





Name of Corporation

FEIN

Minnesota Tax ID

Round amounts to nearest whole dollar.

- 24 Subtract line 23 from line 7 (if zero or less, enter zero) . . . . . 24 \_\_\_\_\_
- 25 Enter the amount from line 24 or \$2,000,000, whichever is less. . . . . 25 \_\_\_\_\_
- 26 Subtract line 25 from line 24. . . . . 26 \_\_\_\_\_
- 27 Multiply line 25 by 10% (.10). . . . . 27 \_\_\_\_\_
- 28 Multiply line 26 by 4% (.04). . . . . 28 \_\_\_\_\_
- 29 **2017 credit** (add lines 27 and 28; see instructions) . . . . . 29 ■ \_\_\_\_\_
- 30 Carryover credit and your share of any credit from partnership (see instructions) . . . . . 30 ■ \_\_\_\_\_
- 31 Tentative credit (add lines 29 and 30). . . . . 31 ■ \_\_\_\_\_
- 32 Limitation (see instructions) . . . . . 32 ■ \_\_\_\_\_
- 33 Credit for increasing research activities (enter the amount from line 31 or line 32, whichever is less). Enter this amount on M4T, line 15 . . . . . 33 ■ \_\_\_\_\_

**Attach this schedule and a copy of federal Form 6765 to your Minnesota return.**

**Additional Information. Please check the appropriate box.**

1. Did a CPA, attorney, consultant or other:
- |                                                                               |                          |                          |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                               | Yes                      | No                       |
| a. Assist in the calculation or preparation of the tax credit? . . . . . 1a ■ | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Conduct a R&D tax credit study? . . . . . 1b ■                             | <input type="checkbox"/> | <input type="checkbox"/> |

If "Yes" is checked on lines 1a or 1b, provide the following information for each individual who assisted in the calculation or preparation of the tax credit or conducted a tax credit study. (If more than one individual, attach a schedule for each with the following information):

Individual's Name	Individual's Title
Individual's Company	Individual's Phone Number

- c. If "Yes" is checked on lines 1a or 1b, may the Minnesota Department of Revenue discuss the tax credit with the individual(s) who assisted in the calculation or preparation of the tax credit or conducted a tax credit study? . . . . . 1c ■

**2. How were the following calculated: check appropriate box.**

		Review of contemporaneous records	Estimation	Combination of review of contemporaneous records and estimation
a. Wages . . . . . 2a ■	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Supplies . . . . . 2b ■	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Contracted Research . . . . . 2c ■	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Were the following performed/conducted within the state of Minnesota:
- |                                       |                          |                          |
|---------------------------------------|--------------------------|--------------------------|
| a. Wages . . . . . 3a ■               | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Contracted Research . . . . . 3b ■ | <input type="checkbox"/> | <input type="checkbox"/> |

If "No" is checked on lines 3a or 3b, the taxpayer cannot claim those expenses in calculating the tax credit.

4. Was the claimed research performed at the request of another individual or entity? . . . . . 4 ■
5. Was the claimed research performed as part of a joint venture with another individual or entity? . . . . . 5 ■

## 2017 Schedule RD Instructions

*If your business paid qualified research and development expenses in Minnesota, and those expenses exceed a base amount, you may be entitled to this credit.*

The credit equals 10 percent of the first \$2,000,000 of qualifying expenses over the base amount, and 4 percent of expenses over \$2,000,000.

Partnerships and S corporations are allowed to pass the credit through to their individual partners and shareholders.

### Qualified Expenses

Round amounts to the nearest whole dollar.

#### Lines 1–6

Qualified research expenses are the same kinds of expenses and payments that qualify for the federal credit for increasing research activities except that they must be for research done in Minnesota. Include your qualified Minnesota research expenses paid or incurred in the taxable year on lines 1 through 5.

Qualified research expenses also include contributions to qualified nonprofit organizations that are operated to make grants to small, technologically innovative enterprises in Minnesota during their early development stages. Include these contributions on line 6.

### Base Amount

#### Lines 8–12 and 15–18

The base amount is calculated in the same way as it is under federal law, except that expenses must be for research done in Minnesota. Also, your Minnesota sales or receipts that you used to apportion income are used instead of your gross receipts to calculate the base amount.

Enter your Minnesota sales and receipts and qualified research expenses for the indicated tax years in the appropriate columns.

#### Lines 13 and 14

##### Fixed-Base Percentage

Follow the instructions on lines 13 and 14 to determine the amount of your fixed-base percentage. (Note: Only tax years beginning in 1984 through 1988 are used to calculate the percentage.)

**Start-up companies.** If you had Minnesota sales or receipts and Minnesota qualified research expenses in fewer than three tax years beginning after Dec. 31, 1983, and before Jan. 1, 1989, or if the first taxable year you had both gross receipts and qualified research expenses began after Dec. 31, 1983, your fixed-base percentage for the first five tax years beginning after 1993 is 3 percent (line 14).

See IRC section 41(c)(3)(B)(ii) to figure the fixed-base percentage for any tax year after the fifth tax year beginning after 1993 for which you have qualified research expenses. Use Minnesota qualified research expenses and sales or receipts in applying the provisions of IRC section 41(c)(3)(B)(ii).

#### Line 29

##### 2017 Credit

C corporations: Complete lines 30 through 33.

Partnerships: For your individual, estate and trust partners, pass the amount, pro rata, on Schedule KPI, line 11. For your partnership and corporate partners, pass the amount, pro rata, on Schedule KPC, line 14. However, partners electing to file composite returns are not entitled to this credit.

Attach Schedule RD when you file your Form M3.

S corporations: Pass the amount through, pro rata, to shareholders on Schedule KS, line 11. However, shareholders electing to file composite returns are not entitled to this credit.

Attach Schedule RD when you file your Form M8.

#### Line 30

##### Carryover Credit and Any Credit from a Partnership

Enter any unused credit carried over from a prior tax year beginning before January 1, 2010 or after December 31, 2012.

Also include any credit amounts you may have received as a partner of a partnership (from line 14 of Schedule KPC). Credits from a partnership are limited to the amount of tax attributable to your share of the partnership's taxable income.

Attach a statement explaining amounts included on line 30.

#### Line 32

##### Limitation

Your credit is limited to the regular franchise tax or the liability for tax, whichever is less. Enter the lesser of Form M4T, line 10, or the difference of Form M4T, line 14 minus line 19. If the result is less than zero, enter zero.

**Unitary businesses:** If the tentative credit on line 31 exceeds the limitation on line 32, the excess may be entered on Form M4T line 15 in the columns of other members of the unitary business that didn't generate the credit. Credits claimed by other members are limited to the regular franchise tax or the liability for tax, whichever is less. Attach a schedule showing the calculation of credits claimed by other members. Any credit remaining after being applied to other members must be carried forward by the member that generated the credit.

### Carryover

Any unused portion of your tentative credit on line 31 may be carried forward to each of the 15 tax years succeeding the credit year.

### Additional Information

Completely fill out the information requested in order to assist in calculating credit for increased research activity you may be qualified to claim and aid in processing your return.

### Information and Assistance

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [BusinessIncome.tax@state.mn.us](mailto:BusinessIncome.tax@state.mn.us)

Phone: 651-556-3075

This material is available in alternate formats.