

**2019 Credit for Increased Research Activities**

**CONTACTS FOR REFUND OF CREDIT FOR INCREASED RESEARCH ACTIVITIES**

**Arizona Commerce Authority**

YApplication forms  
YProgram guidelines

Website: [www.azcommerce.com](http://www.azcommerce.com)

Program Manager (602) 845-1200

**CONTACTS FOR NONREFUNDABLE CREDIT FOR INCREASED RESEARCH ACTIVITIES**

**Arizona Department of Revenue**

YTax forms and instructions  
YInformation and assistance

Website: [www.azdor.gov](http://www.azdor.gov)

Taxpayer assistance (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

**General Instructions**

**NOTE:** Form 308 is used by taxpayers that are C corporations, S corporations, exempt organizations with unrelated business taxable income (UBTI), or partnerships. Individual taxpayers must use Form 308-I.

Arizona Revised Statute § 43-1168 provides a corporate income tax credit for increased research activities in a taxable year.

- This credit is available to corporate taxpayers, corporate partners, exempt organizations subject to corporate income tax on unrelated business taxable income (UBTI), or S corporation shareholders.
  - An exempt organization may utilize this credit only if it results from activities that generate UBTI.
  - An S corporation may claim this credit against income Arizona is taxing at the corporate level, or it may make an irrevocable election to pass this credit through to its shareholders.
  - A partnership must pass this credit through to its partners.
  - If two or more taxpayers, including shareholders of an S corporation or partners in a partnership, share in the eligible expenses, each taxpayer is eligible to claim a proportionate share of the credit.
- This credit is allowed in an amount computed pursuant to Internal Revenue Code (IRC) § 41 with the following exceptions:
  - Qualified research includes only research conducted in Arizona. The term "qualified research," for purposes of the Arizona tax credit, means qualified research, as defined in IRC § 41, that is conducted in Arizona and basic research, as defined in IRC § 41, which is conducted in Arizona.
  - The amount of the credit is based on the federal regular credit computation method for Arizona qualified research expenses and Arizona basic research payments. Taxpayers cannot use the federal alternative credit computation method.

- The allowable current taxable year credit is a percentage of:
  - The excess, if any, of the Arizona qualified research expenses for the taxable year, over the base amount; and
  - The Arizona basic research payments.
- The termination provisions of IRC § 41 do not apply.
- If the allowable expenses do not exceed \$2,500,000, the allowable credit is 24% of this amount. If the allowable expenses exceed \$2,500,000, the allowable credit amount is \$600,000 plus 15% of the amount of expenses over \$2,500,000, subject to certain limitations.
- A portion of the current year's excess credit may be refundable if you qualify.

**Corporate Taxpayers:** *If two or more members of a unitary group or an Arizona affiliated group incur qualifying expenses, the individual members of the group are not considered separate taxpayers. When a combined return or a consolidated return is filed, the unitary group or the Arizona affiliated group is considered a single taxpayer.*

**REFUNDABLE PORTION OF THE CURRENT YEAR'S EXCESS CREDIT**

If you qualify, and if the current taxable year's credit for increased research activities exceeds your income tax liability, a portion of the excess credit may be refundable to you. To qualify to receive this refund:

- You must have less than 150 full-time employees.
- You must apply to the Arizona Commerce Authority (ACA) and receive a Certificate of Qualification (Certificate) to be eligible to receive a refund.
- The refund amount is the lesser of:
  - Seventy-five percent of the excess credit, or
  - The maximum refund amount indicated on the Certificate; any additional amount is waived.

The excess credit is the current year's credit less the current year's tax liability. The 75% refund is only available for the current year's excess credit for increased research activities.

The election to make this credit refundable must be made when you originally file your tax return to claim the current year's credit.

If two or more taxpayers, including shareholders of an S corporation or partners in a partnership, share in the eligible expenses, each taxpayer is eligible to claim a proportionate share of the refund. An S corporation must apply for the Certificate on behalf of its shareholders. A partnership must apply for the Certificate on behalf of its partners.

