



## 01

### NEW OR IMPROVED BUSINESS COMPONENT

- a) Research is conducted for a purpose relating to a new or improved function, performance, reliability, or quality of the Business Component.
- b) Business Components include any of the following held for sale, lease, or license OR used by the taxpayer in a trade or business:
  - Product
  - Process
  - Formula
  - Invention
  - Software
  - Technique
- c) Research relating to style, taste, cosmetic, or seasonal design factors is not considered research conducted for a purpose as described in (a).

## 02

### ELIMINATION OF UNCERTAINTY

- a) Research is conducted to determine one or more of the following:
  - What does it look like?
  - How can it be made?
  - Can it even be made?

## 03

### PROCESS OF EXPERIMENTATION

- a) Research must include qualifying activities that evaluate alternatives, test hypotheses, etc.
- b) Examples:
  - Modeling, simulation, or systematic trial and error methodology
  - Development or engineering of a new or improved product, process, or software
  - Developing experimental models and prototypes
  - Utilization of 3D modeling to complete design or process simulations
  - Evaluation of various manufacturing techniques
  - Design development of engineering or architecture designs
  - Devotion of time and resources to creating new or innovative products
  - Improvement of existing products
  - Development of process, patents, or prototypes
  - Designing new and efficient HVAC systems

## 04

### TECHNOLOGICAL IN NATURE

- a) Research must rely on principles of technical sciences to discover information through Process of Experimentation
- b) Examples:
  - Engineering
  - Computer Sciences
  - Physical or Biological Sciences