

R&D TAX CREDIT

experience **ideas** // If your company has spent time, money or other resources to improve a product or production process, you may qualify for the research and development (R&D) tax credit. BKD's R&D tax credit consultants can help you identify, properly document and calculate available R&D tax credits that may result in reduced tax obligations and refund opportunities.



WHAT IS THE R&D TAX CREDIT?

Originally created by the *Economic Recovery Tax Act of 1981*, the federal R&D tax credit has changed several times over the last three decades. These changes have allowed more and more companies to take advantage of the credit to offset investments in substantial or incremental improvements. The cost associated with these activities (including the time spent) is then used to calculate the R&D credit. The credit offsets current federal tax obligations dollar for dollar. Many states also recognize the R&D tax credit for state income tax purposes.

WHO QUALIFIES?

The R&D tax credit is available to any company investing in the development or improvement of products, processes, software or technology. The following industries tend to have the most opportunity:

- Manufacturing
- Software development
- Tool & die
- Biotech & pharmaceutical
- Oil & gas
- Telecommunications
- Engineering firms
- Contractors

QUALIFIED RESEARCH EXPENSES

Qualified research expenses include wages, supplies and contract research. BKD's R&D tax credit consultants understand that expanding the employee group performing qualified research activities, capturing significant and unique supply items and identifying additional contract research vendors can greatly enhance available credits.

DOCUMENTATION REQUIREMENTS

BKD's R&D tax credit team can help you properly document costs associated with qualified activities and provide a method for arriving at those costs. Our R&D tax credit study and report is designed to meet the IRS requirements for proper cost documentation and clearly describes the methods used to identify costs.

ANNUAL UPDATE STUDIES

These studies help companies maintain up-to-date R&D tax credit documentation. BKD R&D consultants can work with your company through update studies to help you continually improve the annual documentation process.

100 COUNTRIES 

As one of the largest U.S. members of Praxity, AISBL, a global alliance of independent accounting firms, BKD can help you **experience reach** from more than 39,000 personnel serving clients in approximately 100 countries.

“ I was already very familiar with the R&D credit process and the potential benefits. So it was natural for me, when I learned that Baldor was not pursuing R&D credits, to get a study underway as soon as possible. Many firms would just pass over these potential services as not being worth the effort. BKD did not just focus on low-hanging fruit; the process was very comprehensive and set the building blocks from which to move forward.

To have a great service provider, there has to be chemistry. I practiced public accounting for over 25 years and formed a strong opinion of what a good CPA advisor was. I try to live up to that expectation every day, and I like to work with others who share those same values.

I am a big supporter of BKD; there is no doubt in my mind that BKD can go toe to toe with any of the other accounting firms in the country. ”

George Moschner

Chief Financial Officer

Baldor Electric Company

GETTING STARTED

The first step in determining an appropriate scope of services is a no-cost analysis of your current position. Our R&D consultants will collect some preliminary information from you, evaluate your current situation and put together a plan for conducting your R&D tax credit study. From there, you can decide if you want to proceed.

WHY CHOOSE BKD FOR R&D CREDIT SOLUTIONS?

BKD is one of the largest CPA firms in the country. Industry-focused engineers and tax professionals on our R&D tax credit team have performed hundreds of R&D credit studies for clients throughout the United States. We help large, public multinational companies and small, family-owned businesses identify, document and calculate these lucrative credits.

2600 CPAS, ADVISORS & STAFF

Work face to face with one of approximately 2,600 CPAs, advisors and dedicated staff, and **experience round-the-clock commitment** to ideas that help improve performance.

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