

2016 Schedule OR-RESEARCH



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Qualified Research Activities Credit

Submit original form—do not submit photocopy.

Legal name of taxpayer (as shown on return)	FEIN —
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Method 1—Credit based on federal computation (ORS 317.152)

Qualified Research Activities Credit (use credit code 858).

Part I. Payments for basic research: (Include **only** amounts paid or incurred in Oregon)

1. Basic Oregon research payments to qualified organizations.....	1.	.00
2. Less: Base period amount	2.	.00
3. Subtract line 2 from line 1. If less than zero, enter -0-	3.	.00

Part II. Qualified research expenses: (Include **only** amounts paid or incurred in Oregon)

4. Qualified research expenses in Oregon for current tax year.....	4.	.00
5. Enter fixed-base percentage, but not more than 16 percent.....	5.	%
6. Enter average federal gross receipts	6.	.00
7. Base amount. Multiply line 6 by the percent on line 5	7.	.00
8. Subtract line 7 from line 4. If less than zero, enter -0-	8.	.00
9. Multiply line 4 by 50 percent (0.50)	9.	.00
10. Enter the lesser of line 8 or line 9.....	10.	.00
11. Add line 3 and line 10.....	11.	.00
12. Multiply line 11 by 5 percent (0.05)	12.	.00

Part III. Alternative simplified credit method: (Include **only** amounts paid or incurred in Oregon)

If you have qualifying expenses in each of the prior 3 years, use the following calculation:

13. Average qualified research expenses in Oregon for the prior three tax years.	13.	.00
14. Multiply line 13 by 50 percent (0.50)	14.	.00
15. Subtract line 14 from line 4. If less than zero, enter -0-	15.	.00
16. Multiply line 15 by 5 percent (0.05)	16.	.00
17. Enter the greater of line 12 or line 16	17.	.00
18. Maximum credit:		
—For tax years beginning on or after January 1, 2012: \$1,000,000		
—For tax years beginning on or after January 1, 2006 and before January 1, 2012: \$2,000,000		
—For tax years beginning prior to January 1, 2006: \$500,000	18.	.00
19. Research tax credit (lesser of lines 17 or 18).....	19.	.00

If you did not have qualifying expenses in each of the prior 3 years, use the following calculation:

20. Multiply line 4 by 5 percent (0.05)	20.	.00
21. Enter the lesser of lines 18 or 20. This is your Research Tax Credit.....	21.	.00

Method 2—Credit based on Oregon sales (ORS 317.154 and accompanying rules)

Alternative Qualified Research Activities Credit (use credit code 837).

1. Qualified research expenses in Oregon for current tax year	1.	.00
2. Oregon sales (per Oregon sales factor numerator)	2.	.00
3. Multiply line 2 by 10 percent (0.10).....	3.	.00
4. Subtract line 3 from line 1. If less than zero, enter -0-	4.	.00
5. Multiply line 4 by 5 percent (0.05).....	5.	.00
6. Divide line 1 by line 2.....	6.	%
$\frac{\text{Qualified research expenses}}{\text{Oregon sales}}$		
7. Percentage points . Multiply line 6 by 100 (example: 0.3025 x 100 = 30.25)	7.	%
8. Excess percentage points . Subtract 10 (10.00) percent from line 7 (example: 30.25 – 10.00 = 20.25).....	8.	%
9. Limitation. Multiply line 8 by \$10,000 (example: 20.25 x \$10,000 = \$202,500)	9.	.00

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10. Maximum credit:

- For tax years beginning on or after January 1, 2012: \$1,000,000
- For tax years beginning on or after January 1, 2006 and before January 1, 2012: \$2,000,000
- For tax years beginning prior to January 1, 2006: \$500,000 10.

11. Research tax credit (lesser of lines 5, 9, or 10) 11.

Allowable credit

Qualified Research Activities Tax Credit. You may claim either line 19 or 21, Method 1; or line 11, Method 2.....

— Include this form with your Oregon Corporation tax return —

What types of research qualify for the credit?

This credit is allowed for **increases** in qualified research expenses and basic research payments. It's allowed only for qualified research and basic research **conducted in Oregon**.

You may claim the credit allowed under either Method 1 or Method 2. See the form for the computations.

Note: If you claim a Qualified Research Activities Credit for Oregon, after you've calculated the credit, add back the amount to your taxable income as an "other addition" on your Oregon return.

Part I, line 1

A "qualified organization" means any of the following, as described in IRC §41(e)(6):

- Educational institutions.
- Certain scientific research organizations.
- Scientific tax-exempt organizations.
- Certain grant organizations.

Part I, line 2

The "base period amount" shall include only those amounts paid or incurred in Oregon and is computed using IRC §41(e).

Part II, line 5

Computation of the "fixed-base percentage" shall include only those amounts paid or incurred in Oregon and is computed using IRC §41(c)(3) and §41(f)(4).

Part II, line 6

Enter the "average federal gross receipts" for the four tax years preceding the tax year for which the credit is being

determined. Refer to IRC §41(c)(1)(B) and §41(f)(4) for details.

Part III

If you elected to use the "alternative simplified credit method" to calculate your federal credit for increasing research activities your base amount must be calculated under IRC §41(c)(5) and shall include only those amounts paid or incurred in Oregon. The applicable credit percentage is five percent.

What happens if the credit exceeds the tax?

The excess credit can be carried forward up to five years.

When can the credit be claimed?

For tax years beginning on or after January 1, 1989 and before January 1, 2018.

What is the applicable law?

Oregon Revised Statute (ORS) 317.152 to 317.154.

Taxpayer assistance

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or 1 (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.