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## Research and Development Tax Credit

Many taxpayers tend to regard Research and Development (R&D) tax credits as an activity associated solely with high tech, biotechnology and manufacturing companies, when in fact, many other day to day company operations qualify. The purpose of R&D tax credits is to reward companies for investments in developing new or improved products, processes, or techniques; developing new technology, and developing and improving upon production/manufacturing processes.

### Do You Qualify for the R&D Tax Credit?

- Does your company continually develop and/or build new equipment, products, or processes?
- Does your company customize an existing product line to meet their customers' specifications?
- Does your company employ degreed chemists, engineers, programmers, or scientists? If so, how many?
- Are there additional employees that perform functions of an engineer? If so, how many?
- Does your company charge on a "fixed-price" or "per piece" basis? Or does the company charge on a "time and material" basis?
- Does your company receive Requests for Quote (RFQs) from their customers?
- Does your company employ "technical salespeople"?
- Does your company build prototypes to test?
- Does your company perform virtual prototyping?
- Does your company retain "job files" (drawings, meeting minutes, and test results) from its product development activities?
- Does your company incur costs associated with raw materials, tooling, and fixtures during the product development process?
- Does your company "subcontract" any of its engineering or testing functions?
- Does your company perform any research related to secure federal, state, or industry regulatory approval?

## LBMC Tax Services

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Business Tax

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Individual Tax

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Tax Outsourcing

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Credits and Incentives

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Transfer Pricing

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Wealth Advisors

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