



## Exhibit C - Mandatory Research Credit Claims IDR (Revised 02/2009)

Please answer the following questions. All answers should be complete and specific to the question. Any reference to other documentation without a complete answer to the question will be considered an unsatisfactory response, resulting in a re-issuance of the IDR and a delay in the examination of this issue. All answers should refer to the taxable period ending \* \* \* \* \* (insert no more than one tax year per IDR).

1. Have you retained a third party to assist you in preparing this claim? If the answer is yes, provide a copy of the engagement letter pursuant to which the third party provided the assistance.
2. Did you make an I.R.C. §280C(c)(3) election on your original tax return? If yes, provide a copy of the original election.
3. Are you required by I.R.C. §41(f)(1) to aggregate your research expenditures with other members of the same controlled group or other trades or businesses which are under common control? If yes, provide the following information:

- a. Provide a list of the controlled group members and other trades or businesses which are under common control.
- b. Have the other members or trades or businesses been notified of your recomputation of the research credit and the effect that your credit allocation will have on their credit?
- c. Have the other members or trades or businesses filed claims that affect your allocated portion of the group credit? If yes, explain the effect on your allocated portion of the credit.
- d. Have the other members or trades or businesses had their research credits adjusted in any way by the IRS that affects your allocated portion of the group credit? If yes, explain the effect of the adjustment on your allocated portion of the credit.

4. In computing the group credit for the credit year, which includes computation of the base amount, have you included all members of the controlled group and trades or businesses which are under common control, in accordance with the aggregation rules of I.R.C. §41(f)(1)? If no, explain why not.

5. In computing the credit for the credit year, have you accounted for all acquisitions or dispositions of a major portion of a trade or business or major portion of a separate unit of a trade or business, as required by I.R.C. §41(f)(3)(A) or §41(f)(3)(B)? If yes, provide a list and the dates of all acquisitions and dispositions from the earliest base year to the end of the claim year, and if no, explain why you have not accounted for all such acquisitions and dispositions.

6. Did you use project accounting to capture costs in your financial books and records? If yes, did you use this project accounting to identify and capture the qualified research expenses (“QREs”)? If no to either question, describe the method used to identify and capture the QREs and describe how this alternative method connects QREs with the financial books and records.

7. What is your adopted method of accounting for treatment of research and experimental expenditures for the particular project or projects (i.e., how did you treat the expenses that you are now claiming to be QREs in arriving at taxable income on the original and prior year tax returns? Were they originally claimed as research and experimental expenditures for a particular project or projects as current expenses under section 174(a) or deferred expenses under section 174(b), or as capital expenditures under section 263(a), section 263A and regulation section 1.174-1)? Did you report the QREs in compliance with your adopted method of treatment of R&E expenditures? If not,

please explain. Please identify the entry line(s) and dollar amount included on each line of the income tax return to reflect how the QREs were originally reported and characterized to compute taxable income, i.e., salaries and wages, depreciation, cost of goods sold, other deductions entry lines.

8. Do the QREs include any expenditure for overhead expenses, general and administrative expenses, indirect research expenditures or depreciation allowances? If yes, provide the dollar amount(s) of QREs claimed for each type of expenditure.

9. Provide the following information:

a. Identify and list each new or improved business component for which the QREs are being claimed.  
b. For each business component identified in item a, provide the QRE wages by employee, the QRE supplies, and the contract QREs by contract, and reconcile the QREs by business component to the total QREs reported on your Form 6765.  
c. With respect to each QRE amount identified in item b, do you have contemporaneous documentation substantiating the claimed amount? If so, then for each new or improved business component, provide a list of the documents available that substantiates

i. Qualification of each business component,  
ii. Determination and quantification of qualified wages by employee,  
iii. Determination and quantification of qualified supplies (if you relied on the general ledger, provide a list of applicable accounts) and  
iv. Determination and quantification of contract research by contract (include a list of the contracts and the QRE amount for each contract).

