§ 1.41–0T

§ 1.41–5 Basic research for taxable years beginning after December 31, 1986. [Reserved]

§ 1.41–6 Aggregation of expenditures.
(a) Controlled groups of corporations; trades or businesses under common control.
   (1) In general.
   (2) Consolidated groups.
   (3) Definitions.
   (4) Computation of the group credit.
       (1) In general.
       (2) Start-up companies.
       (3) Allocation of the group credit.
   (4) Special rules for consolidated groups.
       (1) In general.
       (2) Start-up company status.
       (3) Special rule for allocation of group credit among consolidated group members.
   (5) Examples.
   (f) For taxable years beginning before January 1, 1990.
   (g) Tax accounting periods used.
       (1) In general.
       (2) Special rule when timing of research is manipulated.
   (h) Membership during taxable year in more than one group.
       (1) Intra-group transactions.
       (2) In-house research expenses.
       (3) Contract research expenses.
       (4) Lease payments.
       (5) Payment for supplies.
       (6) Effective/applicability date.
       (1) In general.
       (2) Consolidated group rule.
       (3) Taxable years ending on or before December 31, 2006.

§ 1.41–7 Special rules.
(a) Allocations.
   (1) Corporation making an election under subchapter S.
       (i) Pass-through, for taxable years beginning after December 31, 1982, in the case of an S corporation.
   (2) Pass-through in the case of a estate or trust.
   (3) Pass-through in the case of a partnership.
       (1) In general.
       (ii) Certain expenditures by joint ventures.
   (4) Year in which taken into account.
   (5) Credit allowed subject to limitation.
   (b) Adjustments for certain acquisitions and dispositions—Meaning of terms.
   (c) Special rule for pass-through of credit.
   (d) Carryback and carryover of unused credits.

§ 1.41–8 Alternative incremental credit.
(a) Determination of credit.
   (b) Election.
       (1) In general.
       (2) Time and manner of election.
       (3) Revocation.
       (4) Special rules for controlled groups.
       (5) Effective/applicability dates.

§ 1.41–9 Alternative simplified credit.

§ 1.41–0T Table of contents (temporary).
This section lists the table of contents for §§ 1.41–6T, 1.41–8T, and 1.41–9T.

§ 1.41–6T Aggregation of expenditures (temporary).
(a) [Reserved] For further guidance, see the entry for § 1.41–6(a) in § 1.41–0.
(b) Computation of the group credit.
   (1) In general.
   (2) [Reserved] For further guidance, see the entry for § 1.41–6(b)(2) in § 1.41–0.
   (c) Allocation of the group credit.
       (1) [Reserved] For further guidance, see the entry for § 1.41–6(c)(1) in § 1.41–0.
       (2) Stand-alone entity credit.
   (d) [Reserved] For further guidance, see the entry for § 1.41–6(d) in § 1.41–0.
   (e) Example.
   (f) through (i) [Reserved] For further guidance, see the entries for § 1.41–6(f) through (i) in § 1.41–0.
   (j) Effective/applicability dates.

§ 1.41–8T Alternative incremental credit (temporary).
(a) [Reserved] For further guidance, see the entry for § 1.41–8(a) in § 1.41–0.
(b) Election.
   (1) In general.
   (2) Time and manner of election.
   (3) Revocation.
   (4) Special rules for controlled groups.
       (i) In general.
       (ii) Designated member.
       (5) Effective/applicability dates.

§ 1.41–9T Alternative simplified credit (temporary).
(a) Determination of credit.
(b) Election.
   (1) In general.
   (2) Time and manner of election.
   (3) Revocation.
   (4) Special rules for controlled groups.
       (i) In general.
       (ii) Designated member.
       (c) Special rules.
§ 1.41–2 Qualified research expenses.

(a) Trade or business requirement—(1) In general. An in-house research expense of the taxpayer or a contract research expense of the taxpayer is a qualified research expense only if the expense is paid or incurred by the taxpayer in carrying on a trade or business of the taxpayer. The phrase “in carrying on a trade or business” has the same meaning for purposes of section 41(b) as it has for purposes of section 41(b)(1) as it has for purposes of section 162; thus, expenses paid or incurred in connection with a trade or business within the meaning of section 174(a) (relating to the deduction for research and experimental expenses) are not necessarily paid or incurred in carrying on a trade or business for purposes of section 41. A research expense must relate to a particular trade or business being carried on by the taxpayer at the time the expense is paid or incurred in order to be a qualified research expense. For purposes of section 41, a contract research expense of the taxpayer is not a qualified research expense if the product or result of the research is intended to be transferred to another in return for license or royalty payments and the taxpayer does not use the product of the research in the taxpayer’s trade or business.

(2) New business. Expenses paid or incurred prior to commencing a new business (as distinguished from expanding an existing business) may be paid or incurred in connection with a trade or business but are not paid or incurred in carrying on a trade or business. Thus, research expenses paid or incurred by a taxpayer in developing a product the sale of which would constitute a new trade or business, or the development of substantial rights in the research, shall not be taken into account.