2004 Tax Credit
Research and Development
North Carolina Department of Revenue

Part 1. Type of Research Expenses (Fill in applicable circles:)

- Small Business
- Low-tier Research (Tiers 1, 2, or 3)
- University Research
- Other

Part 2. Computation of Credit for North Carolina University R & D Expenses. (If you complete Part 2, do not complete Parts 3 or 4 for the same expenses.)

1. Total North Carolina university R & D expenses incurred on or after May 1, 2005

2. Eligible credit amount for North Carolina university R & D expenses
   Multiply Line 1 by 15.0%; enter result here and on Part 5, Line 10

Part 3. Computation of Credit for Qualified North Carolina Small Business R & D Expenses. (If you complete Part 3, do not complete Parts 2 or 4 for the same expenses.)

3. Total qualified North Carolina small business R & D expenses incurred on or after May 1, 2005

4. Eligible credit amount for North Carolina small business R & D expenses
   Multiply Line 3 by 3.0%

Part 4. Computation of Credit for Qualified North Carolina Low-Tier and Other R & D Expenses. (If you complete Part 4, do not complete Parts 2 or 3 for the same expenses.)

5. Total qualified North Carolina low-tier and other R & D expenses incurred on or after May 1, 2005

6. Total qualified North Carolina low-tier R & D expenses
   Enter portion of Line 5 incurred in Tiers 1, 2, or 3

7. Eligible credit amount for qualified North Carolina low-tier R & D expenses
   Multiply Line 6 by 3.0%

8. Total qualified North Carolina other R & D expenses
   Line 5 minus Line 6

9. Eligible credit amount for qualified North Carolina other R & D expenses
   Multiply Line 8 by the applicable percentage(s) below; add the amounts and enter sum.
   - Multiply the first $50 million by 1.0%
   - Multiply the amount over $50 million but less than $200 million by 2.0%
   - Multiply the amount over $200 million by 3.0%

IMPORTANT: Credit effective for business activities occurring on or after May 1, 2005. Therefore this credit may only be taken on the 2004 tax return by taxpayers with a fiscal year ending on or after May 1, 2005.
### Part 5. Computation of Amount Eligible To Be Taken in 2004

<table>
<thead>
<tr>
<th>Franchise</th>
<th>Income</th>
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10. **Credit for North Carolina university R & D expenses**
   Enter amount from Part 2, Line 2

11. **Credit for qualified North Carolina R & D expenses**
   Enter the amount from Part 3, Line 4, OR the sum of Part 4, Lines 7 and 9

12. **Carryforwards**

13. **Eligible Credit Amount to Take in Tax Year 2004**
   Add Lines 10 - 12; enter here and on Form NC-478, Part 1, Line 3b
   Franchise: .00
   Income: .00