

RESEARCH & DEVELOPMENT TAX CREDIT

We identify activities that may qualify your business for the R&D tax credit.

Many companies are unaware that the everyday processes of creating, fine-tuning and troubleshooting systems, products and services are eligible for federal and applicable state Research and Development credits. Many companies with specific R&D departments have been taking advantage of these credits for years. We have noted to the right some industries which are often overlooked.

A typical R&D tax credit is equal to approximately 5% of total qualifying expenditures, although the actual calculation will differ based on circumstances. The most common eligible expenditures are a result of wages paid to staff and employees directly involved in qualified tasks and activities. This can quickly add up to significant savings over several years.

Once identified, prepared, and properly submitted, the R&D tax credit provides reduced federal and state (if applicable) tax liabilities for past, present and future filings, creating an immediate source of cash. As opposed to a deduction, this credit is a dollar for dollar reduction of current year or previously paid taxes.

All open tax years are eligible for tax savings from the R&D tax credit. If for any reason a credit cannot be applied to a given year, the credit can be carried back one year, or carried forward up to 20 years. Consult your KatzAbosch advisor for more information.

Examples of R&D Benefits:

| Industry Type | Gross Revenue | Cash Benefit |
|-------------------------|---------------|--------------|
| Architect & Engineering | \$35,000,000 | \$980,000 |
| Metal Fabrication | \$42,000,000 | \$704,000 |
| Equipment Manufacturer | \$24,000,000 | \$395,000 |
| Consulting Services | \$370,000,000 | \$395,000 |

Related Industries

- Aerospace
- Architecture & Engineering
- Automotive
- Biotech, Health & Life Sciences
- Construction & Heavy Equipment
- Distributors
- Electronics & Hardware
- Financial Services
- Food & Beverage
- Machine Building
- Manufacturing
- Medical Devices
- Oil, Petrochemicals & Plastics
- Software
- Tool & Die



KatzAbosch's mission is to provide the highest quality personal accounting, tax, financial, and management consulting services to our clients. We pride ourselves on progress and never lose sight of the personal commitment to our clients—the key to our success and yours.

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