

Credit for Increasing Research Activities

Attach to your tax return.
 Go to www.irs.gov/Form6765 for instructions and the latest information.

Name(s) shown on return

Identifying number

- A** Are you electing the reduced credit under IRC 280C (see instructions)? Yes No
- B** Are you a member of a controlled group or business under common control? Yes No

Section A—Regular Credit. Skip this section and go to Section B if you are electing or previously elected (and are not revoking) the alternative simplified credit.

1	Certain amounts paid or incurred to energy consortia (see instructions)		1
2	Basic research payments to qualified organizations (see instructions)	2	
3	Qualified organization base period amount	3	
4	Subtract line 3 from line 2. If zero or less, enter -0-		4
Note: Complete Section F before entering amounts for lines 5 through 9.			
5	Wages for qualified services. Enter the amount from line 58	5	
6	Cost of supplies. Enter the amount from line 59	6	
7	Rental or lease costs of computers (see instructions). Enter the amount from line 60	7	
8	Enter the applicable amount of contract research expenses. Enter the amount from line 63. See instructions	8	
9	Total qualified research expenses (QRE). Enter the amount from line 64	9	
10	Enter fixed-base percentage, but not more than 16% (0.16) (see instructions)	10	%
11	Enter average annual gross receipts. See instructions	11	
12	Multiply line 11 by the percentage on line 10	12	
13	Subtract line 12 from line 9. If zero or less, enter -0-	13	
14	Multiply line 9 by 50% (0.50)	14	
15	Enter the smaller of line 13 or line 14		15
16	Add lines 1, 4, and 15		16
17	If you elect the reduced credit under section 280C, then multiply line 16 by 15.8% (0.158). If not multiply line 16 by 20% (0.20) and see the instructions for the statement that must be attached		17

Section B—Alternative Simplified Credit. Skip this section if you are completing Section A.

18	Certain amounts paid or incurred to energy consortia (see the line 1 instructions)		18
19	Basic research payments to qualified organizations (see the line 2 instructions)	19	
20	Qualified organization base period amount (see the line 3 instructions)	20	
21	Subtract line 20 from line 19. If zero or less, enter -0-		21
22	Add lines 18 and 21		22
23	Multiply line 22 by 20% (0.20)		23
Note: Complete Section F before entering amounts for lines 24 through lines 28			
24	Wages for qualified services. Enter the amount from line 58	24	
25	Cost of supplies. Enter the amount from line 59	25	
26	Rental or lease costs of computers (see the line 7 instructions). Enter the amount from line 60	26	
27	Enter the applicable amount of contract research expenses. Enter the amount from line 63. See the line 8 instructions	27	
28	Total qualified research expenses (QRE). Enter the amount from line 64	28	
29	Enter your total QRE for the prior 3 tax years. If you had no QRE in any 1 of those years, skip lines 30 and 31	29	
30	Divide line 29 by 6.0	30	
31	Subtract line 30 from line 28. If zero or less, enter -0-	31	
32	Multiply line 31 by 14% (0.14). If you skipped lines 30 and 31, multiply line 28 by 6% (0.06)		32
33	Add lines 23 and 32		33
34	If you elect the reduced credit under section 280C, then multiply line 33 by 79% (0.79). If not, enter the amount from line 33 and see the line 17 instructions for the statement that must be attached		34

Section C—Current Year Credit

35	Enter the portion of the credit from Form 8932, line 2, that is attributable to wages that were also used to figure the credit on line 17 or line 34 (whichever applies)	35	
36	Subtract line 35 from line 17 or line 34 (whichever applies). If zero or less, enter -0-	36	
37	Credit for increasing research activities from partnerships, S corporations, estates, and trusts	37	
38	Add lines 36 and 37 <ul style="list-style-type: none"> • Estates and trusts, go to line 39. • Partnerships and S corporations not electing the payroll tax credit, stop here and report this amount on Schedule K. • Partnerships and S corporations electing the payroll tax credit, complete Section D and report on Schedule K the amount on this line reduced by the amount on line 44. • Eligible small businesses, stop here and report the credit on Form 3800, Part III, line 4i. See instructions for the definition of eligible small business. • Filers other than eligible small businesses, stop here and report the credit on Form 3800, Part III, line 1c. Note: Qualified small business filers, other than partnerships and S corporations, electing the payroll tax credit must complete Form 3800 before completing Section D.	38	
39	Amount allocated to beneficiaries of the estate or trust (see instructions)	39	
40	Estates and trusts, subtract line 39 from line 38. For eligible small businesses, report the credit on Form 3800, Part III, line 4i. See instructions. For filers other than eligible small businesses, report the credit on Form 3800, Part III, line 1c	40	

Section D—Qualified Small Business Payroll Tax Election and Payroll Tax Credit. Skip this section and go to Section E if the payroll tax election does not apply. See instructions.

41a	Check this box if you are a qualified small business electing the payroll tax credit. See instructions <input type="checkbox"/>		
b	Check this box if payroll tax is reported under a different EIN. <input type="checkbox"/>		
42	Enter the portion of line 36 elected as a payroll tax credit (do not enter more than \$500,000). See instructions	42	
43	General business credit carryforward from the current year (see instructions). Partnerships and S corporations, skip this line and go to line 44	43	
44	Partnerships and S corporations, enter the smaller of line 36 or line 42. All others, enter the smallest of line 36, line 42, or line 43. Enter here and on the applicable line of Form 8974, Part 1, column (e). Members of controlled groups or businesses under common control, see instructions for the statement that must be attached	44	

Section E—Other Information (See instructions)

45	Enter the number of business components generating the credit computed on line 15 or line 32	45	
46	Enter the amount of officers' wages included in line 5 or line 24	46	
47	Did you acquire or dispose of any major portion of a trade or business in the tax year? Yes <input type="checkbox"/> No <input type="checkbox"/>		
48	Did you identify any new categories of expenditures included in the current year QRE? Yes <input type="checkbox"/> No <input type="checkbox"/>		
49	Did you determine any of the QREs on line 9 or line 28 following the ASC 730 Directive? Yes <input type="checkbox"/> No <input type="checkbox"/> If "Yes," enter the amount from Appendix C, Line 19	49	
	This ASC 730 Directive only applies to taxpayers with assets equal to or greater than \$10,000,000 who follow U.S. GAAP to prepare their Certified Audited Financial Statements showing the amount of currently expensed Financial Statement R&D. See instructions.		