10. For research you performed as a contractor, do you have contemporaneous documentation that identifies your claimed research expenses by contract, QRE amount and each new or improved business component?

a. Have you retained copies of all the contracts for which such research expenses have been claimed?  
b. Do the terms of each contract for which such research expenses have been claimed provide

i. for the performance of qualified research;  
ii. that payment(s) to you (the contractor) were contingent on success of the research; and  
iii. that you would retain substantial rights to the results of the research?  
c. Provide a list of the contracts and the QRE amount for each contract.

11. Does the claim rely on any oral testimony or employee surveys to determine the QREs in the credit year? If yes,

a. Provide the total dollar amount of additional QREs that were determined, in whole or in part, by oral testimony and employee surveys;  
b. Provide a list of employees and job titles of those you interviewed or surveyed, including the credit year QRE wages associated with each employee, segregated between engaging in qualified research, direct support and direct supervision.  
c. Provide copies of all original (vs summary or transcribed) records from each employee interview/survey. These records should be sufficiently detailed to identify all the facts and circumstances surrounding the interviews/surveys.  
d. Identify the number of months that transpired between the claim year and the time the oral testimony or employee survey took place.

12. Does the claim rely on estimates or extrapolations to determine any portion of the QREs in the credit year? If yes, describe the methodology by which estimates or extrapolations were used to determine the QREs for the credit year, and provide the dollar amount of the QREs which were

estimated or extrapolated.

13. Provide your detailed calculation of the fixed-base percentage and the base amount in electronic format. If not available in electronic format, please provide the computations on a spreadsheet. Identify each new or improved business component for which the base years' QREs were incurred. For each such business component, provide the QRE wages by employee, the QRE supplies, and the contract QREs by contract, reconciling to the total QREs used to compute your fixed-base percentage. Provide a separate list for each base year. If your fixed-base percentage is based upon being a start-up company, identify the first year that any entity first paid or incurred QREs, and identify that entity.

14. Does the claim rely on any oral testimony or employee surveys to determine QREs in the base years? If yes,

- a. Provide the total dollar amount of QREs in the base years that were determined, in whole or in part, by oral testimony or employee surveys;
- b. Provide a list of the employees and job titles of those you interviewed/surveyed including the base years QRE wages associated with each employee in each base year segregated between engaging in qualified research, direct support and direct supervision.
- c. Provide copies of all original (vs summary or transcribed) records from each employee interview/survey. These records should be sufficiently detailed to identify all the facts and circumstances surrounding the interviews/surveys.
- d. Identify the number of months that transpired between the base years and the time the oral testimony or employee survey took place.

15. Does the claim rely on estimates or extrapolations to determine any portion of the QREs in the base years? If yes, describe the methodology by which estimates or extrapolations were used to determine the QREs for the base years, and provide the dollar amount of the QREs, by base year, which were estimated or extrapolated.

16. Does the claim rely on estimates or extrapolations to determine any portion of the gross receipts used to compute the fixed base percentage and the base amount? If yes, describe the methodology by which estimates or extrapolations were used to determine the gross receipts for the fixed base percentage and the base amount, and provide the dollar amount of the gross receipts, by year, which were estimated or extrapolated.

17. Was any form of sampling used to determine your QREs? If yes,

- a. Did you use a valid statistical sample?
- b. Provide a detailed description of the sampling method used;
- c. Identify the population(s) to which each sampling method was applied;
- d. Identify the dollar amount of the QREs which was determined based upon each sampling method used.

18. Have you complied with the consistency requirement of I.R.C. §41(c)(6), which requires that the QREs used in determining the fixed-base percentage be determined on a basis consistent with the determination of the QREs for the credit year? If yes, state how you complied with the consistency requirement in determining the fixed-base percentage that was reported on your original (if applicable) and amended Form 6765.

19. Provide the name(s) and phone number(s) of the person(s) who completed this questionnaire.

**NOTE:** Reference above to the term "base years" refers to the years used to compute the fixed-base percentage relating to the calculation of the regular credit under section 41(a)(1) or the three preceding years relating to the election and calculation of the alternative simplified credit under section 41(c)(5).

