



Fuel Your Innovation

Research & Development



engineered

TAX SERVICES

Innovative | Ethical | Transparent



What Is The **Research & Development (R&D) Tax Credit?**

The R&D tax credit is a federal incentive offering a dollar-for-dollar reduction in a company's tax liability, aiming to encourage research and development activities. It is calculated based on a company's eligible wage, supply, and contract research expenses.



A background image showing a row of dark glass bottles, likely beer or wine, on a production line. The bottles are arranged in a perspective line, receding into the distance. They are held by a metal conveyor system with rollers and guides. The lighting is soft, highlighting the reflective surfaces of the glass and the metallic components of the machinery.

Do I **Qualify?**

R&D incentives are available for a variety of activities and expenses. These include software development, payroll expenses related to R&D activities, the creation of new manufacturing processes, and product innovation, among others.

Activities that would otherwise be considered “day-to-day operations,” such as designing new products or analyzing market trends, are eligible under this credit!

The **Four-Part Test**

To qualify, the IRS has a four-part test you must pass to be eligible to claim the incentives. Most companies don't know that the development and research activities they're currently doing might already qualify for this tax credit.

Part 1:

New or Improved Business Component for Permitted Purpose

The company needs to be trying to develop a new or improved business component. These activities do not need to be successful endeavors. Whether you're successful or unsuccessful, these activities may still qualify for pass this part of the test. As defined in the IRS regulations, the business components include:

- Product
- Process
- Technique
- Invention
- Formula
- Software

Part 2:

Activities Technological in Nature

The activities must be technological and must involve hard sciences such as:

- Engineering
- Physics
- Biology
- Computer Science
- Chemistry



Part 3:

Elimination of Uncertainty

Qualified research activities must be performed to eliminate technical uncertainties. Even if the company knows the research project's objectives can be achieved, expenditures can still qualify, provided there's some uncertainty at the onset when the company is trying to develop a new or improved business component. However, there only needs to be uncertainty regarding one of three things:

- 1) Can they do it?
- 2) How would they do it?
- 3) The ultimate or appropriate design of what they are trying to develop.

Part 4:

Process of Experimentation

The company must evaluate different alternatives when trying to develop the new or improved business component.

Examples of this include:

- Systematic trial and error
- Modeling
- Simulation



Does My Industry Qualify?

Companies of all sizes and industries can qualify for this tax credit.

Qualifying Activity Examples

- Pharmaceutical
- Software Development
- Plastics
- Agriculture
- Machining
- Food Processing
- Architecture
- Aerospace
- Engineering
- Automotive
- Life Sciences
- Construction

Benefits of the R&D Incentives

- 1) Promotes Financial Savings
- 2) Encourages Innovation
- 3) Stimulates Job Creation
- 4) Helps Mitigate Risks
- 5) Attracts Investment

A man wearing a white lab coat, a white hairnet, and a white beard net is looking down at a tablet computer. He is standing in a laboratory or industrial setting with metal shelving units in the background. The image is split vertically by a thin blue line.

How We Help You Get Your Tax Savings

Wondering what to expect when you work with Engineered Tax Services? Our mission is to simplify the complicated process of applying for and securing lucrative research and development credits, allowing you to focus on growing your business through continued innovation. While each client's situation is unique, we follow a general roadmap as detailed below:

1. Initial Consultation:

You reach out to us, and we help ascertain your eligibility for Research credits based on the IRS's four-part test.

2. Kick-off Call:

We schedule a meeting involving all significant stakeholders. During this session, we assign a tax attorney or industry expert who will serve as your dedicated project manager throughout the entire process.

3. Documentation Collection:

We request specific documentation that will be instrumental in calculating your tax credits and substantiating your claims in the event of an IRS audit.



4. Data Review:

We meticulously examine your records to pinpoint all Qualified Research Activities (QREs), which might encompass employee wages, supply costs and contract research expenses.

5. Data Analysis and Interviews:

We carry out comprehensive data analysis and conduct technical interviews as necessary to gather further information.

6. Tax Credit Form Provision:

We prepare and provide you and your CPA with the appropriate federal and/or state tax credit forms.

7. Final Report Delivery:

We compile and send the final R&D report to both you and your CPA.

How to Get Started

Getting an R&D credit analysis to see if you qualify is the first step!

At Engineered Tax Services, we're committed to helping you unlock your potential tax savings. Don't miss out on the opportunity to enhance your company's financial standing through R&D incentives. Our team of experts is ready to guide you through this intricate process.

Get Your FREE Analysis Today.



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www.engineeredtaxservices.com

Firstname Lastname

Job Title

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