

# 2025 Research Credit

# 3523

Attach to your California tax return.

Name(s) as shown on your California tax return

SSN or ITIN  CA Corporation no.  FEIN

California Secretary of State file number

**Part I Credit Computation.** Read the instructions before completing this form.

**Section A Regular Credit.** If you are electing the Alternative Simplified Credit, skip this section and go to Section B.

Line 1 through line 4 are to be completed only by corporations (other than S corporations, personal holding companies, and service organizations). Individuals, S corporations, estates, trusts, partnerships, and limited liability companies (LLCs), begin on line 5.

1 Basic research payments paid or incurred during the taxable year. See instructions . . . . .	<input checked="" type="radio"/>	1	00
2 Base period amount. See instructions . . . . .	<input checked="" type="radio"/>	2	00
3 Subtract line 2 from line 1. If less than zero, enter -0- . . . . .	<input checked="" type="radio"/>	3	00
4 Multiply line 3 by 24% (.24) . . . . .	<input checked="" type="radio"/>	4	00

**Qualified research expenses paid or incurred.**

5 Wages for qualified services. See instructions . . . . .	<input checked="" type="radio"/>	5	00
6 Cost of supplies. See instructions . . . . .	<input checked="" type="radio"/>	6	00
7 Rental or lease costs of computers. See instructions . . . . .	<input checked="" type="radio"/>	7	00
8 Enter the applicable percentage of contract research expenses. See instructions . . . . .	<input checked="" type="radio"/>	8	00
9 Total qualified research expenses. Add line 5 through line 8 . . . . .	<input checked="" type="radio"/>	9	00
10 Enter fixed-base percentage, but not more than 16% (.16). See instructions . . . . .	<input checked="" type="radio"/>	10	%
11 Enter average annual gross receipts. See instructions . . . . .	<input checked="" type="radio"/>	11	00
12 Base amount. Multiply line 11 by the percentage on line 10. . . . .		12	00
13 Subtract line 12 from line 9. If zero or less, enter -0- . . . . .		13	00
14 Multiply line 9 by 50% (.50). See instructions . . . . .		14	00
15 Enter the smaller of line 13 or line 14. . . . .		15	00
16 Multiply line 15 by 15% (.15) . . . . .		16	00
17 a Regular credit. Add line 4 and line 16. If you do not elect the reduced credit under IRC Section 280C(c), enter the result here, and see instructions for the schedule to attach. . . . .	<input checked="" type="radio"/>	17a	00
b Reduced regular credit under IRC Section 280C(c). Multiply line 17a by the applicable percentage below:			
• 87.7% (.877) for individuals, estates, and trusts			
• 91.16% (.9116) for corporations			
• 98.5% (.985) for S corporations			
Enter the reduced credit amount. See instructions. . . . .	<input checked="" type="radio"/>	17b	00

**Section B Alternative Simplified Credit.** Skip this section if you completed Section A, Regular Credit.

Line 18 through line 21 are to be completed only by corporations (other than S corporations, personal holding companies, and service organizations). Individuals, S corporations, estates, trusts, partnerships, and LLCs, begin on line 22.

18	Basic research payments paid or incurred during the taxable year. See instructions . . . . .	18	00
19	Base period amount. See instructions . . . . .	19	00
20	Subtract line 19 from line 18. If less than zero, enter -0- . . . . .	20	00
21	Multiply line 20 by 24% (.24) . . . . .	<input checked="" type="radio"/> 21	00

