

IRS Provides Taxpayers with Additional Time to Perfect R&D Refund Claims

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On September 30, 2022, the IRS announced that it has extended the transition period through January 10, 2024, after which time taxpayers will have 45 days to perfect their R&D tax credit refund claim if any information is deemed missing or insufficient by the IRS.

In an IRS Chief Counsel Memo released on 10/15/2021, the IRS notified taxpayers of additional detailed information that will be required when claiming valid research credit refunds. Under the new guidelines, for a research credit refund claim to be deemed valid, the taxpayer must:

- Identify all the business components to which the research credit claim relates for that year.
- For each business component: (1) identify all research activities performed; (2) identify all individuals who performed each research activity; and (3) identify all the information each individual sought to discover.
- Provide the total qualified employee wage expenses, total qualified supply expenses, and total qualified contract research expenses for the claim year.

These new requirements have been under a lot of scrutiny. However, the additional transition period is a welcome update that will provide taxpayers with more time to implement procedures to capture this more detailed information.

Anchin has published an article on the recent changes in the *Thomson Reuters Corporate Taxation*, May - June 2022 Issue:

<https://www.anchin.com/whitepapers/research-credit-refund-claims-new-irs-requirements/>

To discuss these and other matters of importance related to the R&D tax credit, contact Yair Holtzman, Tax Partner and Leader of Anchin's R&D Tax Credits Practice Group at 914-860-5599 or Yair.Holtzman@anchin.com or your Anchin Relationship Partner.