



**Iowa Alternative Incremental Research Activities Credit**

Name(s)	Social Security No.
Name of Partnership or S Corporation (if applicable)	Federal ID No.

1. Certain amounts paid or incurred to energy consortia ..... 1. \_\_\_\_\_
2. Basic research payments paid or incurred to qualified organizations in Iowa ..... 2. \_\_\_\_\_
3. Iowa apportioned qualified organizations base amount ..... 3. \_\_\_\_\_
4. Subtract line 3 from line 2 (not to be less than zero) ..... 4. \_\_\_\_\_
5. Multiply line 4 by 20% ..... 5. \_\_\_\_\_
6. Wages for qualifying research services performed in Iowa ..... 6. \_\_\_\_\_
7. Cost of supplies used in conducting qualifying research in Iowa ..... 7. \_\_\_\_\_
8. Rental or lease costs of computers used in conducting qualifying research in Iowa ..... 8. \_\_\_\_\_
9. Applicable portion of contract expenses for qualifying research performed in Iowa ..... 9. \_\_\_\_\_
10. Total Iowa qualified research expenses (add lines 6 through 9) ..... 10. \_\_\_\_\_
11. Enter average annual gross receipts  
Add year 1, year 2, year 3, and year 4: \_\_\_\_\_ + \_\_\_\_\_ + \_\_\_\_\_ + \_\_\_\_\_ = ..... Subtotal \_\_\_\_\_ ÷ 4  
..... 11. \_\_\_\_\_
12. Multiply line 11 by 1% ..... 12. \_\_\_\_\_
13. Subtract line 12 from line 10 (not to be less than zero) ..... 13. \_\_\_\_\_
14. Multiply line 11 by 1.5% ..... 14. \_\_\_\_\_
15. Subtract line 14 from line 10 (not to be less than zero) ..... 15. \_\_\_\_\_
16. Subtract line 15 from line 13 ..... 16. \_\_\_\_\_
17. Multiply line 11 by 2% ..... 17. \_\_\_\_\_
18. Subtract line 17 from line 10 (not to be less than zero) ..... 18. \_\_\_\_\_
19. Subtract line 18 from line 15 (not to be less than zero) ..... 19. \_\_\_\_\_
20. Multiply line 16 by 1.65% (multiply by 3.3% if research conducted in an enterprise zone or if taxpayer has a New Jobs and Income Contract, New Capital Investment Program Contract or High Quality Job Creation Program Contract ) ..... 20. \_\_\_\_\_
21. Multiply line 19 by 2.2% (multiply by 4.4% if research conducted in an enterprise zone or if taxpayer has a New Jobs and Income Contract, New Capital Investment Program Contract or High Quality Job Creation Program Contract) ..... 21. \_\_\_\_\_
22. Multiply line 18 by 2.75% (multiply by 5.5% if research conducted in an enterprise zone or if taxpayer has a New Jobs and Income Contract, New Capital Investment Program Contract or High Quality Job Creation Program Contract) ..... 22. \_\_\_\_\_
23. Total allowable Iowa Alternative Incremental Research Activities Credit  
(add lines 1, 5, 20, 21 and 22) IA 148 Tax Credits Schedule must be completed ..... 23. \_\_\_\_\_

## Special Instructions

Form 128A is used *only* if the taxpayer elects to use the alternative incremental research activities credit. The alternative credit is available for tax years beginning on or after January 1, 2000. Form 128 should be used if the regular research activities credit is claimed. The taxpayer may elect

to use this alternative method regardless of the method used in computing the federal research activities credit. This option is for Iowa purposes and is effective only for the current tax year. The taxpayer is not required to use this alternative method in computing the research activities credit for subsequent years.

## LINE INSTRUCTIONS

**Lines 1, 2, 3, 6, 7, 8 and 9** - Enter only that portion of the qualifying research expenses that occurred in Iowa.

**Line 11** - Enter the average annual Iowa gross receipts for the four tax years before the year in which the credit is being determined. You may be required to annualize gross receipts for any short tax year.

**Lines 20, 21, and 22** - If research activities are conducted by eligible businesses under the New Jobs and Income Program, New Capital Investment Program, High Quality Job Creation Program or the Enterprise Zone Program, the higher percentages can be used to determine the credit. Effective July 1, 2005, research activities under the high quality job creation program or under the enterprise zone program include the development and deployment costs of innovative renewable energy generation components manufactured or assembled in Iowa. This cannot include components with more than 200 megawatts of installed effective nameplate capacity. These costs are not eligible for the federal alternative incremental research activities credit. A separate form IA 128A must be

completed to account for these expenses, which can be included on line 7 of the separate form IA 128A. The amount of the additional credit relating to these expenses must use the lower percentages reflected on lines 20, 21 and 22. The IA 148 Tax Credits Schedule must be completed and attached to the tax return.

**EXAMPLE:** An eligible business computes an Iowa alternative incremental research activities credit of \$50,000 using the lower percentages on lines 20, 21 and 22 and excluding any costs relating to innovative renewable energy generation components. When the costs relating to innovative renewable energy generation components are included on line 7, the Iowa credit is \$75,000 using the lower percentages on lines 20-22. The business can claim the higher percentages for the \$50,000 computation, which would result in an Iowa credit of \$100,000. This can be added to the additional credit relating to the innovative renewable energy generation components of \$25,000, resulting in a total Iowa alternative incremental research activities credit of \$125,000.