$\mathsf{Form}\ \mathbf{6765}$

Credit for Increasing Research Activities

(or for claiming the orphan drug credit)

► See separate instructions.

► Attach to your return.

OMB No. 1545-0619
1994
Attachment
Sequence No. 81

Department of the Treasury Internal Revenue Service Name(s) shown on return

Sequence No.

| Pai | Current Year Orphan Drug Credit (For costs incurred after December 31, 1994, | see instructions.) |) |
|----------|--|---------------------------|---------|
| 1 | Qualified clinical testing expenses paid or incurred (do not include any | | |
| | amounts claimed as current year research expenses on line 18 below) | | |
| 2 | Current year credit. Multiply line 1 by 50% (.50) (see instructions) | 2 | |
| 3 | Flow-through orphan drug credit(s) from a partnership, S corporation, estate, or trust | 3 | |
| 4 | Total current year orphan drug credit. Add lines 2 and 3 | 4 | |
| Par | | <u> </u> | |
| 5a | Individuals. Enter amount from Form 1040, line 40 | | |
| b | Corporations. Enter amount from Form 1120, Schedule J, line 3 (Form 1120-A filers | 5 | |
| _ | claiming the research credit, enter amount from Form 1120-A, Part I, line 1) | | |
| С | Other filers. Enter regular tax before credits from your return (see instructions) | | |
| 6 | Credits that reduce regular tax before the orphan drug credit: | | |
| а | Credit for child and dependent care expenses (Form 2441, line 10) . 6a | _ | |
| b | Credit for the elderly or the disabled (Schedule R (Form 1040), line 21) | _ | |
| С | Mortgage interest credit (Form 8396, line 11) | _ | |
| d | Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) | - | |
| e | Possessions tax credit (Form 5735) | 6f | |
| 7 | Add lines 6a through 6e | 7 | |
| 7 8 | Tentative minimum tax (see instructions): | | |
| а | Individuals. Enter amount from Form 6251, line 26 | | |
| b | Corporations. Enter amount from Form 4626, line 13 | 8 | |
| С | Estates and trusts. Enter amount from Form 1041, Schedule H, line 37. | | |
| 9 | Excess of net regular tax over tentative minimum tax. Subtract line 8 from line 7 | 9 | |
| 10 | Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your | | |
| Dat | return the smaller of line 4 or line 9 | 10 often lune 20, 10 | OF SOO |
| Pal | Current Year Credit for Increasing Research Activities (For costs incurred a instructions.) | arter June 30, 19 | 95, See |
| 11 | Basic research payments paid or incurred to qualified organizations | 11 | |
| 12 | Qualified organization 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 | Enter 65% (.65) of contract research expenses | 18 | |
| 18 19 | Total qualified research expenses. Add lines 14 through 17 | 19 | % |
| 20 | Enter average annual gross receipts (see instructions) | 20 | |
| 21 | Base amount. Multiply line 20 by the percentage on line 19 | 21 | |
| 22 | Subtract line 21 from line 18 | 22 | |
| 23 | Multiply line 18 by 50% (.50) | 23 | |
| 24 | Enter the smaller of line 22 or line 23 | 24 | |
| 25 | Add lines 13 and 24 | 25 | |
| 26 | Current year credit. Regular credit— If you do not elect the reduced credit under section | | |
| | 280C(c), multiply line 25 by 20% (.20), enter the result, and see the instructions for the schedule | | |
| | that must be attached. | | |
| | Reduced credit — If you elect the reduced credit, multiply line 25 by 13% (.13) and enter the result. 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 | Total 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 complete Part IV or file Form 3800 | 28 | |

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Part IV Tax Liability Limitation for the Research Credit

| 29 | Net regular tax for research credit: | | |
|----|---|-----|--|
| а | Net regular tax from line 7 | 29a | |
| b | Orphan drug credit from line 10 | - | |
| С | Credit for fuel from nonconventional source | | |
| d | Qualified electric vehicle credit (Form 8834, line 19) | | |
| е | Add lines 29b through 29d | 29e | |
| f | Net regular tax. Subtract line 29e from line 29a | 29f | |
| 30 | Net income tax: | | |
| а | Individuals. Add line 29f above and line 28 of Form 6251 | | |
| b | Corporations. Add line 29f above and line 15 of Form 4626 | 30 | |
| С | Estates and trusts. Add line 29f above and line 39 of Form 1041, Schedule H . | | |
| 31 | If line 29f is more than \$25,000, enter 25% (.25) of the excess (see instructions) | 31 | |
| 32 | Subtract line 8 or line 31, whichever is greater, from line 30. If less than zero, enter -0 | 32 | |
| 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 1994 | 33 | |
| 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 1994 | 34 | |

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 8 hr., 51 min.

Learning about the
law or the form 1 hr.

Preparing and sending
the form to the IRS . . 1 hr., 11 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler

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 the credits that make up the general business credit.

If for this year you have more than one of the credits included in the general business credit (see list on this page), have a carryback or carryforward of any of the credits, or have a research credit from a passive activity, you must complete **Form 3800**, General Business Credit, instead of Part IV of Form 6765 to figure the tax liability limitation.

The general business credit consists of the following credits: investment (Form 3468), jobs (Form 5884), alcohol used as fuel (Form 6478), research (Form 6765), low-income housing (Form 8886), enhanced oil recovery (Form 8830), disabled access (Form 8826), renewable electricity production (Form 8835), Indian employment (Form 8845), employer social security and Medicare taxes paid on certain employee tips (Form 8846), and contributions to selected community development corporations (Form 8847).

Although the empowerment zone employment credit (Form 8844), is a component of the general business credit, it is figured separately on Form 8844. This credit is not reported on Form 3800.