

TaxNewsFlash

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KPMG report: Final updated instructions for Form 6765, "Credit for Increasing Research Activities"

The IRS on February 6, 2026, released the final version of the updated [instructions](#) for Form 6765 ("Credit for Increasing Research Activities"). Some of the notable changes include:

Revisions to reflect certain changes made by Pub. L. No. 119-21 (the "One Big Beautiful Bill Act" (OBBBA)) and new section 174A, including:

- "Domestic research and experimental expenditures" section: The new Form 6765 Instructions include a "Domestic research and experimental expenditures" section that has been added to explain section 174A, which allows corporations to deduct or capitalize and amortize these expenditures.
- "Definitions" section: The definition of qualified research expenses ("QREs") has been revamped and now references the section 174A requirement and uses the "are treated" language consistent with section 41(d)(1)(A).
- "Item A" section: Language added related to the required adjustment of the section 174A amount (whether expensed or capitalized) by the entire gross credit amount if the section 280C reduced credit election is not made. Old language for tax years beginning before January 1, 2025, remains, under which only the excess serves as the adjustment amount. A statement is still required if any such adjustments are made.
- "Section A – Regular Credit": Reflects the same language from "Item A" related to the reduction of section 174A amounts.

Revisions to "Section G – Business Component Information" including:

- Requirements to complete section G now reference section 41(h)(3) instead of sections 41(h)(1) and 41(h)(2) as on the previous version of the instructions.
- Requirements to complete include improved language to clarify that the \$50 million gross receipts threshold is for the prior three tax years.
- Language related to principal business activity (PBA) codes was changed from referencing "Form 1120" to "top-level return."
- Lines 50 and 51 now specifically reference section 41(b)(2)(B) and Treas. Reg. § 1.41-2.

KPMG observation

As a reminder, Section G is optional for all filers with tax years beginning before 2026. For tax years beginning after 2025, Section G will be required, subject to certain exceptions and the guidelines in Section G – Business Component Information.

Revisions to the “Research Credit Claims on Amended Returns” section, including:

- The new instructions remove any references to the IRS requirements under [CCM 20214101F](#) for a refund claim; they now simply say that the taxpayer “follow the required information for a valid research credit claim for refund procedures.”

KPMG observation

Despite the removal of references to CCM 20214101F, section G is not currently required for any tax years beginning before 2026; therefore, taxpayers should continue to follow the requirements in CCM 20214101F for refund claims.

Revisions to the “Special Rules” section, including:

- Added a reference to Treas. Reg. § 1.41-6 (where previously only Treas. Reg. § 1.41-7 was referenced) related to the aggregation of expenses, credit allocation, adjustments from acquisitions/dispositions, and short tax years.

KPMG observation

The updated Form 6765 requires that current year QREs are presented for the filing member only but the base period (three prior year QREs for alternative simplified credit (ASC) method and/or four prior year gross receipts) are presented for the entire controlled group, which may not align with the correct credit amount, and thus requires an override of the correct credit amount for the filing member. This issue was supposed to be fixed in this year's form instructions, but unfortunately the instructions kept the same problematic language. Unless/until the instructions are fixed in a future version, taxpayers need to continue to follow the form instructions as written and override the correct credit amount on Line 13 (for the regular credit) or 26 (for ASC).

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