



LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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MEMORANDUM FOR EMPLOYEES IN LARGE BUSINESS AND INTERNATIONAL
DIVISION

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SUBJECT: Updated Procedures for Determining the Validity of Refund Claims
that Include a Claim for the Credit for Increasing Research Activities

Purpose: The purpose of this memorandum is to update guidance on validating
research credit claims.

Background/Source(s) of Authority: The IRS announced that effective for claims
postmarked as of June 18, 2024, it is waiving the requirement that taxpayers provide
the following two items of information with their refund claim involving the Research
Credit:

1. The names of the individuals who performed each research activity and
2. The information each individual sought to discover.

See <https://www.irs.gov/businesses/corporations/research-credit-claims-section-41-on-amended-returns-frequently-asked-questions>

Procedural Change: See the attachment for the updated procedures.

Effect on Other Documents: This guidance will be incorporated into IRM 4.46.3.7.6,
Determining the Validity of Refund Claims that Include a Claim for the Credit for

Increasing Research Activities, by a date not to exceed two years from the date of this memorandum.

Contact: LB&I Policy Office through the LB&I Policy Gateway and Create a Request.

Distribution: www.irs.gov

Attachment

Attachment - Interim Guidance: LB&I-04-MM24-XXXX

The following changes are hereby effective June 18, 2024 for IRM 4.46.3.7.6:

IRM 4.46.3.7.6 (06-18-2024)

Determining the Validity of Refund Claims that Include a Claim for the Credit for Increasing Research Activities

- (1) Treas. Reg. 301.6402-2(b)(1) requires taxpayers that are filing a refund claim to apprise the Commissioner of the exact basis for the claim. To satisfy Treas. Reg. 301.6402-2(b)(1), taxpayers filing a claim for refund that includes a claim for the IRC 41 Credit for Increasing Research Activities "research credit claim" must provide, at a minimum, three items of information.

Item #	Information Needed	Description
1	Identify all the business components that form the factual basis of the research credit claim for the claim year.	Business components, as defined in IRC 41(d)(2)(B) must be identified.
2	All research activities performed by business component.	This must include a description of what the taxpayer did, and how they did it, by business component. It does not need to describe the four-part test under IRC 41(d)(1) in detail. Language that simply restates the requirements under the Code or Treasury Regulations is insufficient.
	[removed]	
	[removed]	
3	The total qualified <ol style="list-style-type: none">1. employee wage expenses2. supply expenses, and3. contract research expenses.	The claim should provide the total amount of each of these expense types. If the Form 6765 or its equivalent is properly completed, that will satisfy this item.

- (2) In addition to the three items of information listed above, a declaration signed under penalties of perjury verifying that the facts provided are accurate is required. In most cases, the signature on Form 1040-X or Form 1120-X serves this function.
- (3) For claims postmarked prior to June 18, 2024, two additional items of information were required to be included with the refund claim:
- a. The names of the individuals who performed each research activity.
 - b. The information each individual sought to discover.

This information may be requested if a refund claim involving the research credit is selected for examination.