**NOTE:** *The refund of this credit is calculated after your tax liability. You must calculate all of your other credits before you can determine the current year's excess credit for Increased Research Activities.*

**CARRYOVER OF UNUSED CREDIT**

If your current taxable year's credit exceeds your tax liability, and you did not elect to receive a refund of 75% of the excess, you may carry forward the unused portion of your credit to the next 15 consecutive taxable years. Due to various law changes, the amount you may carry forward, and

how you may apply those amounts, differ depending on the tax year in which it was earned.

If you received a refund of 75% of the excess credit, you do not have any excess amount to carryforward for this year. Any carryover amounts from previous taxable years must be carried over to the next taxable year, subject to the fifteen-year carryover period and annual limitations on the use of those carryovers.

**NOTE – To claim this credit:**

- **C corporations, S corporations claiming this credit at the corporate level, and exempt organizations with UBTI, complete this credit form and Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture. Include both completed forms with your tax return.**
- **S corporations electing to pass this credit through to its shareholders, complete this credit form and Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture. Also, complete Form 308-S for each shareholder of the S corporation. Provide each shareholder a copy of his or her completed Form 308-S. Include Form 300, Form 308, and one copy of each completed Form 308-S with your tax return.**
- **Partnerships, complete this credit form. Also, complete Form 308-P for each partner of the partnership. Provide each partner a copy of his or her completed Form 308-P. Include Form 308 and one copy of each completed Form 308-P with your tax return.**
- **Individuals, complete Form 308-I, Credit for Increased Research Activities – Individuals. Also, complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture. Include both forms with your tax return.**

## Specific Instructions

Complete the name and employer identification number (EIN) section at the top of the form. Indicate the period covered by the taxable year. Include the completed form with the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, an exempt organization with UBTI, an S corporation or a partnership is the taxpayer's EIN. Taxpayers that fail to include their TIN may be subject to a penalty.

### Part 1 - Qualification for the Credit

#### Line 1 -

Did you have qualified research expenses for this taxable year?

- a. If you have qualified research expenses for this taxable year and you intend to claim this credit, check the box labeled, "Yes."
- b. If you did not have qualified research expenses for this tax year, check the box labeled, "No." Go to line 3.

#### Line 2 -

Is this credit refundable?

- a. If this credit is refundable, check the box labeled, "Yes." Provide the information requested on lines 2a1 and 2a2.
- b. If this credit is not refundable, check the box labeled, "No."

#### Line 3 -

Are you claiming a pass through of this credit from a partnership?

- If you are claiming a pass through of this credit from a partnership, check the box labeled, "Yes."
- If you are not claiming a pass through of this credit, check the box labeled, "No."

#### Line 4 -

Is this pass through credit refundable?

- If the pass through credit you received is refundable, check the box labeled, "Yes."
- If the pass through credit you received is not refundable, check the box labeled, "No."

**NOTE:** If an exempt organization receives a pass through of this credit from an S corporation, enter that information on lines 3 and 4.

#### Lines 5 through 7 -

Follow the instructions on lines 5 through 7 to determine if you qualify for this credit and to help you complete the remainder of this form.

### Part 2 - Current Taxable Year's Credit Calculation

**Corporate taxpayers (excluding S corporations, personal holding companies, and service organizations):** Begin computing your current year's credit on line 8.

**All other taxpayers:** Begin computing your current year's credit on line 11.

#### Line 8 -

Enter the amount you paid to a qualified university, scientific research organization, or grant organization for basic research conducted in Arizona.

**NOTE:** You must have a written contract with the organization to include these payments in the calculation.

#### Line 9 -

Enter your base period amount based on your Arizona research activity. Refer to IRC § 41(e) for a definition of base period amount.

**NOTE:** The amount reported on line 10, up to the amount reported on line 8, is not eligible for the basic research credit. However, it can be treated as contract research expenses on line 14.

#### Line 10 -

If line 8 is greater than line 9, subtract line 9 from line 8. Enter the difference. If line 9 is greater than line 8, enter "0".

**Line 11 -**

Enter total wages paid or incurred for qualified services performed in Arizona. Do not include the amount of wages paid to employees that were used in the calculation of the federal work opportunity credit.

