



research and development tax credit

identifying qualified incurred research expenses

“Firms in all major industries claim the R&D credit: Manufacturing Professional, Scientific, Technical Services, and Information Sectors.”

The Research & Development (R&D) tax credit is one of the most significant domestic tax credits remaining under current tax law - a substantial tool maximizing a company's cash flow and bottom line. Despite the fact that the R&D credit has been available since 1981, less than a third of eligible companies recognize that they qualify for the credit. Every company improves products and processes to remain competitive, the government rewards them through this tax benefit.

Activities That Qualify Include:

- Developing or formulating new or improved products
- Functionally enhancing existing products or formulas
- Developing new or improved production processes
- Assisting customers with technical problem-solving
- Developing new or improved software for use or sale
- Applying for patents and prototyping

The Qualitative Four-Part Test

Permitted Purpose (§41)

The activities must relate to new or improved business components:

- Function
- Performance
- Reliability
- Quality

Technological in Nature (§41)

The activity performed must fundamentally rely on principles of:

- Physical or Biological Science;
- Engineering; or
- Computer Science

Elimination of Uncertainty (§174)

The activity must be intended to discover information to eliminate uncertainty concerning the capability, method or design for developing or improving a product or process.

Process of Experimentation (§41)

The taxpayer must engage in an evaluative process that is capable of identifying and evaluating more than one alternative to achieve a result. This may include modeling, simulation or a systematic trial and error methodology.

Our R&D Studies Dig Deep For Better Credits

Engineered Tax Services performs a study that digs much deeper into the fundamentals of your business activities – incorporating operations, engineering, financial and tax expertise. In order to claim the maximum credit available, ETS includes meticulous documentation that is necessary to support your activities, costs, and credit. There is a direct correlation between the amount of your defensible credit and the expertise of the advisor performing the tax credit study. The R&D tax credit can provide a hidden but immediate source of cash from prior years, plus a significant reduction to current and future years' federal and state tax liabilities. Contact ETS for your complimentary benefit analysis.



Contact us for a complimentary consultation (800) 236-6519.

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