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To: *W&I M&P TFP PRA Comments <wi.mp.tfp.pra.comments@irs.gov>

Cc: Rahim Walji <RWalji@capstantax.com>

Subject: [EXT] OMB Control Number 1545-0619 (Credit for Increasing Research Activities)

Good afternoon, Thank you for the opportunity to submit comments in response to OMB Control Number 1545-0619 (Credit for Increasing Research Activities). Per the notice, comments are invited on multiple sections, which have been replicated below for ease of reference.

a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;

- Some revisions to Form 6765 facilitate proper performance and have practical utility. For example, Section E Lines 47-49, identifying reduced credit and controlled groups at the beginning, and options from which to select for Section F 50(e)-50(h).

b) the accuracy of the agency's estimate of the burden of the collection of information;

- The time per respondent is estimated by agency to be 18 hours, 2 minutes; however, this is inaccurate (too low) and can be impacted by various factors (number of business components, size of taxpayer's business, methods of documentation/recordkeeping, etcetera). For example, if a taxpayer needs to utilize a statistical sample in accordance with Revenue Procedure 2011-42, and potentially 30 projects are sampled then it would take much more than 18 hours to analyze, qualify, and substantiate those projects (general rule of thumb is 2-4 hours per project, not inclusive of time needed to gather/compile taxpayer financial data such as employee wages, contractor expenses, and supply costs).

c) ways to enhance the quality, utility, and clarity of the information to be collected;

- The instructions provided in the proposed Form 6765 describing the new sections need more details/clarity. For example, whether Section E Line 46 needs to be derived from page 1 of the corporate tax return, or (if a statistical sample is used) whether Line 45 should include all projects in the sampling frame or just the number of projects sampled.

d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and

- Similar to Section F 50(e)-50(h), the use of options to select from could help to standardize the responses and minimize burden on the respondents while also minimizing the subjectivity and variety of responses received by the agency for review. Perhaps for Section F 50(d), instead of a narrative response (unclear as to character limit), similar to 50(e)-50(h) there could be a list to choose from could be provided in terms of the uncertainty (capability, method, etc.) or process of experimentation (iterative design, systematic trial and error, etc.). Also, perhaps a method to identify that a taxpayer used statistical sampling in the analysis (similar to how controlled groups, acquisitions/dispositions, change to QREs captured are identified). For Section F 51-54, unclear how this would apply to statistical sampling situations since the total wage QREs of each project in the sample will not sum to the total wage QREs used in the credit calculation due to statistical extrapolation.

e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information

- Many taxpayers/respondents seek out specialty service providers to assist with capturing the required information for analyzing and calculating the R&D tax credit. Some of the proposed changes would not only increase the taxpayers'/respondents' cost to track/maintain data but also the costs of seeking services to capture this much needed business credit/incentive.

The agency also requested feedback on whether Section F should be optional for certain taxpayers, including those: with Research Expenditures less than a certain dollar amount at a controlled group level, with a Research Credit less than a certain dollar amount at a controlled group level, or that are a Qualified Small Business for the Payroll Tax Credit.

- Given the complexity of the R&D tax credit analysis, it seems reasonable that taxpayers/respondents with research expenditures less than \$5MM, research credits less than \$1MM, or QSBs for the Payroll Tax Credit should be exempt from the requirements of Section F. The justification for these thresholds is that the requested changes will be unduly burdensome for smaller taxpayers/respondents.

Thank you for your time and consideration. Please let us know if we can be of further assistance or if you have any questions at all. Have a great week.