

YOUR BUSINESS MAY QUALIFY FOR AN R&D CREDIT!



The federal government implemented the Research & Development (R&D) tax credit in 1981 to create jobs and spur technology in the U.S. The R&D tax credit originally pertained to basic research expenses, such as those occurring in a traditional laboratory setting. However, subsequent modifications to the tax law have simplified the credit and made it available to a wide array of businesses.

Today, the R&D credit provides billions of dollars in annual tax benefits to a broad range of U.S. companies.

A company may qualify for the R&D tax credit if they have invested time, money and resources in activities that contribute to creating or improving a product, process, technique, formula, invention or software.

The R&D tax credit provides a dollar-for-dollar tax savings in the form of a nonrefundable credit against income tax. When your company commits to creating something new or improving something that already exists, you incur expenses along the way which can include wages, supplies, and payments for contract research. These costs are potentially eligible qualified research expenditures which are used to calculate the R&D tax credit.

On December 18, 2015, the R&D tax credit was modified and made permanent by The Protecting Americans from Tax Hikes Act. Beginning in 2016, eligible small businesses may now claim the credit against alternative minimum tax (AMT) which was a significant restriction for many taxpayers in previous years. In addition, certain new or startup businesses are now able to claim a credit of up to \$250,000 against FICA payroll tax liabilities for up to five years starting in 2016.

We have the knowledge and experience to help your company navigate the rules associated with the R&D tax credit to ensure that you are claiming the maximum benefit to which you are entitled. Our dedicated team of individuals can examine your company's activities and assist in identifying, quantifying and documenting the areas of your business eligible for the credit. Please contact [Jeremy Mosteller](#) or [Chris Cook](#) at 256-533-1040 to schedule a more in-depth discussion.