

# Research & Development Tax Credits

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In this increasingly competitive global marketplace, U.S. companies must remain focused on their core strengths and must continually identify ways to reduce costs and increase efficiencies. The professionals at GALLINA LLP can help your company reach its highest level of financial success by helping you take advantage of the many tax credits and incentives that may be available to you.

In December of 2006, during the last hours of the 109th Congressional session, a much anticipated two-year extension to the R&D Tax Credit Program was passed. This program is designed to stimulate and promote the stimulate development of new products and services here in the US and to keep jobs from going overseas.

This tax credit is not a deduction - it is a dollar for dollar credit against taxes owed or paid; therefore, companies who qualify save thousands of dollars.

Many companies are unaware that many of their everyday activities can qualify for R&D credits. If your business invests time and money in developing or improving processes or products, you may qualify for thousands of dollars of Federal tax credits. It is estimated that although 98% of U.S. companies are small-to-medium-sized businesses, they submit only 7% of the R&D tax credit claims. Don't miss this opportunity for potentially significant savings.

## You may qualify if your company performs any of the following tasks:

- Manufactures products
- Tries new materials
- Tests new concepts
- Adds new equipment
- Performs environmental testing
- Develops or applies for patents
- Automates internal processes
- Develops new technology
- Performs certification testing
- Designs tools, jigs, molds, and dies
- Develops production control software
- Improves or builds new manufacturing facilities
- Develops, implements, or upgrades systems and/or software

- Develops or improves production or manufacturing processes
- Develops prototypes or models (including computer generated models)
- Develops new, improved, or more reliable products, processes, or formulas
- Pays outside consultants or contractors to do any of the above stated activities

Tax incentives vary by industry and company. The three main qualifying costs for R&D credits are employee wages, supplies consumed during the R&D process, and fees paid to outside contractors who perform R&D functions.

## GALLINA Determines Your Tax Savings – Risk Free

First, we determine the likelihood of your company's expenditures falling under the R&D Credit guidelines. If our initial assessment shows potential savings, we will schedule a full R&D Tax Credit analysis and our fee arrangement will be commensurate to the savings we are able to obtain for your company.

The full R&D Credit analysis will include two or three additional site visits, a review of key financial information, and interviews with those involved in your R&D processes.

If R&D Credit savings are discovered during the past three years, we will amend your company's tax returns and re-file them. In addition, we will help you optimize, document, and sustain your R&D Tax Credit program by helping you with the technology and protocols necessary to substantiate future claims.