

## Research and Development Tax Credits Boost Bottom Line

### ARE YOU LEAVING GOOD MONEY BEHIND?

Over the past twenty-five years, the Federal Research and Development Tax Credit has been an elusive target for many businesses. While intended to benefit companies of all sizes, the Federal R&D Tax Credit is often regarded as the domain of large companies or high-tech companies due to confusion about qualification and the complexity of the necessary documentation.

However, companies of all sizes qualify for these credits, and can benefit significantly. IRS code changes have broadened the definition of qualifying activity. Over 70% of states now offer a credit as well, adding value to consideration of an R&D tax credit study. If you have thought that your or your client's company does not qualify due to size or industry, or have believed that the time and expertise needed to apply for the credit made it unattainable, it's time to reconsider.

Tax specialists [Tax Point Advisors](#) make it easy for middle to smaller-tier companies to access these powerful tax credits. Our experts confirm qualifying activity and provide comprehensive documentation. [Tax Point Advisors](#) work with CPAs and their clients to maximize tax benefits, providing the same amount of attention and care to small family-owned businesses and Fortune 500 companies.

Less than 33% of companies that qualify for the Federal Research and Development Tax Credit actually utilize it. Are you in the group that does not? Don't leave this money on the table. Utilizing the R&D Tax Credit can result in "found money" for a business, allowing investment in further research and development or other



**Tax Point Advisors**

[www.taxpointadvisors.com](http://www.taxpointadvisors.com)

[info@taxpointadvisors.com](mailto:info@taxpointadvisors.com)

800.260.4138

## Qualifying Industries:

Aerospace

Agriculture

Apparel/Textile

Architects

Automotive

Brewing

Chemical

Commercial Bakeries

Computer Hardware

Distribution

Electronics

Energy

Engineering

Fabricators  
(including steel,  
plastic, wood)

Food Processors

Food Products

Furniture Makers

HVAC

Jewelry Design

Job Shops

Life Sciences

Manufacturing

Medical Devices

Oil and Gas

Package Design

Pharmaceutical

Plastic Injection  
Mold

Software \*

Technology

Telecommunications

Tool & Die

Transportation

Waste Management

Wineries

\*for sale, or for internal use, e.g., to monitor, control, or support: production processes, customer services, distribution centers, supply chains, or product development

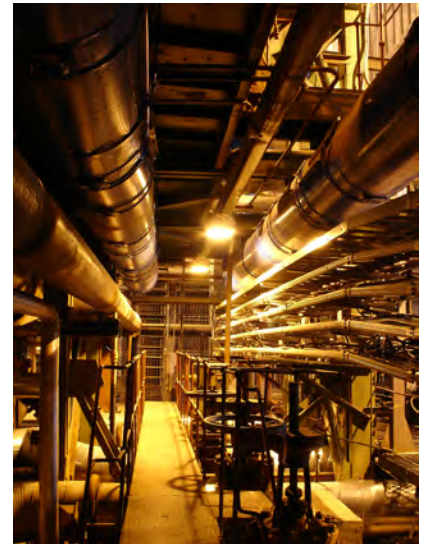
...and more

### The Research and Development Tax Credit Opportunity

R&D Tax Credits can result in immediate benefit to a company. First and foremost, it can be a source of cash for reinvestment or other needs. It can bring a significant reduction to current and future years federal and state tax liabilities. A business can take a credit for all open tax years - generally the last three years, plus the current year. In a pass-through entity, the credit may be captured and utilized at the individual level. Additionally, R&D Credits may carry forward for up to twenty years. If you are not utilizing this tax credit opportunity, you may be missing a chance to enhance your or your client's business assets and value.

"At Yushin America, a Rhode Island company that makes and maintains robotic manufacturing equipment, executives say that the business tax breaks would allow them to invest in new machinery, new employees and even a new roof."

-The New York Times, December 20, 2010, on how Tax Point Advisors' client will utilize its R&D Tax Credit





## New IRS Regulations

- dramatically broaden the traditional tax definition of R&D
- apply retroactively to prior tax years
- generate refunds of previously paid federal and state income taxes
- provide greater flexibility in certain record-keeping and documentation requirements
- expand the definition of internal use software

### Activity That May Qualify for the R&D Tax Credit:

- ✓ Manufacturing of products
- ✓ Development of new, improved or more reliable products, processes or formulas
- ✓ Performance of certification testing
- ✓ Development or improvement of production or manufacturing processes
- ✓ Development of prototypes or models, including computer generated models
- ✓ Development, implementation or upgrading of systems and/or software
- ✓ Design of tools, jigs, molds or dies
- ✓ Development of production control software
- ✓ Development of or application for patents
- ✓ Improving or building new manufacturing facilities
- ✓ Automation and/or streamlining of internal processes
- ✓ Testing of new concepts and technology
- ✓ Addition of new equipment
- ✓ Development of new technology
- ✓ Attempting to use new materials
- ✓ Performance of environmental testing
- ✓ Expending of resources on outside consultants or contractors to do any of the above activities

If a company has invested time, money and resources on any of the above activities, including the advancement and improvement of its products or processes, then it likely has qualifying research expenditures.



## About Tax Point Advisors, Inc.

We are an independent tax credit consulting firm, comprised of a trusted team of former Big4 accountants, engineers, and business advisors, providing the highest degree of professional service. We assist CPAs and their clients in identifying and capturing their maximum Federal Research & Development Tax Credits, as well as State R&D Tax Credits.

We pride ourselves on our ability to provide personal service to meet your business and individual requirements in these rapidly changing economic times.

### The R&D Study Process

#### PHASE I: ASSESSMENT OF FEASIBILITY

The purpose of Phase I is to determine the extent of Qualified Research Activities and to estimate the amount of the R&D credits. During this phase, we conduct preliminary interviews to identify projects, departments, processes, and technologies where potential qualifying R&D expenditures may be found. Based on this information, we determine the potential tax savings and future benefits of conducting an R&D Tax Study.

#### PHASE II: DOCUMENTATION

This phase involves detailed analysis and documentation of technical issues related to qualified R&D projects and activities. **Tax Point Advisors** identifies and documents the R&D activities and related qualifying research expenditures. This phase is generally performed on-site at the business and may include the interviewing of key staff leading R&D activities.

#### PHASE III: REPORTING

This phase includes the calculation of the R&D credits, completion of the related credit tax forms, and submission of the R&D Study for our client's review. It also serves as documentation for the company to support their claims for the R&D Tax Credit. The preparation of the required amended tax returns is completed during this phase by your CPA with assistance from **Tax Point Advisors**.

*The **Tax Point Advisors** Research and Development Credit Process begins with a FREE credit estimate and feasibility assessment.*

### WHY Tax Point Advisors?

We have a 100% success rate, never having had a claim denied.

We conduct at least two on-site R&D assessment meetings for every study, no matter the company size. (Our competitors typically do their work only by telephone.)

We work on a simple fixed-fee basis, rather than an hourly or contingent fee, offering complete pricing transparency.

We are a national firm with "feet on the ground" throughout the U.S., but are still small enough to have a Partner manage every study.

Tax Point Advisors

[www.taxpointadvisors.com](http://www.taxpointadvisors.com)

[info@taxpointadvisors.com](mailto:info@taxpointadvisors.com)

800.260.4138

