

## THE REFERENCE

YOUR SPECIALTY  
TAX SOLUTION

“  
McGuire Sponsel  
approaches an  
R&E Tax Credit  
engagement with  
the same level  
of scrutiny the  
IRS would use to  
approach an R&E  
Tax Credit audit.”

”  
– TJ Sponsel  
Director  
McGuire Sponsel

### RESEARCH & EXPERIMENTATION TAX CREDITS

Research & Experimentation Tax Credits reward companies for investment in developing new products and processes. Often, companies that are meant to benefit from these credits overlook this opportunity.

McGuire Sponsel's team of accountants, engineers and business consultants bring the knowledge and experience to maximize a company's opportunity for the federal R&E Tax Credit as well as any applicable state tax credits.

Our proven process maximizes the research tax credit while reducing the overall tax burdens in a way that withstands the highest level of federal and/or state scrutiny.

Realizing that a company may be limited by minimum tax or previous years' net operating losses, we structure our engagements so that the tax benefits resulting from research and development investment outweigh the hard costs incurred during the engagement.

With recent changes in the calculation options for the R&E Tax Credit, along with the increased scrutiny placed on credit claims, the importance of selecting a firm that places importance on the qualitative aspects of a company's research and development activities is imperative.

In determining whether a company's research activities qualify for the Research & Experimentation Tax Credit, the activities must pass the four-part test:

- The goal has to be to discover some technological information that does not already exist
- There must be a level of uncertainty related to the product or process development
- Any costs must be directly attributable to what the IRS calls a “process of experimentation,” with no assurance of success
- The research must have a general business purpose