

Required Research Credit (RC) disclosure to be completed by the CAP applicant.

Taxpayer's name		Taxpayer's EIN
Applicable CAP tax year (YYYYMM)	First tax year accepted into CAP program (YYYYMM)	
If in Bridge, indicate tax year(s) (YYYYMM)	Date of disclosure (MM/DD/YYYY)	

Section A. Last Three (3) Filed Years Research Credit (RC) History

1. Did you report RC on any of the last three (3) filed year tax returns? If "No," advance to Section B	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If "Yes," specify the RC amount from Form 6765 for each filed year having an RC		
b. If "Yes," was a comprehensive examination of the RC, summary workpapers and their underlying detailed records performed? <i>(specify the year(s))</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. If "Yes," was an IRS Engineer involved with the RC examination <i>(specify the year(s))</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. If "Yes," was MITRE involved in the examination <i>(specify the year(s))</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Did you report RC associated with software expenses on any of the last 3 years? If "No," advance to Question 3	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If "Yes," provide the year(s) and amount(s)		
b. Were any qualified research expenses (QREs) associated with internal use software (IUS) or dual function software (DFS)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. If "Yes," provide the amount of IUS and DFS QREs <i>(specify the year(s))</i>		
3. Did the Service propose RC adjustments on any of the last (3) filed income tax returns?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If "Yes," was the adjustment prior to filing the return and not captured by a formal F886-A or Issue Resolution Agreement (IRA)		
i. If "Yes," provide the adjustment details in Exhibit A <i>(specify the year(s))</i>		
b. If "Yes," was the proposed adjustment Agreed or Unagreed? Provide Notice of Proposed Adjustments (NOPA(s)) or IRA(s) <i>(specify the year(s))</i>		
c. If "Unagreed," how was the issue resolved? FastTrack? Appeals? Other? Explain in Exhibit A, if necessary <i>(specify the year(s))</i>		
4. Did you report an RC on a claim for refund or amended return in any of the past five years <i>(specify the year(s))</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. If "No," do you intend to claim an RC in an amended return filing <i>(specify the year(s))</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Was the RC calculation based on a methodology that was mutually agreed to by the taxpayer and exam team? If "No," explain in further detail in Exhibit A	<input type="checkbox"/> Yes	<input type="checkbox"/> No

6. Did you follow the ASC 730 Directive for RC on your originally filed return (specify the year(s)) Yes No

a. If "Yes," provide the Appendices completed following the guidelines in the Directive (specify the year(s))

b. If "Yes", provide the calculation for any research expenses claimed that exceed those determined in Appendix C of the ASC 730 Directive

c. If "Yes," was the ASC 730 Calculation examined (specify the year(s)) Yes No

d. If "Yes," to 6c, provide the position of the examiners (i.e., Revenue Agent, Engineer, etc.)

e. If "Yes," were any software expenses included in the ASC 730 calculation (specify the year(s)) Yes No

f. If "Yes," to 6e, provide the amount (specify the year(s))

g. If "Yes," to 6e, were ASC 350-40 and ASC 350-50 expenses removed from the Appendix C computation Yes No

h. If "Yes," to 6g, provide the amount of ASC 350-40 and ASC 350-50 expenses

7. In Exhibit A provide the principal business activity codes and names of the top three entities generating the most RC (note: if this was not consistent over the last three filed years, provide the breakdown for each filed year)

Please note: If you are a new (first-year) CAP Program taxpayer, skip Sections B and C below.

Section B. Immediately Prior CAP Tax Year (Not yet Filed)

1. Will you report RC for the prior CAP year Yes No

If you answered "No," the remainder of the questions in Section B. are not applicable.

If you answered "Yes," please continue to respond to the questions in Section B.

2. Provide the amount of RC expected on the filed return

3. Provide the CAP MOU materiality threshold for credits. If there is a separate RC materiality threshold, provide threshold

4. Did you change your methodology for identifying business components (i.e., projects, processes, etc.) from the methodology used in the prior filed year? If "Yes," explain in Exhibit A Yes No

5. Were there any business acquisitions that will impact, or are expected to impact, your methodology for identifying or computing qualified research expenses (QREs) with respect to business components? If "Yes", explain in Exhibit A Yes No

6. Did you identify business components not previously examined? If "Yes," list these business components and the QREs associated with them as estimated or known as of this time in Exhibit A Yes No

7. Did you change from the prior tax year, your methodology for identifying qualified research activities? If "Yes," explain in Exhibit A Yes No

8. Did you change from the prior tax year, your methodology for calculating qualified research expenses with respect to wages, supplies or contract research? If "Yes," explain in Exhibit A Yes No

a. If "Yes," what is the estimated amount of change in QREs? Provide supporting calculations

9. Did you change from the prior tax year, in your controlled group affecting the calculation, amount or allocation of the research credit? If "Yes," explain in Exhibit A Yes No
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10. Did you engage the services of a third-party preparer to conduct a research credit review or study? Yes No
 a. If "Yes," provide a copy of the engagement letter and/or contract agreement between the taxpayer and third-party detailing the services being provided
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11. Will you follow the ASC 730 Directive Yes No
 a. If "Yes," provide current calculations under the terms of the Directive
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- b. If "Yes", provide the calculation for any research expenses claimed that exceed those determined in Appendix C of the ASC 730 Directive
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12. Will you follow any other RC Directive Yes No
 a. If "Yes," identify the specific RC Directive

