



## Research and Development Tax Credit Studies

Many taxpayers continue to regard research and development (R&D) as an activity associated solely with high-tech, biotech and pharmaceutical-type companies. However, under new tax regulations, a company may qualify for the R&D tax credit for numerous activities that historically have been regarded as “simply doing my job.”

If your company is involved in any of the following activities, you may be able to claim the R&D tax credit:

- Manufacture products
- Perform certification testing
- Develop new, improved or more reliable products, processes or formulas
- Develop or improve production/manufacturing processes
- Develop prototypes or models (including computer generated models)
- Develop, implement or upgrade systems and/or software
- Design tools, jigs, molds or dies
- Develop production control software

In addition, many taxpayers miss out on qualified R&D expenditures in areas such as engineering, quality assurances, marketing, purchasing, manufacturing and information technology.

Taking advantage of the R&D tax credit can mean significant benefits for the mid-market business. Some of the benefits include:

- Immediate source of cash for many companies
- Significant reduction to current and future years' federal and state tax liabilities
- Actual dollar-for-dollar credit against taxes owed or taxes paid
- Credit for all open tax years—generally the last three or four years plus the current year
- Additional years may be available if taxpayer is in a net operating loss or alternative minimum tax position
- Credit may be captured at the individual level in a flow-thru entity
- Tax credits may carry forward 20 years

As a result of the complexities in performing a high quality R&D tax credit study, we have engaged an independent national professional services firm focused on delivering government sponsored incentives to middle-market companies through their Government Sponsored Incentives Practice.

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