**NOTE:** Wages include any wages paid or incurred to an employee for qualified services performed in Arizona.

*Qualified services are: (1) engaging in qualified research; or (2) engaging in the direct supervision, or the direct support of research activities conducted in Arizona that are defined as qualified research.*

*Qualified research is an investigation undertaken to discover information that is technological in nature. Its application must be intended for use in developing a new or improved business component.*

**Line 12 -**

Enter the cost of supplies paid or incurred for use in conducting qualified research in Arizona. Supplies include expenditures for any tangible property, other than land or improvements to land, and property of a character subject to the allowance for depreciation.

**Line 13 -**

Enter the amount paid or incurred to rent or lease the right to use computers in conducting qualified research in Arizona.

**Line 14 -**

Enter the total of:

- (a) Seventy-five percent of any amount paid or incurred for qualified research performed in Arizona by a qualified research consortium on the taxpayer's behalf. "Qualified research consortium" is any qualifying organization as defined in IRC § 41(b)(3)(C)(ii). Also, include 75% of that portion of line 8, basic research payments, paid to a qualified research consortium that does not exceed the line 9 base amount.
- (b) Sixty-five percent of any amount paid or incurred for qualified research performed in Arizona on the taxpayer's behalf, other than such amounts paid to a qualified research consortium. Prepaid contract research expenses are considered paid in the year the research is actually done. Also include 65% of that portion of line 9, basic research payments, that does not exceed the line 10 base amount, other than amounts paid to a qualified research consortium.

**NOTE:** If you made basic research payments to an Arizona university under the jurisdiction of the Arizona Board of Regents, you may be entitled to an additional credit. See Arizona Form 346 for details.

**Line 15 -**

Add the amounts on lines 11 through 14. Enter the total.

**Line 16 -**

Enter the average annual Arizona gross receipts for the four taxable years preceding the taxable year for which the credit is being determined (the credit year). You may be required to annualize gross receipts for any short taxable year.

If 2019 is the first year you are in business, your average annual Arizona gross receipts for the preceding taxable years is zero. If you have been in business in Arizona for less than four taxable years prior to the credit year, the average is the sum of annual Arizona gross receipts of the applicable period, divided by the number of taxable years.

*Example:* DEF Corporation began business in Arizona in 2017. Its annual Arizona gross receipts for 2017 were \$100,000. Its annual Arizona gross receipts for 2018 were \$200,000. Therefore, DEF Corporation's average annual Arizona gross receipts for the 2019 credit year is \$150,000 (\$100,000 plus \$200,000) divided by 2).

**Line 17 -****Fixed-base percentage**

Use the same type of formulas to compute your fixed-base percentage for Arizona as you would for computing your federal fixed-base percentage. The difference is that you use Arizona qualified research expense and gross receipts amounts instead of federal amounts. Other than that, the calculations are the same. Round off the percentage to the nearest one, one hundredth of one percent (four decimal places).

If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year, or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

**Existing firms and start-up companies**

Arizona's definition of whether an organization is an existing firm or a start-up company is the same as the federal definition, except on an Arizona basis:

- **Existing firms** - An existing firm is one that had both Arizona gross receipts and Arizona qualified research expenses for at least three taxable years beginning after December 31, 1983, and before January 1, 1989. The fixed-base percentage is the ratio that the aggregate Arizona qualified research expenses for all taxable years beginning after 1983 and before 1989, bears to the aggregate Arizona gross receipts for such taxable years.
- **Start-up companies** - A start-up company is one that had both Arizona gross receipts and Arizona qualified research expenses either: 1) for the first time in a taxable year beginning after December 31, 1983, or, 2) for fewer than three taxable years beginning after 1983 and before 1989.

If the percentage computation involves *de minimis* amounts of gross receipts and qualified expenses in a taxable year, or short taxable years are involved, the amounts may be annualized or disregarded. Refer to IRC §§ 41(c)(3) and 41(f)(4) for details.

**NOTE:** The maximum percentage that can be entered on line 17 is 16% (.1600).

**Lines 18 and 19**

Read and follow the directions on the form.

**Line 20 -**

Multiply line 15 by 50%. Enter the result. The base amount cannot be less than 50% of the current year qualified research expenses. This rule applies to both existing and start-up companies.

**Line 21 -**

Enter the lesser of line 19 or line 20.

**Line 22 -**

Add lines 10 and 21. Enter the total.

