

### What is the Research & Development Tax Credit?

Research and Development (R&D) tax credits are a company tax relief which can either reduce a company's tax bill or, for some small or medium sized companies, provide a cash sum. The aim of the tax credit is to encourage greater R&D spending in order to promote investment in innovation.

# Research & Development Tax Credit

## ARE YOU TAKING ADVANTAGE OF THE CREDITS AVAILABLE TO YOUR COMPANY?

- A hidden and immediate source of cash for many companies;
- A significant reduction to current and future years federal and state tax liabilities;
- Companies that develop new or improved products or processes, or make significant investments in the development of internal use software, may be able to benefit from the Research & Development Credit;
- *The 20% research tax credit is not a deduction. It is an actual dollar-for-dollar credit against taxes owed or taxes paid.*
- A business can take the credit for all open tax years – generally the last three years plus the current year;
- Additional years may be available if the taxpayer is in a net operating loss or alternative minimum tax position;
- In a flow-thru entity such as an S Corporation, the credit may be captured at the individual level and be utilized to offset other tax items;
- Tax credits may carry forward twenty (20) years, thus creating a significant future benefit and source of capital.
- Additionally, Pennsylvania has an R&D tax credit program which allows a taxpayer to sell their PA tax credits.

**Do you think you may meet the criteria for this credit? Please contact William Finney, CPA at 814-454-4008 to take advantage of this valuable service today. Thousands of dollars in credits may be owed to you! Do not delay, contact us today!**



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