



## **Research & Development Tax Credit Study**

Many companies are unaware that research and development (“R&D”) activities are taking place within their businesses; however, recent guidance from the IRS has extended the types of qualifying research activities and clarified the qualification procedures. Therefore, a R&D tax credit may now be available to your company.

### *What is the R&D Tax Credit?*

The R&D tax credit is an incentive for performing research to develop a new or improved product or process.

### *How much is the credit worth?*

Subject to certain conditions and assumptions, the federal credit is equal to 13% of qualified research expenses. The state credit varies for each state.

### *Importance of the R&D Tax Credit*

By claiming an R&D tax credit, your company will experience increased cash flow and a lower effective tax rate. In addition, it is important to note that a credit (as opposed to a deduction) results in a dollar-for-dollar reduction of your company’s taxes.

### *What types of activities qualify for the credit?*

The following are examples of activities that could qualify for the credit:

- The development of a product that is not currently available in the market;
- The improvement of a product that is currently available in the market;
- The development of a new manufacturing process (for a new or existing product); and
- The improvement of a current manufacturing process.

### *What can Kemper CPA Group LLP do to help?*

Kemper CPA Group LLP has the knowledge and experience necessary to determine if your company can benefit from an R&D study. Please contact us today for a consultation!