

2007 Form 6765 Major Changes

On the Form

1] Because the option to use more than one method only applied to fiscal years overlapping 2006 and 2007, a second sentence is added to the **Section A--Regular Credit** heading at the top of the form, as follows:
Skip this section and go to Section B or C if you are electing or previously elected (and are not revoking) the alternative incremental credit or the alternative simplified credit, respectively.
[sec. 104 (b) (3) of PL 109-432]

2] Line 17a is now Line 17 because Line 17b is outdated and removed. Also removed is information related to electing another method because the option to use more than one method only applied to fiscal years overlapping 2006 and 2007.

3] Because the option to use more than one method only applied to fiscal years overlapping 2006 and 2007, the **Section B** heading is revised as follows:
Skip this section if you are completing Sections A or C.

Similarly, the **Section C** heading is revised as follows: Skip this section if you are completing Sections A or B. [sec. 104 (b) (3) of PL 109-432]

4] On Lines 38, 39, and 40, the percentages are changed to 3%, 4%, and 5%, respectively [IRC sec. 41(c) (4) (A) (i), (ii), and (iii)].

Also, the parenthetical "for a tax year ending after December 31, 2006, see instructions for percentage" is outdated and removed from each of the lines.

5] Line 42a is now Line 42 because Line 42b is outdated and is removed.

Also, because the option to use more than one method only applied to fiscal years overlapping 2006 and 2007, information related to electing another method is removed from new Line 42. [sec. 104 (b) (3) of PL 109-432].

6] Lines 59 and 60 are removed because the option to use 2007 applicable percentages only applied to fiscal year filers overlapping 2006 and 2007 [sec. 104(b)(3) of PL 109-432].
Consequently, the remaining lines are renumbered.

7] Because the option to use more than one method only applied to fiscal year filers overlapping 2006 and 2007, Line 61 (old Line 63) is revised as follows:

- The first sentence is rewritten as, "Add line 17, 42, or line 59, (whichever applies) to line 60."
- The second sentence (on, if you completed Section C) is removed.
[sec. 104 (b) (3) of PL 109-432].

8] All references to 2006 are changed to 2007.

In the Instructions

1] The **What's New** area was updated for current items.

2] A second paragraph under **Who Must File** is added as follows:

If you are a taxpayer that is not a partnership or S corporation, and your only source of this credit is from a partnership, S corporation, estate, or trust, you are not required to complete or file this form, with the following exception: you are a taxpayer that is an estate or trust and the credit can be allocated to beneficiaries. For more details, see the Instructions for Form 1041, Schedule K-1, box 13.

This is because some filers are directed to put the passed-thru credit directly onto Form 3800 by such instructions.

3] The line references in the top partial paragraph of the third column on the third page are changed to conform to the changes on the form. The last sentence in the next paragraph (a reference to a Temp. Regulation) is removed because it is outdated.

4] Under **Specific Instructions**, there are four changes:

- The first paragraph is replaced with the text "You can:" because the old text related to the outdated 2006-2007 transitional rules for fiscal years.
- In the third paragraph, a reference to the outdated Temporary Regulations sec. 1.41-8T is removed.
- The last paragraph (on revocation of an election) is removed as redundant of the text in the previous paragraph.

5] Because the option to use more than one method only applied to fiscal year filers overlapping 2006 and 2007, each of the Sections A, B, and C instructions are rewritten.

Included now are references to the other credits and sections, indicating the section is to be skipped if either of the other sections is completed (or if either of the other credits is elected), as follows:

- The first paragraph under **Section A-Regular Credit** is rewritten to include references to the alternative simplified credit and to Section C.

- The first paragraph under **Section B-Alternative incremental Credit** is rewritten to include a reference to the alternative simplified credit.
- Similarly, the first paragraph under **Section C-Alternative Simplified Credit** is rewritten to include a reference to the regular credit and the alternative incremental credit.

6] The instructions for Lines 17b, 38, 39, 40, 42, and 59, all having to do with the outdated 2006-2007 transitional rules for fiscal years, are removed.

7] In the **Section D-Summary** instructions, the line references are changed to conform to the changes on the form.

8] All references to 2006 are changed to 2007.

9] The instructions for line 1 were revised to include "for energy research" per PL 110-172 section 6(c)(1).