

Fuel Your Innovation

Research & Development

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

The R&D tax credit offers a dollar-for-dollar reduction in a company's tax liability, or payroll taxes, aiming to encourage innovation and technological advancements in the U.S. It is calculated based on a company's eligible wages, technical consultants, and consumables for experimentation. The federal tax credit averages *14% of eligible costs. (*the tax credit percentage is subject to prior 3-year average and current accounting principles)

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 Qualitative Four-Part Test

- **Part 1:** New or Improved Business Component for Permitted Purpose
- **Part 2:** Activities Technological in Nature
- **Part 3:** Elimination of Uncertainty
- **Part 4:** Process of Experimentation

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

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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