

R&D Tax Credits



The R&D Tax Credit rewards companies for investments in developing new or improved products or processes. Projects must include the discovery of technological information that previously did not exist, technical uncertainty related to the development process, a process of experimentation, and research attributable to performance criteria.

McGuire Sponsel evaluates a company's specific situation to maximize credits and reduce the overall tax burden.



Do You Qualify for the R&D Tax Credit?

Technical Risk

A company's ability to claim the R&D Tax Credit is based on the risk of technical failure. The R&D Tax Credit rewards companies based on their attempt at designing or manufacturing a new product, not their success.

Economic Risk

A company must bear the economic risk of their product or process development in order to claim the R&D Tax Credit. In other words, a company must get paid based on their success, not their attempts. In most cases, companies are paid on a fixed-price basis which signifies that they bear the economic risk.

What Makes A Great R&D Opportunity?

- Do you employ degreed chemists, engineers, programmers or scientists?
- Do you develop and/or improve new products or processes?
- Do you build prototypes to test?
- Do you incur raw material costs during the product development/improvement process?
- Do you subcontract any engineering or testing functions?

Benefits

- **\$1 for \$1** reduction of tax liability
- Net federal tax benefit ranges from **5–6.5%**
- Can carry forward credit for **up to 20 years**
- Ability to **look back** at previous years
- State credits can significantly **add to the total benefit**



Cost Segregation

IC-DISC

Credits & Incentives

R&D Tax Credits

Derivatives & Debt Advisory