**NOTE:**

- If line 22 is \$2,500,000 or less, complete line 23 and skip lines 24 through 27.
- If line 22 is more than \$2,500,000, skip line 23 and complete lines 24 through 27.

**Lines 23 through 26 -**

The amount of expenses you have determines the amount of current year credit you are eligible to claim. To determine your proper credit amount, complete lines 23 through 26 as instructed on the form.

**Line 27 -**

Enter the amount from line 23 or 26.

**Part 3 – Total Current Year’s Credit Passed Through From Partnerships****Line 28 -**

Enter the total amount you received as a pass through from Form(s) 308-P, Part 2, line 4. If you received a pass through of this credit from more than one partnership, include a schedule providing this information for each partnership. Include a copy of each Form 308-P you received with your return.

**Part 4 – Total Current Year’s Credit for Increased Research Activities****Line 29 -**

Add line 27 and line 28. Enter the total. This is your current year’s total credit for increased research activities.

- *Partnerships*, enter this amount on Part 2, line 3 of the partner’s Form 308-P.
- *S corporations passing this credit through to its shareholders*, enter this amount on Part 2, line 3 of the shareholder’s Form 308-S.
- *All others*, go to Part 7.

**Part 5 - Partnerships and S Corporations Only  
Determining Maximum Refund Amount to be Passed Through to Partners or Shareholders****Line 30 -**

Enter the amount of your current year credit from Part 4, line 29.

**Line 31 -**

Multiply line 30 by 75%. Enter the result.

**Line 32 -**

Enter the amount of your maximum refundable credit from Part 1, line 2a2.

**Line 33 -**

Enter the total maximum refundable credit(s) from any pass through entities from Form(s) 308-P, Part 3, line 6.

**Line 34 -**

Add lines 32 and 33 and enter the total. This is the maximum refundable credit you have for this taxable year.

**Line 35 -**

Enter the lesser of line 31 or line 34. **This is the maximum refund amount your partners or shareholders may claim for this taxable year.**

Each partner or shareholder is entitled to a proportionate share of the credit.

The total of the credit allowed to all partners or shareholders may not exceed the amount that would have been allowed for a sole owner.

Partnerships claiming this credit must pass it through to their partners. Go to the instructions for completing Form 308-P on page 7.

**NOTE:** *Trusts and estates which are partners in a partnership are not eligible to claim this credit. However, the share of a partnership owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.*

**Part 6 - S Corporation Credit Election and Shareholder’s Share of the Credit****Lines 36, 36a, & 36b - S Corporation Credit Election**

The S corporation must complete line 36 and line 36a or 36b. The S corporation must make an irrevocable election either to claim the current taxable year credit at the corporate level or to pass the current taxable year credit through to its shareholders. The S corporation election is made by:

- Entering the date the S corporation taxable year ends in the box provided on line 36.
- Checking the box on line 36a electing to claim the current taxable year credit at the corporate level; or,
- Checking the box on line 36b electing to pass the current taxable year credit through to its shareholders.
- The election statement must be signed by an officer of the S corporation who is also a signatory to Arizona Form 120S.

If the S corporation elects to claim the credit at the corporate level, continue to Part 7.

If the S corporation elects to pass this credit through to its shareholders, proceed to the instructions for completing Form 308-S on page 7.

If passing this credit through to the shareholders:

- Complete Form 308-S for each shareholder.
- Provide a copy of completed Form 308-S to each shareholder.

- File a copy of each completed Form 308-S with your tax return.
- Keep a copy of each completed Form 308-S for your records.

Each S corporation shareholder is entitled to only a *pro rata* share of pass-through credit based on ownership interest in the S corporation. The total of the credit allowed to all shareholders may not exceed the amount that would have been allowed for a sole owner.

**NOTE:** *Trusts and estates which are shareholders of S corporations, are not eligible to claim this credit. However, the share of an S corporation owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.*

### Part 7 – Refundable Portion of Your Current Taxable Year’s Excess Credit

Complete Part 7 **ONLY** if you checked the “Yes” box on Part 1, line 2 and/or line 4 and elected to receive a refund of 75% of your excess credit. Otherwise, skip to Part 8.

