



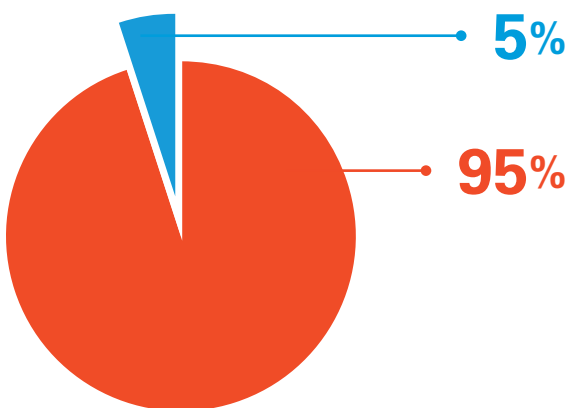
Research & Experimentation Tax Credits

The Research & Experimentation (R&E) tax credit is a federal tax benefit awarded to companies investing in innovation, process improvement, and the elimination of design uncertainties related to many business components. While the credit has been available for decades, recent changes in legislation now allow companies to take advantage of an even greater benefit. As such, the tax and accounting professionals at Clayton & McKervey collaborate with R&E specialists to help small to midsize companies improve their bottom line through the strategic use of the R&E credit.

Research Expenditures

The R&E tax credit is available for the development or improvement of products, processes, techniques, formulas, inventions, or software. Companies can benefit by both deducting the research expenditures and by claiming the credit. While the research expenditures are a reduction of taxable income, the R&E tax credit is a general business credit, and a dollar-for-dollar credit. With so few companies utilizing the R&E tax credit, there is a great savings opportunity for manufacturers, system integrators and the entire automation industry.

Utilization of the R&E Tax Credit*



5% Only 5% of companies with qualified research activities are currently utilizing the R&E tax incentive to the fullest extent.

95% This means that 95% of companies with qualified research activities are not taking advantage of this tax credit and reduction of taxable income. Companies inaccurately assume that they must be inventing something entirely new or groundbreaking to qualify for the credit. Under the current regulations, however, development efforts only need to be evolutionary to the organization.

*Source: manufacturing.net/blog/2016/03/new-r-d-tax-credit-game-changer-manufacturers

Qualifying Activities

Generally, R&E tax credits may apply to companies that perform, or hire outside contractors or consultants to perform qualified activities, including:

- » Research expenditures which may be treated as deductible expenses under the provisions of the tax code
- » Research undertaken for the purpose of discovering information which is technological in nature and, the application of which, is intended to be useful in the development of new or improved business component
- » Substantiate all the activities that constitute elements of a process of experimentation for a functional purpose

Benefit from R&E Tax Incentives

The professionals at Clayton & McKervery will work tirelessly on your behalf to maximize available tax credits. With a focus on mid-sized companies serving the automation sector, our team has a long history of helping clients improve their profitability.



Collaborate

We will collaborate with you to understand your business and maximize your tax benefit.



Educate

We will help you understand the regulations and guidance surrounding the R&E credit.



Identify

We will help you identify the projects and activities that qualify for the R&E tax credit.



Substantiate

We will work with you to document, calculate, and claim the credit for which you are eligible.

Regarding research & experimentation tax credits, the team knew what to look for and the right questions to ask. Additionally, they didn't interfere with our ongoing day-to-day business. We received hundreds of thousands of dollars in refunds from the IRS.

– Mark Gust, Co-owner and CEO of Industrial Automation

Contact us today to learn if your company qualifies.



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