

Credit for Increasing Research Activities
(or for claiming the orphan drug credit)

Department of the Treasury
Internal Revenue Service

▶ See separate Instructions.
▶ Attach to your return.

Attachment
Sequence No. **81**

Name(s) as shown on return

Identifying number

Part I Current Year Orphan Drug Credit

1	Qualified clinical testing expenses paid or incurred (do not include any amounts claimed as current year research expenses on line 18 below)	1	
2	Limitation. Enter 50% (.50) of line 1 (see instructions)	2	
3	Flow-through orphan drug credit(s) from a partnership, S corporation, estate, or trust	3	
4	Current year orphan drug credit. Add lines 2 and 3	4	

Part II Tax Liability Limitation for the Orphan Drug and Research Credits

5a	Individuals. Enter amount from Form 1040, line 40	}	5
b	Corporations. Enter amount from Form 1120, Schedule J, line 3 (Form 1120-A filers claiming the research credit, enter amount from Form 1120-A, Part I, line 1)		
c	Other filers. Enter regular tax before credits from your return		
6	Credits that reduce regular tax before the orphan drug credit:		
a	Credit for child and dependent care expenses (Form 2441)	6a	
b	Credit for the elderly or the disabled (Schedule R (Form 1040))	6b	
c	Foreign tax credit (Form 1116 or Form 1118)	6c	
d	Possessions tax credit (Form 5735)	6d	
e	Mortgage interest credit (Form 8396)	6e	
f	Add lines 6a through 6e	6f	
7	Net regular tax. Subtract line 6f from line 5	7	
8	Tentative minimum tax (see instructions):		
a	Individuals. Enter amount from Form 6251, line 20	}	8
b	Corporations. Enter amount from Form 4626, line 14		
c	Estates and trusts. Enter amount from Form 8656, line 37		
9	Excess of net regular tax over tentative minimum tax. Subtract line 8 from line 7	9	
10	Orphan drug credit. Enter here and on the appropriate line of your return the smaller of line 4 or line 9	10	

Part III Current Year Credit for Increasing Research Activities

11	Basic research payments paid or incurred to qualified organizations	11	
12	Base period amount	12	
13	Subtract line 12 from line 11. If less than zero, enter -0-	13	
Qualified research expenses paid or incurred (lines 14-17):			
14	Wages for qualified services (do not include wages used in figuring the jobs credit)	14	
15	Cost of supplies	15	
16	Rental or lease costs of computers	16	
17	65% (.65) of contract expenses	17	
18	Total qualified research expenses. Add lines 14 through 17	18	
19	Enter fixed-base percentage, but not more than 16% (see instructions)	19	%
20	Enter average annual gross receipts (see instructions)	20	
21	Base amount. Multiply line 20 by the percentage on line 19 (see instructions)	21	
22	Subtract line 21 from line 18	22	
23	Multiply line 18 by 50% (.50)	23	
24	Enter smaller of line 22 or 23	24	
25	Add lines 13 and 24	25	
26	Tentative credit. Multiply line 25 by 20% (.20). If you do not elect the reduced credit under Section 280C(c), enter the result and see the instructions. If you do elect the reduced credit, multiply the result by 66% (.66) and enter that amount instead. Also write "Sec. 280C" in the margin to the right of the entry space	26	
27	Flow-through research credit(s) from a partnership, S corporation, estate, or trust	27	
28	Current year credit for increasing research activities. Add lines 26 and 27. Enter here and see Claiming the Credit on page 2 to see if you have to file Form 3800	28	

Part IV Tax Liability Limitation for the Research Credit

<p>29 From the net regular tax on line 7, Part II, subtract any orphan drug credit from line 10, Part II, and any nonconventional source fuel credit shown on your return. Enter the result here</p>	<p>29</p>
<p>30 Net income tax:</p>	
<p>a Individuals. Add line 29 above and line 22 of Form 6251 } b Corporations. Add line 29 above and line 16 of Form 4626 } c Estates and trusts. Add line 29 above and line 39 of Form 8656 }</p>	<p>30</p>
<p>31 If line 29 is more than \$25,000, enter 25% (.25) of the excess (see instructions)</p>	<p>31</p>
<p>32 Subtract line 8, Part II, or line 31, whichever is greater, from line 30. Enter the result. If less than zero, enter -0-</p>	<p>32</p>
<p>33 Corporations. Enter here and on the appropriate line of your return the smaller of line 28 or line 32. This is your General Business Credit for 1991</p>	<p>33</p>
<p>34 Individuals, estates, and trusts. Enter here and on the appropriate line of your return the smaller of line 28 or the amount from the formula in the instructions for line 34 (but do not enter more than line 32). This is your General Business Credit for 1991</p>	<p>34</p>

Paperwork Reduction Act Notice.—
 We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 7 hr., 39 min.
- Learning about the law or the form** 1 hr., 5 min.
- Preparing and sending the form to the IRS** 1 hr., 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Claiming the Credit

The research credit shown on line 28 is one of seven credits that make up the general business credit. The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit

(Form 8586), enhanced oil recovery credit (Form 8830), and disabled access credit (Form 8826).

If you have more than one of these credits for 1991, a carryback or carryforward of any of these credits, or a research credit from a passive activity, you must attach the appropriate credit forms and summarize them on **Form 3800**, General Business Credit. It is also used to figure the tax liability limitation. Do not complete Part IV above.

If you have only a 1991 research credit and the credit is not from a passive activity, complete Part IV above. You do not have to file Form 3800 for this year.