Section F—Business Component Information. Information for each Business Component (BC) (see instructions). Complete Lines 50 through 57 for each business component. If you have more than ten business components, see instructions.

BC	50(a) EIN of the controlled group member conducting the research activities on this business	50(b) Controlled group member's principal business activity code	50(c) Business component's descriptive name	50(d) Describe the information sought to be discovered and identify the one or more alternatives evaluated in the process of experimentation for each business component. Use the space provided.
1				
2				
3				
4				
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9				
10				

BC	50(e) Is the business component new or improved (select one)	50(f) Business component type (select one from available options)	50(g) Business component use (select one from available options)	50(h) Software (if applicable, select one from available options)
1				
2				
3				
4				
5				
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7				
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9				
10				

Preview of Proposed Changes for 2024

BC	51 Direct research wages for qualified services	52 Direct supervision wages for qualified services	53 Direct support wages for qualified services	54 Total qualified wages (Add line 51, line 52, and line 53)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Section F—Business Component Information. Continued. Information for each Business Component (BC) (see instructions). Complete Lines 50 through 57 for each business component. If you have more than ten business components, see instructions.

BC	55 Cost of supplies	56 Rental or lease cost of computers	57 Applicable amount of contract research expenses (see instructions for reporting basic research payments)
1			
2			
3			
4			
5			
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9			
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58 Total wages for qualified services for all business components. Add amounts from line 54. Enter here and on line 5 or line 24 (do not include any wages used in figuring the work opportunity credit)	58	
59 Total costs of supplies for all business components. Add amounts on line 55. Enter here and on line 6 or line 25	59	
60 Total rental or lease cost of computers for all business components. Add amounts on line 56. Enter here and on line 7 or line 26	60	
61 Total the applicable amount of contract research for all business components, excluding basic research payments. Add amounts on line 57	61	
62 Enter the applicable amount of all basic research payments. See instructions	62	
63 Add line 61 and line 62. Enter here and on line 8 or line 27.	63	
64 Total qualified research expenses. Add line 58, line 59, line 60 and line 63. Enter here and on line 9 or line 28.	64	

Preview of Proposed Changes to Form 6765, Credit for Increasing Research Activities

The following includes additional information related to these proposed changes.

Updates to Sections A and B

One key change is moving the “reduced credit” election and the “member of a controlled group or business under common control” question from lines 17 and 34 and adding them to the top of the form. This change is being considered based on prior feedback from stakeholders.

New Section E

Line 48 is being considered because of consistency requirements in the credit calculation. If you include any new categories or recharacterized any categories of expenditures in the current year compared to the base year(s), those expenditures must be included in any base year when computing the credit.

New Section F

Section F includes lines 50 through 57 and requires the reporting of information as stated for each business component generating the credit. This provides a consistent and predefined format for reporting information. Lines 58, 59, 60 and 61 will be the sum of all wages, supplies, rental/lease cost of computer, and contract research respectively. All basic research payments will be entered separately on line 62. Section F will be able to accommodate as many lines as necessary to allow for the reporting of all business components. Lines 58, 59, 60, 63, and 64 are the business component totals for the specific expense and will be entered on either lines 5-9, Section A, or lines 24-28, Section B, as applicable.

If you are eligible and chose to follow the ASC 730 directive ([ASC730](#)) you will report your computed “Adjusted ASC 730 Financial Statement R&D QRE Amounts” as a single business component and identify it as “ASC 730”; any additional QREs must be reported for each business component.

Section F response options for lines 50(e) through 50(h).

For 50(e) the responses are new or improved.

For 50(f) the responses are product, process, computer software, technique, formula, or invention.

For 50(g) the responses are sale, lease, license, or used by the taxpayer in a trade or business.

For 50(h) there are options a through j and include:

- a. IUS (internal use software)
- b. DFS (dual function software)—no third-party subset identified, dual function software safe harbor not applied
- c. DFS—third party subset(s) identified (remaining dual function subset subject to High Threshold of Innovation test)

Preview of Proposed Changes to Form 6765, Credit for Increasing Research Activities

- d. DFS—dual function software safe harbor applied (25% of expenditures that meet all conditions)
- e. Non-IUS—developed to be commercially sold, leased, licensed, or otherwise marketed to third parties
- f. Non-IUS—developed to be used internally by the taxpayer but not in any G&A (general & administrative) function(s) of the taxpayer
- g. Non-IUS—developed to interact with third parties but not to be used in any G&A function(s) of the taxpayer
- h. Excepted from IUS Treatment—developed for use in an activity that constitutes qualified research (other than the development of the internal use software itself)
- i. Excepted from IUS Treatment—developed for internal use by the taxpayer for use in a production process to which the requirements of section 41(d)(1) are met
- j. Excepted from IUS Treatment—A new or improved package of software and hardware developed together by the taxpayer as a single product (or to the costs to modify an acquired software and hardware package), of which the software is an integral part, that is used directly by the taxpayer in providing services in its trade or business. In these cases, eligibility for the research credit is to be determined by examining the combined hardware- software product as a single product.