



2025 Schedule RD, Credit for Increasing Research Activities

Unitary businesses: Complete a separate Schedule RD for each corporation that is claiming the credit.

Name of Corporation _____ FEIN _____ Minnesota Tax ID _____

Round amounts to nearest whole dollar.

1

Wages for qualified services (*do not include wages used in figuring the work opportunity credit*)

1

2

Cost of supplies

2

3

Amounts paid or incurred for the right to use computers to conduct research

3

4

Applicable percentage of contract expenses

4

5

Amount paid to qualified research organizations for basic research

5

6

Development contributions to a nonprofit organization

6

7

Total qualified research expenses in Minnesota for the tax year (*add lines 1 through 6*)

7

A- Minnesota Sales and Receipts

B- Minnesota Qualified Research Expenses

8

Tax year 1988

8

9

Tax year 1987

9

10

Tax year 1986

10

11

Tax year 1985

11

12

Tax year 1984

12

13

Add lines 8 through 12

13

14

Fixed base percentage (divide line 13B by line 13A; do not fill in more than 16% [.16]).
Start-up companies, see instructions

14

15

Tax year 2024

15

16

Tax year 2023

16

17

Tax year 2022

17

18

Tax year 2021

18

19

Add lines 15 through 18

19

20

Average annual gross receipts (*multiply line 19 by 25% [.25]*)

20

21

Multiply line 20 by the percentage on line 14

21

22

Multiply line 7 by 50% (.50)

22

23

Base amount (*enter amount from line 21 or line 22, whichever is greater*)

23



Name of Corporation

FEIN

Minnesota Tax ID

Round amounts to nearest whole dollar.

24 Subtract line 23 from line 7 (if result is zero or less, leave blank) 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 **Current credit** (add lines 27 and 28) 29 ■

30 Your share of any credit from a partnership (see instructions) 30 ■

31 Tentative credit (add lines 29 and 30; see instructions) 31 ■

32 Limitation (see instructions) 32 ■

33 Credit for increasing research activities (enter line 31 or line 32, whichever is less) 33 ■

34 Total credit allocated to other members of the combined return (see instructions) 34 ■

35 Add lines 33 and 34 35 ■

36 Subtract line 35 from line 31 36 ■

37 Refundable credit amount (Multiply Line 36 by 19.2% [.192]). Include here and on M4, line 7.. . . . 37 ■
If you are electing a refundable portion of this credit, check this box. ☐

38 Subtract line 37 from line 36 38 ■

39 Current year credit from other members of the combined return (see instructions) 39 ■

40 Add lines 33 and 39 40 ■

41 Your credit carryover from 2024 (see instructions) 41 ■

42 Add lines 40 and 41 42 ■

43 Total carryover credit received from other members of the combined return (see instructions) 43 ■

44 Total carryover credit allocated to other members of the combined return (see instructions) 44 ■

45 This line intentionally left blank. 45 ■

46 **2025 Nonrefundable Credit Amount** (enter line 32 or the sum of lines 42 and 43, whichever is less)
Enter on Form M4T line 14 46 ■

47 **Credit carryover to 2026** (see instructions) 47 ■
Attach this schedule and a copy of federal Form 6765 to your Minnesota return.



Name of Corporation

FEIN

Minnesota Tax ID

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

☐
☐
- b. Conduct a R&D tax credit study?

1b

☐
☐

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 | ☐ | ☐ | ☐ |
| b. Supplies | 2b | ☐ | ☐ | ☐ |
| c. Contracted Research | 2c | ☐ | ☐ | ☐ |

3. Were the following performed/conducted within the state of Minnesota:

a. Wages

3a

☐
☐

b. Contracted Research

3b

☐
☐

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

☐
☐
6. Did you receive an Innovation Grant from the Minnesota Department of Employment and Economic Development (DEED)?

6

☐
☐

If "Yes" is checked, see instructions for lines 1-6 Qualified Expenses.

2025 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 partners and shareholders.

