

Save Taxes!

Claim the Tax Credits You Deserve!

Does your company do any of the following?

- **Manufacture products;**
- **Develop new, improved, or more reliable products, processes, or/formulas;**
- **Develop prototypes or models (including computer-generated models);**
- **Design tools, jigs, molds, and dies;**
- **Develop or apply for patents;**
- **Certification testing;**
- **Test new concepts and technology;**
- **Develop new technology;**
- **Attempt use of new materials;**
- **Acquire new equipment;**
- **Environmental testing;**
- **Develop or improve production/ manufacturing processes;**
- **Develop, implement, or upgrade systems and / or software;**
- **Develop production control software;**
- **Improve or build new manufacturing facilities;**
- **Automate / streamline internal processes; and**
- **Expend resources on outside consultants / contractors to do any of the above stated activities.**

If so, your company likely qualifies for the Federal (and state) Research and Development (“R&D”) Tax Credit, which could **reduce your income taxes!** You do not need a formal R&D lab with devoted scientists working only on theoretical concepts! Many manufacturers are not aware that federal and state R&D tax credit programs exist that may reward their day-to-day efforts aimed at producing a more efficient product.

The R&D Tax Credit is a government-sponsored incentive for companies developing new and improved products and/or processes in the U.S. Over \$5 billion in federal R&D tax credits are claimed annually. Recent changes to IRS Regulations regarding the credit now provide greater opportunities for **small and mid-sized companies** to qualify for the credit. **The new Regulations make it easier** for a broader array of companies to qualify their activities as R&D and provide flexibility in certain recordkeeping requirements.

Many taxpayers tend to regard R&D as an activity associated solely with hi-tech, biotech, and pharmaceutical companies. Prior to these relaxed rules, there was some truth to this perspective. The former regulations required that a company obtain knowledge that exceeded, expanded, or refined the common knowledge of skilled professionals. This essentially required that the company develop a product or process that was unique to their industry. **This “discovery test” requirement has been eliminated** greatly opening up the types of activities that qualify for the credit.

As the above extensive list of qualifying activities illustrates, the new changes afford a broad segment of companies the opportunity to qualify for the R&D credit. Many companies, however, miss qualified R&D expenditures in areas such as manufacturing, engineering, quality assurance, marketing, purchasing, and information technology. Many firms tend to regard their efforts to make new, lighter, stronger, cheaper, and more reliable products, or to design more precise, more economical, and more versatile processes as “just doing my job” when, in fact, they have also been performing R&D qualifying activities.

The R&D Tax Credit opportunity can provide, among other things, a hidden **and immediate source of cash** for many small and mid-sized companies and a significant reduction to current and future federal and state tax liabilities.

The R&D credit is largely based on an allocation of labor costs that are attributable to the above-mentioned qualifying activities. Often, especially in privately owned companies, an employee’s title is not indicative of whether his or her time is spent on R&D activities, as individuals tend to wear many hats.

Further, a business can obtain the credit for all open tax years, generally the last three or four years plus the current year. Additional years may be available if the taxpayer was in a net operating loss or alternative minimum tax (AMT) position. If a company is not in a refund position, the *tax credits carry forward for 20 years*. Additionally, companies may be able to expense all such costs in the year incurred.

We have a three-step process to explore this opportunity. First, we conduct an evaluation of whether you qualify and a broad determination of credit potential. Second, we conduct a tax analysis of your company’s ability to use the credits. Third, we quantify and document the credits as well as make all necessary amendments and filings.

The U. S. government has intentionally broadened the scope of businesses that may benefit from the tax credit in order to stimulate the economy and reward those who undertake to make their chosen fields more efficient, safe, and innovative. Manufacturers continually participate in these activities simply to remain competitive without realizing that their daily operations may also entitle them to tens of thousands of dollars in tax credits.

We represent and work closely with alliantgroup, LP, a national professional services firm with a local office and a team of senior level specialists, whose sole focus is the R&D tax credit. alliantgroup’s team includes nearly 200 attorneys, accountants, engineers, software developers, MBAs, graduate degreed professionals, biologists, chemists, and certified financial planners with the experience and the technical capability to identify and maximize the R&D tax credits available to your company.

We would like to schedule a free meeting with you to assess the extent to which your company qualifies for the R&D Tax Credit. You have nothing to lose (and a lot to gain)!

Please call us at **610-253-2745** to learn more about our risk free assessment.

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