

The Miller Group.

Resource Information Xchange, llc

Federal and State Tax Specialists

Research & Development Tax Incentives for the Oil and Gas Industry.

Is your company fully aware of the opportunities that are waiting to be claimed through the Research and Development Tax Incentives?

- Every successful company is eligible for the Research Tax Credit of some amount. This is especially true for companies with increasing revenue and expanding markets.
- Many common business innovations meet the qualifications standards of IRC § 41 and are eligible for the Research and Development Tax Credit. Creating new and improved products, developing processes, implementing new manufacturing methods & writing software for internal use are a few of the expenses that qualify for the Research Tax Credit.
- Federal tax credits provide permanent benefits to drive down tax rates and generate cash flow. You may also be entitled to state and global incentives, depending on where activities are performed.
- It is essential that companies examine their Research and Development Tax Credits potential as soon as possible to avoid losing dollars from previous tax years.
- Significant Planning Opportunities exist that maximize the Research Tax Credit potential in the future. The Miller Group's R&D Tax Specialists are here to provide the help you need.



CALL THE MILLER GROUP TODAY FOR A FREE CONSULTATION AT 206.855.1700

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Research and Development Tax Incentives for the Oil and Gas Industry.

Your Opportunity: Research and development (R&D) in the oil & gas industry is more important than ever with more companies conducting deep-water exploration, exploring alternative fuels, expanding refining facilities, extracting oil from shale, and bringing liquid natural gas terminals on-line. 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. What's more, the Energy Tax Incentives Act of 2005 includes a provision that allows 100 percent of certain contract research payments made for energy-related research to be treated as a qualified research expense. There is an additional 20 percent credit for payments made to qualifying energy research consortia.

Examples of initiatives that may be eligible for R&D tax incentives include:

- Design and development of advanced drilling techniques, both upstream and downstream
- Software development to improve resolution of reservoir interpretation and performance at the exploratory and development stages
- Improvements in efficiency and capability of coiled tubing technology
- Production optimization technology and improved geological and geophysical interpretive methods
- Design, engineering, and testing related to newly designed offshore platforms or vessels
- Design, engineering, and testing related to new refined products and development of improvements to the refining process
- New processes for bioremediation, oil spill cleanup, emissions control and monitoring, gas flaring, and hydrogen sulfide gas detection

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

For example, personnel on new product launch teams who participate in specifying in prototype development and testing may include marketing, regulatory affairs, product safety and evaluation, micro-biology, clinical supplies, chemistry management, packaging technology, manufacturing, instrumentation, and even sales.

The Miller Group Approach: The Miller Group is exclusively dedicated to R&D tax issues and specialize in particular industries, including the oil and gas industry. Our focus provides us with an unusual depth of experience. We also work in an efficient and nonintrusive manner so that you can stay focused on business.

R&D Tax Credit Projects: Introductory tax credit potential analysis studies may be performed, but are often unnecessary. In a full project, The Miller Group performs extensive field work, collect supporting records and create comprehensive documentation to support maximum, durable tax filings. We provide support under review by IRS or State tax authorities.

Our goal is to provide the maximum allowable tax credits with the minimum impact on critical day to day operations. Our approach establishes a process that your tax function can replicate and use to reduce future tax compliance costs and burden (see RIX Technology).

We Offer: Extensive experience providing services to privately owned companies as well as Fortune 500 companies.

Deep technical knowledge in this complex area. RIX Technology. A proprietary (patent pending) software product for tax credit documentation approved by the IRS.

Please call us for a free consultation at 206.855.1700.