**NOTE:** *If you are an individual receiving a pass through of this credit from a partnership or an S corporation, you must complete Form 308-I to claim your refund of this credit.*

The excess credit is the current taxable year's credit for increased research activities less the current taxable year's tax liability. Carryovers of the credit for increased research activities from previous taxable years will carryover for possible use in the next taxable year, provided they do not expire this taxable year.

#### Line 37 -

Enter the amount of the current taxable year's credit from Part 4, line 29.

#### Line 38a -

Enter the current taxable year's tax, including recapture, from Form 99T, line 8; or Form 120, line 18; or Form 120A, line 10; or Form 120S, line 14; or Form 120X, line 18(c).

#### Line 38b -

Enter the amount of nonrefundable tax credits from Form 300, Part 1, line 20. Subtract the amount on Form 300, Part 1, line 3, column (c) from the amount on Form 300, Part 1, line 21. Enter the difference.

#### Line 38c -

Subtract line 38b from line 38a. Enter the difference. If the difference is zero or more, also enter it on Part 10, line 60; also enter it on Form 300, Part 1, line 3, column (a), and Form 300, Part 2, line 30. If the difference is less than zero, enter “0.”

#### Line 39 -

Subtract line 38c from line 37. Enter the difference. If the difference is less than zero, enter “0”; no refund is available for this taxable year.

#### Line 40 -

Multiply line 39 by 75% and enter the result. This is your tentative refundable credit.

### Maximum Refundable Credit

#### Line 41a -

Enter the maximum refundable credit amount authorized by the ACA from Part 1, line 2a2.

#### Line 41b -

Enter the partner’s maximum refundable credit amount from Form 308-P, Part 3, line 6. If this credit was passed through to you from more than one partnership, total the amounts on Forms 308-P, Part 3, line 6. Enter the total.

#### Line 41c -

Add the amounts on lines 41a and 41b. Enter the total.

#### Line 42 -

Enter the lesser of line 40 or line 41c. Enter this amount on Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or Form 120S, line 18; or Form 120X, line 22(c). On the same line, be sure to check box 308 indicating you are claiming a refundable credit for increased research activities.

### CREDIT CARRYOVERS

**NOTE:** *If you have credit carryovers from taxable years prior to 2019, complete Part 8. If you are receiving a refund, do not complete Part 9. If you do not have carryovers from taxable years prior to 2019, skip to Part 10.*

*The credit for increased research activities may be carried forward to offset your tax liability of the next fifteen (15) years.*

#### Allowable Credit Carryover

There are limitations on how much of your carryover you can use to offset this year’s tax. Complete Part 9 to determine the proper carryover amounts.

If you have other credits, your usable amount of credit from increased research activities may be limited further. You will be applying these limitations when you complete Form 300, *Nonrefundable Corporate Tax Credits and Recapture*.

### Part 8 - Available Credit Carryover

Use Part 8 to compute your available credit carryover.

**S corporations**, *if this portion of the credit was claimed at the corporate level in a prior taxable year and there is a carryover amount available, complete Part 8.*

#### Lines 43 through 57 -

Complete lines 43 through 57, columns (a) through (d) to compute the total of all your carryovers from tax years beginning after December 31, 2003.

#### Line 58 -

Add the amount in column (d) of lines 43 through 57. Enter the total.

**REMINDER:** *If you received a refund of this credit for any prior taxable year, no carryover of this credit is available from those years. In this case, enter “0” in column (d) for those tax years.*

**Part 9 - Limitation of Credit Carryover**

**NOTE:** If you completed Part 7 and are receiving a refund, do not complete Part 9.

The total amount of your credit carryforward cannot be more than your current year's income tax liability minus this current year's credit for increased research activities.

Use lines 59a through 59e to calculate the amount of carryovers that you can use. Complete those lines as instructed on the form.

**Part 10 - Total Available Nonrefundable Credit**

Complete this section to compute the total available nonrefundable credit for the taxable year. The total available nonrefundable credit is the sum of the credit for the current taxable year's increased research activities and the available credit carryover(s).

**Line 60 - Current year's credit**

*C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI:*

- If you completed Part 7 and are receiving a refund, enter the amount from Part 7, line 38c.
- If you are not receiving a refund, enter the amount from Part 4, line 29.
- Also, enter this amount on Form 300, Part 1, line 3, column (a).