**Qualified research expenses paid or incurred.**

22	Wages for qualified services. See instructions . . . . .	<input checked="" type="radio"/> 22	00
23	Cost of supplies. See instructions . . . . .	<input checked="" type="radio"/> 23	00
24	Rental or lease costs of computers. See instructions. . . . .	<input checked="" type="radio"/> 24	00
25	Enter the applicable percentage of contract research expenses. See instructions. . . . .	<input checked="" type="radio"/> 25	00
26	Total qualified research expenses. Add line 22 through line 25 . . . . .	<input checked="" type="radio"/> 26	00
27	Enter the total qualified research expenses for the prior 3 taxable years. If there are no QREs in any 1 of those years, skip lines 28 and 29. See instructions. . . . .	<input checked="" type="radio"/> 27	00
28	Divide line 27 by 6 . . . . .	28	00
29	Subtract line 28 from line 26. If zero or less, enter -0- . . . . .	29	00
30	Multiply line 29 by 3% (.03) If you skipped lines 28 and 29, multiply line 26 by 1.3% (0.013) . . . . .	30	00
31	<b>a</b> Alternative simplified credit. Add lines 21 and 30. If you do not elect the reduced credit under IRC Section 280C(c), enter the result here, and see instructions for the schedule that must be attached . . . . .	<input checked="" type="radio"/> 31a	00
	<b>b</b> Reduced alternative simplified credit under IRC Section 280C(c). Multiply line 31a by the applicable percentage below:		
	• 87.7% (.877) for individuals, estates, and trusts		
	• 91.16% (.9116) for corporations		
	• 98.5% (.985) for S corporations		
	Enter the reduced credit amount. See instructions. . . . .	<input checked="" type="radio"/> 31b	00

**Section C Available Research Credit**

32	Pass-through research credit(s) from S corporations, estates, trusts, partnerships, and LLCs. See instructions . . . . .	<input checked="" type="radio"/> 32	00
33	Current year research credit. If you did not elect the reduced credit under IRC Section 280C(c), add line 17a or line 31a to line 32 and enter the result here. If you elected the reduced credit under IRC Section 280C(c), add line 17b or line 31b to line 32 and enter the result here . . . . .	<input checked="" type="radio"/> 33	00
34	Enter the amount of credit on line 33 that is from passive activities. If none of the amount on line 33 is from passive activities, enter -0- . . . . .	34	00
35	Subtract line 34 from line 33 . . . . .	35	00
36	Enter the allowable credit from passive activities. See instructions . . . . .	36	00
37	Non-passive activity credit carryover from prior year. (Do not include credits received through assignment.) See instructions. . . . .	<input checked="" type="radio"/> 37	00
38	Total. Add line 35 through line 37. . . . .	<input checked="" type="radio"/> 38	00

**Part II Carryover Computation.** Combined Report Filers see instructions for Part III before completing this part.

39	<b>Credit claimed.</b> Enter the amount of the credit claimed on the current year tax return. See instructions. (Do not include any assigned credit claimed on form FTB 3544, Part B.) . . . . .	<input checked="" type="radio"/> 39	00
40	Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter -0-. See instructions. . . . .	<input checked="" type="radio"/> 40	00
41	Credit amount to be elected as refundable in future years. See instructions. . . . .	41	00
42	Credit carryover available for use or assignment for future years. Subtract lines 39, 40, and 41 from line 38. . . . .	<input checked="" type="radio"/> 42	00

**Part III Credit Allocation and Carryover Per Entity – Only Combined Report Filers**

To make an election for assigning credits, you must also complete form FTB 3544, Part A. Otherwise, the assignment indicated here will be invalid.

**Credit Generated and Assigned Per Entity**

	(a) Corporation	(b) Corporation no., FEIN, or SOS no.	(c) Amount of credit generated in current year	(d) Amount of generated credit carryover from prior years	(e) Total of generated credit and credit carryover from prior years col. (c) + col. (d)
1					
2					
3					
4					
5					
6					
7					
Total					

	(f) Amount of credit from col. (e) claimed in current year return. ( <b>Do not</b> include any assigned credit claimed on form FTB 3544, Part B.)	(g) Amount of research credit assigned and to be reported on form FTB 3544, Part A	(h)* Generated credit carryover for future years col. (e) – [col. (f) + col. (g)]
1			
2			
3			
4			
5			
6			
7			
Total			

\*If the taxpayer elects to make credits that were disallowed due to the \$5,000,000 limitation refundable, do not include the credit amount elected to be refundable in column (h). To make an election for refundable credits, you must complete form FTB 3870. Get form FTB 3870 for more information.