

R&D Tax Credit Compliance Checklist

Stay ahead of IRS changes and ensure your company's R&D tax credit claims are audit-ready with this compliance checklist. Use this as a guide to prepare for Form 6765 updates, IRS scrutiny, and evolving documentation requirements in 2025.

1. General Compliance Readiness

- Confirm eligibility: Do your R&D activities meet the IRS four-part test?
- Review of prior claims: Are past R&D tax credit filings consistent and defensible?
- Conduct an internal compliance review: Are you aligned with IRS expectations?

2. Form 6765 Updates & Documentation

- Identify and document your top 50 business components with detailed QRE breakdowns.
- Provide a clear scientific uncertainty statement for each business component.
- Ensure wage, supply, and contract research expenses are accurately categorized by business components.
- Verify your 280C election status and confirm appropriate calculations.

3. Process of Experimentation (PoE) Compliance

- Demonstrate that at least 80% of R&D activities follow a structured process of experimentation.
- Show step-by-step documentation of hypothesis, testing, and iteration for each research effort.
- Provide tangible evidence: Design iterations, test results, engineering notes, and data analyses.

4. Business Component Strategy & Recordkeeping

- Clearly define your business components at the right level (not too broad or too granular).
- Ensure each component aligns with IRS guidelines for qualified research activities.
- Maintain documentation that links expenses to specific business components.

5. Refund Claim Readiness

- List all business components and associated research activities in your filing.
- Name all individuals performing research and detail their contributions.
- Track refund claim status and prepare for potential IRS scrutiny.

6. IRS Audit & Risk Management

- Ensure all documentation is real-time and not solely based on interviews.
- Prepare for IRS Classifier evaluation: Is your claim strong enough to move forward?
- Consider a Pre-Filing Agreement (PFA) if claiming significant credits annually.
- Track IRS R&D tax credit litigation trends to adjust your compliance approach accordingly.

7. Software R&D Tax Credit Compliance

- Categorize software R&D activities under IUS, Dual Function, or Non-IUS classifications.
- Clearly identify if software development meets IRS safe harbor guidelines.
- Maintain records proving software innovations meet the four-part test for R&D.

8. Future-Proofing Your R&D Tax Strategy

- Stay informed about legislative updates on Section 174 amortization.
- Train internal teams on the new Form 6765 requirements.
- Implement real-time documentation processes to avoid last-minute compliance issues.
- Conduct annual reviews to identify missed tax credit opportunities.

Final Step: Get Expert Guidance

[Schedule a Consultation with MASSIE's R&D tax credit experts](#) to review your compliance status and optimize your tax credit claims for 2026 and beyond.