

Appendix D - Adjusted ASC 730 Financial Statement R&D Wage Detail

The Upper Level Managers' Limit for Employees Whose Wage Costs are Charged to U.S. ASC 730 Financial Statement Cost Centers:

1. 95% of Qualified Individual Contributors Base W-2 Wages	XXX,XXX,XXX	
2. 95% of Qualified Individual Contributors – W-2 Stock Options	XXX,XXX,XXX	
3. Total W-2 Wages for Qualified Individual Contributors		\$ -
4. 95% of 1st Level Supervisor Managers Base W-2 Wages	XX,XXX,XXX	
5. 95% of 1st Level Supervisor Managers – W-2 Stock Options	XXX,XXX,XXX	
6. Total W-2 Wages for 1st Level Supervisor Managers		\$ -
7. The Upper Level Managers' Limit – The lesser of: (a) 10% of the sum of Lines 3 and 6, above; or (b) 100% of the W-2 Wage and W-2 Stock Option costs for Upper Level Managers, which are charged to U.S. ASC 730 Financial Statement Cost Centers. If the taxpayer wants to include more than the Upper Level Managers' Limit in QREs, 100% of the W-2 Wage and W-2 Stock Option costs for Upper Level Managers is considered to be \$-0-		\$

Instructions

- 95% of the Base W-2 Wages for Qualified Individual Contributors whose wage costs are charged to U.S. ASC 730 Financial Statement Cost Centers.
- 95% of the W-2 Stock Option Wages for Qualified Individual Contributors whose wage costs are charged to U.S. ASC 730 Financial Statement Cost Centers.
- Total of Lines 2 and 3.
- 95% of the Base W-2 Wages for 1st Level Supervisor Managers whose wage costs are charged to U.S. ASC 730 Financial Statement Cost Centers.
- 95% of the W-2 Stock Option Wages for 1st Level Supervisor Managers whose wage costs are charged to U.S. ASC 730 Financial Statement Cost Centers.
- Total of Lines 4 and 5.
- The Upper Level Managers' Limit is the lesser of: (a) 10% of the sum of Lines 3 and 6 above; or (b) 100% of the W-2 Wage and W-2 Stock Option costs for Upper Level Managers, which are charged to U.S. ASC 730 Financial Statement Cost Centers. If the taxpayer wants to include more than the Upper Level Managers' Limit in QREs, 100% of the W-2 Wage and W-2 Stock Option costs for Upper Level Managers is considered to be \$-0- and any amount claimed for Upper Level Managers will be subject to risk analysis and examination.