

THE FOUR-PART TEST

The Four Part Test is applied to an activity connected to the taxpayer's trade or business where the project meets the following tests:

1

NEW OR IMPROVED BUSINESS COMPONENT

The project seeks to develop new or improved functionality, performance, reliability or quality for a product, process, computer software, technique, formula or invention.

2

TECHNICAL UNCERTAINTY

The project seeks to discover information to eliminate technical uncertainty where the information available at the outset of the project does not determine the capability, method or the appropriate final design of the new or improved product.

3

TECHNOLOGICAL IN NATURE

Technical information discovered is technical in nature if it fundamentally relies on the principles of Engineering, Physical Sciences, Biological Sciences or Computer Sciences.

4

PROCESS OF EXPERIMENTATION

A process of experimentation to resolve the uncertainty is where one or more alternatives are considered in the effort to eliminate the uncertainty, and the identification and evaluation of the alternatives.

**If the project passes all of the above four tests,
it is a Qualified Research Activity.**