*Partnerships, enter "0".*

*S corporations that passed the current year credit through to shareholders, enter "0".*

**NOTE:** If you qualify for and are claiming a 75% refund of your excess credit for the current year, enter **only** the nonrefundable portion of the current year's credit from, Part 7, line 38c.

*Enter the refundable portion of the credit (the amount from Part 7, line 42) on Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or Form 120S, line 18; or Form 120X, line 22(c).*

*Carry forwards from previous years of the credit for increased research activities will carry over to the following year, provided the credit is within the 15-year carry forward period.*

**Line 61 - Credit Carryover**

*C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI:*

- If you completed Part 7 and are receiving a refund, enter "0".
- If you are not receiving a refund, enter your credit carryover amount from Part 9, line 59e.
- Also, enter this amount on Form 300, Part 1, line 3 column (b).

**Line 62 - Total Available Credit**

*C corporations, S corporations that elected to claim the credit at the corporate level, and exempt organizations with UBTI:*

- Add the amounts from lines 60 and 61. This is the total available credit for increased research activities that may be applied to the current taxable year's tax liability.
- Enter the total and on Form 300, Part 1, line 3, column (c).

## Form 308-P, Distribution to Partners of a Partnership

Enter the taxable year from which this credit is being passed through to your partners.

Complete Form 308-P for each partner of the partnership, *except for* trust or estate partners. However, a partnership ownership share that is owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.

The partnership must furnish each partner with their completed copy of Form 308-P, including additional schedules as needed.

### Part 1 - Partnership and Partner Information

#### Line 1 -

Enter the partnership name and EIN in the spaces provided.

#### Line 2 -

Enter the partner's name, EIN or Social Security Number (SSN), and proportionate share of the credit in the spaces provided.

### Part 2 - Distribution of the Credit Passed Through

#### Line 3 -

Enter the total amount of the partnership's credit for increased research and development from Form 308, Part 4, line 29.

#### Line 4 -

Multiply line 3 by the amount reported on line 2(c). Enter the result. This is the partner's proportionate share of the credit.

### Part 3 - Distribution of the Maximum Refundable Portion of the Credit Passed Through to Partners

#### Line 5 -

Enter the maximum refund amount from Part 5, line 35 of the partnership's Form 308.

#### Line 6 -

Multiply line 5 by the amount reported on line 2(c). Enter the result. This is the partner's proportionate share of the maximum refundable amount of the credit.

*Individual partners will use this form to complete their own Form 308-I.*

*All other partners will use this form to complete their own Form 308.*

## Form 308-S, Distribution to Shareholders of an S Corporation

Enter the taxable year from which this credit is being passed through to your shareholders.

Complete Form 308-S for each shareholder of the S corporation, *except for* trust or estate partners. However, an S corporation ownership share that is owned by a grantor trust that is disregarded for federal income tax purposes is treated as owned by the grantor. The grantor may claim his or her share of the credit.

The S corporation must furnish each shareholder with his or her completed copy of Form 308-S, including additional schedules as needed.

### Part 1 - S corporation and Shareholder Information

#### Line 1 -

Enter the S corporation name and EIN in the spaces provided.

#### Line 2 -

Enter the shareholder's name, SSN, and proportionate share of the credit in the spaces provided.

### Part 2 - Distribution of the Credit Passed Through

#### Line 3 -

Enter the total amount of the S corporation's credit for increased research and development from Form 308, Part 4, line 29.

#### Line 4 -

Multiply line 3 by the amount reported on line 2(c). Enter the result. This is the shareholder's proportionate share of the credit.

### Part 3 - Distribution of the Maximum Refundable Portion of the Credit Passed Through to Shareholders

#### Line 5 -

Enter the maximum refund amount from Part 5, line 35 of the S corporation's Form 308.

#### Line 6 -

Multiply line 5 by the amount reported on line 2(c). Enter the result. This is the shareholder's proportionate share of the maximum refundable amount of the credit.

*Individual shareholders will use this form to complete their own Form 308-I.*

*Shareholders that are exempt organizations with UBTI, use this form to complete your own Form 308.*