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TAXES

IRS Proposes Tweaks to R&D Tax Credit Form

Stakeholders have until Oct. 31 to provide feedback on the proposed changes to Form 6765 the IRS unveiled on Friday.

Jason Bramwell • Sep. 15, 2023



The IRS on Friday [previewed proposed changes](#) to certain sections of Form 6765, *Credit for Increasing Research Activities*, the document used by taxpayers to claim the [research and development tax credit](#).

The agency unveiled the new version of Form 6765 to solicit feedback from stakeholders in advance of the formal draft release process for form changes. Some of the proposed changes address previous feedback the agency received from taxpayers and tax professionals, said the IRS, which added that it would like to make the changes effective beginning with tax year 2024.

“Proposed changes to Form 6765 will provide taxpayers with a consistent and predefined format for tax reporting and improve the information received for tax administration,” the IRS said in a press release. “They will also build on ongoing efforts to manage research credit issues and resources in the most effective and efficient manner possible.”

The proposed changes to Form 6765 include:

- A new Section E with five questions seeking miscellaneous information.
- A new Section F for reporting quantitative and qualitative information for each business component, required under Section 41 of the Internal Revenue Code.
- Moving the “reduced credit” election question and the “controlled groups or businesses under common control” question from line 17 and line 34 to the top of Form 6765.

The IRS is also requesting feedback on whether Section F should be optional for certain taxpayers, including those:

- With qualified research expenditures less than a certain dollar amount at a controlled group level;
- With an R&D credit less than a certain dollar amount at a controlled group level;
or
- That are a qualified small business for the payroll tax credit.

Feedback for each suggestion should address the justification, limitation amounts, and pros and cons, the IRS said.

If Section F were optional for certain taxpayers, the IRS said it would not affect the requirement to maintain books and records and to provide Section F information in

similar format, if requested. Also, it would not apply to amended returns for the R&D credit.

All feedback on the proposed form changes, potential Section F options, and all other questions should be submitted to Lbi.rt.team@irs.gov with the subject line: “Feedback/Questions F6765.” All feedback is requested by Oct. 31 and will be considered before the IRS finalizes any Form 6765 changes, the agency said.

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