

R&D Tax Credit Results



How BKD Enhances Your R&D Tax Credits:

- ▶ Identify eligible process-related activities
- ▶ Capture overlooked product design or improvement costs
- ▶ Broaden employee groups engaged in research
- ▶ Identify additional wage costs such as optional expense

Your company's research and development (R&D) projects could produce a significant tax credit. Identifying "who" and "what" qualifies for such credits isn't always easy. BKD's R&D team takes an engineering approach to finding and supporting the qualifying activities that create tax-saving opportunities. Following are samples of completed engagements in which the BKD R&D team successfully documented qualifying activities that enabled companies to take advantage of the credits they were entitled to:

Aluminum foundry – In a performance-based project for this \$100-million aluminum foundry, the R&D team uncovered \$235,000 in available credits for the S corporation's shareholder. The benefit was derived from only two tax years, due to start-up nature of the company.

Baking equipment – The R&D team scouted out \$50,000 in federal and state credits for this \$9-million manufacturer of baking equipment. Savings included product innovations, coupled with process improvement costs. As this project illustrates, companies of all sizes can have meaningful benefits.

Battery manufacturer – In a project for this joint venture involving one of the nation's Big Three automakers, BKD produced federal credits exceeding \$5 million. The entity's international accounting firm had not previously discussed this windfall potential with the company.

Control-systems company – This \$12-million manufacturer of control systems for the steel industry produced \$235,000 in research credits for open years.

Corn sweeteners – For this \$2-billion corporation engaged in producing corn sweetener products, BKD generated more than \$12 million in federal and state R&D credits.

Engine re-manufacturer – This \$200-million automobile engine re-manufacturer received \$512,000 in research credits for open years, largely related to process efficiencies.

Fasteners for automobile industry – This

\$20-million S corporation that manufactures automobile fasteners earned \$112,000 in credits through a BKD study. This was a real benefit for the entity's shareholders during an industry slowdown.

Filter manufacturer – For this \$65-million C corporation, BKD generated \$258,000 in federal and state R&D credits, notwithstanding that various facets of the start-up rules limited the benefits to a single tax year.

Furniture manufacturer – This former S corporation, now a majority owned S corporation ESOP, realized \$92,000 in "found money" in its pre-ESOP years through BKD's R&D services.

BKD Solution

Our R&D tax credit solutions team has a proven track record of helping companies like yours improve cash flow by taking advantage of the tax credits to which your company is entitled.

We can interpret and help you apply the rules to product and process activities, create tax-saving opportunities and take advantage of available tax breaks for money invested in research and development. We understand tax, product development and process improvement. Add sophisticated research and analytical tools, and the result is an experienced team of professionals who can help you manage your tax liability.



“ Our company does a lot of R&D work, but until we began working with BKD, we were unaware that it qualified for the tax credit. Now, on an ongoing basis we know and realize the tax value of our R&D efforts. Thanks to BKD we have recovered significant tax dollars. ”

—Ryan Haas, *Executive Vice President*
Delaware Machinery, Muncie, Indiana

Hospital-bedding products – A \$15-million company specializing in medical products and hospital bedding shaved \$119,000 off its tax bill through the BKD R&D team’s detailed approach. In addition to open tax-year analysis, the team invested considerable effort in reconstructing base-year data.

Industrial-fan manufacturer – For this \$15-million corporation engaged in producing cooling products, BKD generated \$126,000 in federal and state R&D credits.

Marine products – For this custom manufacturer of castings and other products for the marine and leisure time industries, the BKD team uncovered credits approximating \$22,500.

Office furniture – The R&D team scouted out \$192,000 in federal and state credits for this \$20-million manufacturer of computer-display office furniture. Savings included product innovations, coupled with process improvement costs.

Plastic coatings – This \$100-million Chicago-based producer of plastic film and coatings received \$280,000 in tax credit benefits through the BKD R&D approach. BKD’s team used a unique methodology in that the company sustained current and prior-year operating losses, with BKD creating refundable taxes in years otherwise closed by the statute of limitations.

Plastic parts for automobile industry – This \$30-million C corporation that manufactures plastic and rubber automobile parts created \$180,000 in credits through a BKD study. This provided much-

needed cash, as many tier-two automobile entities are faced with pressure from their customers to maintain or reduce prices, along with a general slowdown in the industry.

Precision machine parts – In a performance-based project for this \$20-million industrial precision machine manufacturer, the R&D team uncovered \$97,000 in available credits for the S corporation shareholders.

Reel manufacturer – For this producer of heavy-duty reels serving a wide variety of markets, (industrial, automotive, marine, chemical, rental, welding, petroleum, L.P. gas, food processing, aviation and electrical businesses), the BKD R&D team mined out credits aggregating to \$164,000.

Software developer – This Indiana-based software entity serves a variety of industries including pharmaceuticals, property management, newspaper publishing, food manufacturing, industrial manufacturing and graphic reproduction. BKD’s R&D team identified and documented more than \$290,000 in credits for this client’s benefit.

Steel foundry – A \$10-million steel foundry benefited by the BKD team’s visit, generating \$100,000 in credits related to process improvement activities. This project illustrates how the credit can occur in basic industries where continuous efforts are made to make products better, faster and cheaper.

Table-pads manufacturer – This \$5-million manufacturer received \$16,000 in research credits for open years, largely related to process efficiencies.



Beyond Your Numbers

BKD would like to take you beyond your numbers by applying our technical expertise, unmatched client service and disciplined delivery of solutions to your management and financial needs. We are committed to delivering results with integrity: solutions that are ethical, timely and affordable. Let us take you beyond your numbers.



For a complete list of our offices and subsidiaries and their contacts, visit:

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Why BKD for R&D

BKD, LLP is one of the 10 largest CPA and advisory firms in the country. Our good name and reputation rest on how well our service and solutions work for you, your customers and your stakeholders. We are committed to delivering unmatched client service for the investment you make. This

BKD Experience is based on our PRIDE values of passion, respect, integrity, discipline and excellence and on our mission, whose first objective is excellence in client service. Together, our values, our mission and our commitment to unmatched client service guide our professional advisors.