

2004 CREDIT FOR IDAHO RESEARCH ACTIVITIES

FORM 67
TC67041
6-07-04

For calendar year 2004, or fiscal year beginning	Month	Day	Year	04	ending	Month	Day	Year
Name(s) as shown on return						Social Security Number or EIN		

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.

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%.	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 of 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

23. Enter the Idaho income tax from your tax return.	23	
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CREDITS CLAIMED ON CURRENT YEAR TAX RETURN If you are claiming the credit for qualifying new employees, complete lines 24 through 30 and skip lines 31 through 34. If you are NOT claiming the credit for qualifying new employees, skip lines 24 through 30 and complete lines 31 through 34.

Complete this section if you are claiming the credit for qualifying new employees.

24. Enter your credit for tax paid to other states.	24	
25. Subtract line 24 from line 23.	25	
26. Limitation of tax. Multiply line 25 by 50%.	26	
27. a. Credit for contributions to Idaho educational entities	27a	
b. Investment tax credit	27b	
c. Credit for contributions to Idaho youth and rehabilitation facilities	27c	
d. Credit for production equipment using post-consumer waste	27d	
e. Promoter-sponsored event credit	27e	
f. Credit for qualifying new employees	27f	
g. Add lines 27a through 27f.	27g	
28. Tax available after allowance of other credits. Subtract line 27g from line 26.	28	
29. Total credit available subject to limitations. Enter the amount from line 22.	29	
30. Total credit allowed on current year tax return. Enter the smaller of line 28 or line 29.	30	

Complete this section if you are NOT claiming the credit for qualifying new employees.

31. a. Credit for tax paid to other states	31a	
b. Credit for contributions to Idaho educational entities	31b	
c. Investment tax credit	31c	
d. Credit for contributions to Idaho youth and rehabilitation facilities	31d	
e. Credit for production equipment using post-consumer waste	31e	
f. Promoter-sponsored event credit	31f	
g. Add lines 31a through 31f	31g	
32. Net income tax after allowance of other credits. Subtract line 31g from line 23.	32	
33. Total credit available subject to limitations. Enter the amount from line 22.	33	
34. Total credit allowed on current year tax return. Enter the smaller of line 32 or line 33.	34	

CREDIT CARRYOVER

35. Total credit available subject to limitations. Enter the amount from line 22.	35	
36. Total credit allowed on current year tax return. Enter the amount from line 30 or line 34.	36	
37. Credit carryover to future years. Subtract line 36 from line 35.	37	

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 2003 Form 67, line 35.

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

The Idaho research credit is limited to the Idaho income tax after allowing all other tax credits that can be claimed before the Idaho research credit. If you claim the Idaho credit for qualifying new employees, the Idaho research credit and most other credits are limited to 50% of your Idaho income tax.

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 post-consumer waste;
6. Promoter-sponsored event credit; and
7. Credit for qualifying new employees.

If the credit for qualifying new employees is claimed, complete lines 24 through 30 and skip lines 31 through 34. If the credit for qualifying new employees is not claimed, skip lines 24 through 30 and complete lines 31 through 34.

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

Line 24. 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 27a. Enter the credit for contributions to Idaho educational entities as computed on Form 55, Part III, line 6.

Line 27b. Enter the investment tax credit allowed as computed on Form 55, Part III, line 9.

Line 27c. Enter the credit for contributions to Idaho youth and rehabilitation facilities as computed on Form 55, Part III, line 13.

Line 27d. Enter the credit for production equipment using post-consumer waste as computed on Form 55, Part III, line 17.

Line 27e. Enter the promoter-sponsored event credit as computed on Form 55, Part III, line 21.

Line 27f. Enter the allowable credit for qualifying new employees as computed on Form 55, Part III, line 26.

Line 31a. 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 31b. Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return.

Line 31c. Enter the investment tax credit allowed as computed on Form 49, Part II, line 8.

Line 31d. Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return.

Line 31e. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return.

Line 31f. Enter the promoter-sponsored event credit from the appropriate Idaho income tax return.

CREDIT CARRYOVER

Line 37. 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.