The refundable portion of the credit equals 19.2 percent of the remaining amount of the current year credit that exceeds the limitation on use for the combined group before previous year carryforwards are applied.

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. Qualified research does not include research or expenses ordered from Minnesota or connected to R&D conducted in Minnesota if the research activities were not conducted 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.

If you received an Innovation Grant from the Minnesota Department of Employment and Economic Development (DEED), then any expenditures funded by the Innovation Grant are not eligible qualified expenses. Do not include these funded expenditures on lines 1 through 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.

Minnesota does not conform to the federal “alternative simplified method” when determining the base amount.

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 30

Any Credit from a Partnership

Include any credit amounts you received as a partner of a partnership (from line 28 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 31

Tentative Credit

C corporations: Complete lines 31 through 46.

Partnerships: For your individual, estate and trust partners, pass the amount, pro rata, on Schedule KPI, line 26. For your partnership and corporate partners, pass the amount, pro rata, on Schedule KPC, line 28. 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 26. However, shareholders electing to file composite returns are not entitled to this credit.

Attach Schedule RD when you file your Form M8.

2025 Schedule RD Instructions (Continued)

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 12 minus the sum of lines 13 and 18 through 25. If the result is zero or less, leave blank.

Line 34

Unitary Businesses

If the 2025 credit on line 31 exceeds the limitation on line 32, the **excess** must be entered on Form M4T line 14 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, as described in the instruction for line 32 above. Enter the total amount of credit claimed by other members of the unitary group on line 34. The amount on line 34 may not exceed the difference of line 31 minus line 32. Attach a schedule showing the calculation of current year credits claimed by other members.

Line 37

Refundable Credit Amount

If there is a remaining 2025 credit amount on line 36 after allocating the credit to other members of the group, check the box if you are electing to claim a refundable portion of this credit. If you elect to claim a refundable portion of this credit, multiply line 36 by 19.2 percent and enter the amount on line 37. If you are not electing to claim the refundable portion of this credit, put \$0 on line 37.

Note: To be able to claim a refundable portion of the credit on line 37, you must check the box.

Line 39

Current Year Credit from Other Members of the Combined Return

If a member of your unitary group that is included on the combined return has a credit in excess of its limitation, that excess must be utilized by other members if possible. Enter any amount received from another member or members on line 39. Provide a schedule identifying the name and Minnesota identification number of the member(s) which generated the credit. The amount on line 39 may not exceed the difference of line 32 minus line 33.

Line 41

Your Credit Carryover from 2024

Credits from prior years included on this line may only be from the corporation completing this schedule. You may not include credits earned by other members of the unitary group on line 41.

Line 43

Carryover Credit Received from Other Members

If a member of the unitary group has a carryover credit in excess of its limitation, that excess must be utilized by other members if possible. Enter the amount of carryover credit received from another member or members on line 43. The amount on line 43 may not exceed the difference of line 32 minus line 42 (if zero or less, enter 0). Attach a schedule identifying the name and Minnesota identification number of the member(s) which generated the credit.

Line 44

Carryover Credit Allocated to Other Members

If line 42 exceeds line 32, the excess must be utilized by other members if possible. Enter the excess on Form M4T line 15 in the columns of other members of the unitary group that did not generate the credit. Credits allocated to other members are limited to the regular franchise tax or the liability for tax for each member, whichever is less, as described in the instruction for line 32 above. Enter the total amount of carryover credit allocated to other members of the unitary group on line 44. The amount on line 44 may not exceed the difference of line 42 minus line 32 (if zero or less, enter 0). Attach a schedule showing the calculation of carryover credits allocated to other members.

Line 47

Any credit remaining after being applied to other members must be carried forward by the earning member that generated the credit. The credit can be carried forward by that member for 15 years.

If line 31 is more than line 32, subtract line 44 from the sum of lines 38 and 41, and enter the result on line 47 (if zero or less, enter 0). If line 31 is less than or equal to line 32, subtract the sum of lines 44 and 46 from line 42, and enter the result on line 47 (if zero or less, enter 0).

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

Email: BusinessIncome.tax@state.mn.us