

# THE MILLER GROUP.

Resource Information Xchange, LLC

R&D Tax Specialists

## Research and Development Tax Credits.

*Is your company fully aware of opportunities for Federal, Global & State Research and Development Tax Incentives?*



### Your opportunity:

Research tax incentives – including federal credits, various state incentives, and global incentives are among the most significant benefits available to businesses operating in the global economy. These incentives are broader than many companies realize, applying not only to product development but also to other activities and operations such as new manufacturing processes, environmental improvements, software development, and quality enhancements.

You can address the cost & risk of research & development (R&D) by leveraging tax incentives given the extension of the R&D Tax Credit and the new Alternative Simplified Tax Credit (ASC) for 2008. The ASC is beneficial to companies that have not reported research credits in the past or have reported nominal credits due to the burdensome base amount rules. Whichever credit you choose to explore, it is important to understand the rulings and interpretive guidance since you must be prepared to defend reported R&D tax credits.

Federal tax credits provide permanent benefits to drive down effective tax rates and generate cash flow. You also may qualify for state and global incentives, depending on where activities are performed.

However, taking advantage of the opportunities represented by federal, global, and state research tax incentives requires a keen understanding of IRS documentation requirements, along with a technical understanding of the products & processes for which the credit is being sought. Knowing the complexities of a company's R&D activities for credit opportunities is a key area of knowledge. Many companies don't have the resources to devote to this ever-changing area, because of changes to legislation and regulations and the analysis to determine the qualifying activities.

Technology can support the data-gathering process. But the actual research credit analysis is a facts-and-circumstances test. No database can fully automate this test. As a result, the right combination of people, process, and technology is necessary to make the most of your research tax credit program.

Determining the true cost of R&D is often difficult because few companies have a project accounting system that captures many of the costs for support provided by the various personnel who collaborate on R&D. The typical project tracking system would not include all contractor fees, director support costs and salaried personnel who participate in the research effort.