Section C. Current CAP Tax Year Application

1. Will you report or expect to report RC for the new CAP year Yes No
 If you answered "No," the following questions in this Section are not applicable. Attach and return this form with your CAP application.
 If you answered "Yes," respond to the following questions and attach and return this form and your responses with your CAP application.
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2. Do you expect a change in your methodology for identifying business components from the methodology used in the prior year (i.e., projects, processes, etc.)? If "Yes," explain in Exhibit A Yes No
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3. Is there an expected business acquisition that will impact or is expected to impact your methodology for identifying or computing qualified research expenses (QREs) with respect to business components? If "Yes," explain in Exhibit A Yes No
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4. Have you identified business components not previously examined? If "Yes," list these business components and the QREs associated with them as estimated or known as of this time in Exhibit A Yes No
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5. Do you expect to change from the prior tax year, your methodology for identifying qualified research activities? If "Yes," explain in Exhibit A Yes No
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6. Do you expect to change from the prior tax year, your methodology for calculating qualified research expenses with respect to wages, supplies or contract research? If "Yes," explain in Exhibit A Yes No
 a. If "Yes," what is the estimated amount of change in QREs? Provide supporting calculations
-
7. Do you expect a change from the prior tax year, in your controlled group affecting the calculation, amount or allocation of the research credit? If "Yes," explain in Exhibit A Yes No
-
8. Have you engaged, or do you expect to engage, the services of a third-party preparer to conduct a research credit review or study Yes No
 a. If "Yes," provide a copy of the engagement letter and/or contract agreement between the taxpayer and third-party detailing the services being provided
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9. Are you planning to follow the ASC 730 Directive Yes No

a. If "Yes," provide current calculations under the terms of the Directive

b. If "Yes," provide the calculation for any research expenses claimed that exceed those determined in Appendix C of the ASC 730 Directive

10. Do you intend to follow any other RC Directive Yes No

a. If "Yes," identify the specific RC Directive

Section D. Current CAP Tax Year Application

1. For the five prior tax years, provide Column (a) Expense per Income Statement, Column (b) Temporary Difference, Column (c) Permanent Difference, and Column (d) Deduction per Tax Return amounts from Schedule M-3, Part III, R&D costs Line Item 35.

Year	Column (a) Expense per Income Statement	Column (b) Temporary Difference	Column (c) Permanent Difference	Column (d) Deduction per Tax Return

2. For the five prior tax years, provide the Column (c) Amortizable Amount and Column (f) Amortization for this year from Form 4562, Part VI Line 42 Amortization Costs related to Code Section 174 and the total Qualified Research Expenses from Form 6765 Line 9 or Line 28.

Year	Form 4562, Part VI, Line 42 Column (c) Amortizable Amount	Form 4562, Part VI, Line 42 Column (f) Amortization for this year	Form 6765, Line 9 or 28 Qualified Research Expenses

Exhibit A

Section	Question	Detailed Response

Instructions for Form 14234-A, Compliance Assurance Process (CAP) Research Credit Questionnaire (CRCQ)

General Instructions

Purpose of Form

The purpose of this form is to provide information for risk assessment and planning in the area of research credit for taxpayers applying for the Compliance Assurance Process (CAP) Program.

Who Must File

All applicants to the CAP program that plan to engage in Research and Experimental activities during the CAP Application year.

When and Where to File

Attach Form 14234-A to your CAP application Form 14234. Follow all instructions for Form 14234 for deadlines and filing instructions.

Specific Instructions

Section A

Question 1: If applicant reported research credit in any amount on any of the last three (3) filed tax returns or subsequent amended or superseding returns.

Question 2: If relying on the ASC 730 Directive and the ASC 730 amount includes software cost of any kind, the answer to #2 should not be blank.

Question 3: For purposes of this question, an "adjustment" includes any change, modification, or alteration of methodology or amount. "Adjustment" includes agreed changes in pre-filing, agreed changes in post-filing, and/or unagreed changes in post-filing.

Question 4: Answer this question "Yes" if applicant filed an amended return, superseding return, or a tentative allowance that pertains to the research credit for the first time or modifies the amount of the research credit.

Question 5: Any disagreement on the methodology employed to calculate the research credit must be explained further in CRCQ, Exhibit A.

Question 6: Provide the information requested in Question 6. Unless specified, "software" means any software, whether internal-use software (IUS), dual function software (DFS) or otherwise.

Question 7: The principal business activity code for "Holding Company" is not an appropriate answer to this question. Provide the principal business activity code(s) that most-closely reflects the operations of the three entities generating the largest amount of qualified research expenses.

Section B

Question 1: If the answer to this question is "No," then proceed to Section C.

Questions 2 - 12: Provide the requested information. If you answer "Yes," to a question, complete all related questions that follow. If "No," to any question, advance to the next question.

Section C

Question 1: If the answer to this question is "No," the form is complete. Follow the instructions for Form 14234 regarding the submission of this form.

Questions 2 - 10: Provide the requested information. If you answer "Yes," to a question, complete all related questions that follow. If "No," to any question, advance to the next question.

Section D

Question 1: Complete the Table using the as-filed or as-amended amounts from the prior-year tax returns. If the most recent year has not been filed, provide estimated amounts.

Question 2: Complete the Table using the as-filed or as-amended amounts from the prior-year tax returns. If the most recent year has not been filed, provide estimated amounts. For tax years ending prior to January 1, 2022, include total Section 174 costs in column (c) and reply "NA" in column (f) "Amortization for this year" if it does not apply.

Exhibit A

Provide each section/question response in the table on a separate row. Click on the "+" button to add a new row.