

State of Rhode Island Division of Taxation  
**Form RI-7695E**  
 Research & Development Expense Credit

Name	Federal employer identification number	For the period ending:
Complete address(es) of Rhode Island location(s) where Research & Development Expenses were Incurred		
1 Federal Qualified Research Expenses from Federal Form 6765, line 9 or line 28...	1	
2 Federal Base Amount from Federal Form 6765, line 12 or 14, or line 30.....	2	
3 Federal Excess Expenses. Subtract line 2 from line 1.....	3	
4 Amount of Federal Excess Expenses from line 3 incurred in Rhode Island.....	4	
5 CREDIT - (22.5% on expenditures up to \$111,111.00 and 16.9% on expenditures over \$111,111.00.....	5	
6 Unused R&D Expense Credit from preceding year(s). Attach a schedule with amounts and year of origination.....	6	
7 Total R&D Expense Credit Available. Add lines 5 and 6.....	7	
8 Tax amount from Form RI-1120C, line 11 or Form T-71, line 7.....	8	
9 MAXIMUM R&D Expense Credit. Multiply line 8 by 50%. Enter here and on the applicable line on Schedule B-CR.....	9	
10 Credit carryover. Subtract line 9 from line 7.....	10	

**INSTRUCTIONS**

**GENERAL**

The credit is available to corporations for qualified research expenses. The credit is of the excess (if any) of the qualifying research expenses in the taxable year over the base period expenses from 7/1/1994 through 12/31/1997; for periods 1/1/1998 and therefore the rate shall be 22.5% for expenditures up to \$111,111.00 and 16.9% for the remaining expenditures over the \$111,111.00.

**DEFINITIONS AND CALCULATION OF THE CREDIT**

The terms “qualified research expenses” and “base period research expenses” shall have the same meaning as defined in section 41 of the Internal Revenue Code, provided however, that such expenses shall have been incurred in this state after July 1, 1994. The credit is based on the amount of the taxpayer’s Federal excess and is calculated by first determining what of the taxpayer’s Federal excess were incurred in Rhode Island after July 1, 1994 and then multiplying that amount by the appropriate rate to yield the Rhode Island credit.

**EXAMPLE:**

Taxpayer A has completed and claimed its Federal Credit and has qualified research expenses for its Federal Credit of \$100,000. A’s Federal base amount is \$75,000. All expenses were incurred in Rhode Island and were incurred evenly throughout 2023. A has a calendar year end.

Taxpayer A’s 2022 Rhode Island R & D Expense Credit is calculated as:

Federal Qualified Research Expenses	\$100,000
Federal Base Amount	75,000
Federal Excess Expense	25,000

Amount of Federal Excess Expenses in Rhode Island	25,000
Amount of Expenses in Rhode Island after January 1, 1998	25,000
Credit @ 22.5%	<b>\$ 5,625</b>

**MINIMUM TAX AND CARRYOVER**

In the case of corporations, the credit allowed shall not reduce the tax due to less than the minimum fixed by section 44-11-2(e); however, if the amount of credit allowable reduces the tax to the minimum fixed by section 44-11-2(e), any amount of credit not used may be carried over a maximum of seven (7) years.

**USING THE CREDIT**

Enter the amount from line 9 above on the "RI-7695E - Research & Development Facilities Expense Credit" line of Schedule B-CR, Business Entity Credit Schedule.

Attach Schedule B-CR and Form RI-7695E to your return.

**ORDER OF CREDITS**

For purposes of determining the order in which carry-overs shall be taken into consideration, the credit allowed by section 44-32-2 (credit for research and development property) shall be used before the credit described in this regulation.

**CONSOLIDATED RETURNS**

The credit allowed against the tax of the corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated return.