRED FOR RESEARCH CONDUCTED IN IDAHO</b>		
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% .....	9	%
10. Enter average annual gross receipts attributable to sources in Idaho .....	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 a partnership, S corporation, estate or trust .....	17	
18. Credit received through unitary sharing. Attach a schedule .....	18	
19. Carryover of credit for Idaho research activities from prior years .....	19	
20. Credit distributed to partners, shareholders or beneficiaries .....	20	
21. Credit shared with unitary affiliates .....	21	
22. Total credit available subject to limitations. Add lines 16 through 19 and subtract lines 20 and 21 .....	22	

**CREDIT LIMITATIONS** If you are claiming the credit for qualifying new employees, compute the limitation on Form 55, then complete lines 28 through 30 on this form.  
If you are not 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 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 III, 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	

# 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. 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) 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.

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 does not include the calculation of the alternative incremental 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 does not 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.

### BASE AMOUNT ELECTION

You may elect to be treated as a start-up company for the Idaho research credit even though you do not qualify as a start-up company for purposes of the federal research credit. If you make the election, 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.

Once you make this election, you cannot change it. To make the election to be treated as a start-up company, mark the YES box.

If you do not want to make this election, mark the NO box.

### CREDIT AVAILABLE SUBJECT TO LIMITATION

Like the federal research credit, corporations that are not S corporations, personal holding companies, or service organizations can only claim the portion of the credit that is 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 are 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 must not 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 does not 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 is organized and operated primarily to conduct scientific research and is not a private foundation.

**Line 9.** If you elected to be treated as a start-up company for the Idaho research credit, the fixed-base percentage is computed as if you were a start-up company for federal research credit purposes. Your fixed-base percentage is computed as follows:

- For the first five tax years beginning after 1993 that you have qualified research expenses for research conducted in Idaho, the percentage is 3%.
- For the 6th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 4th and 5th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.1667.
- For the 7th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th and 6th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.3333.
- For the 8th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th, 6th and 7th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by 0.5.
- For the 9th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th through 8th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by .6667.

- For the 10th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for the 5th through 9th such tax years by the aggregate Idaho gross receipts for those tax years, and multiply the result by .8333.
- For any tax year after the 10th tax year beginning after 1993 for which you have qualified research expenses for research conducted in Idaho, divide the aggregate qualified research expenses for research conducted in Idaho for any 5 of the 5th through 10th such tax years by the aggregate Idaho gross receipts for those tax years.

If you did not elect to be treated as a start-up company, the fixed-base percentage is computed by dividing the aggregate qualified research expenses for research conducted in Idaho for the tax years beginning after 1983 and before 1989 by the aggregate Idaho gross receipts.

The fixed-base percentage for all companies including start-up companies must be rounded to the nearest 1/100 of 1% (four decimal places) and cannot exceed 16%.

**Line 10.** Enter the average annual gross receipts attributable to Idaho using the multistate corporation apportionment rules for the four tax years preceding the tax year for which the credit is being determined. Do not include returns and allowances. You may be required to annualize gross receipts for any short tax year. See IRC Section 41(c)(1)(B) and Section 41(f)(4).

**Line 17.** Enter the amount of Idaho research credit that is being passed to you from partnerships, S corporations, estates, or trusts in which you have an interest. Attach a copy of the schedule provided to you.

**Line 18.** If you are 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 computed on your 2006 Form 67, line 37.

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

**Line 21.** If you are 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 LIMITATIONS

If you earned or are 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 III, 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 did not earn or are not 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 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; and
7. Credit for qualifying new employees.

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

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

**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 as computed on 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.