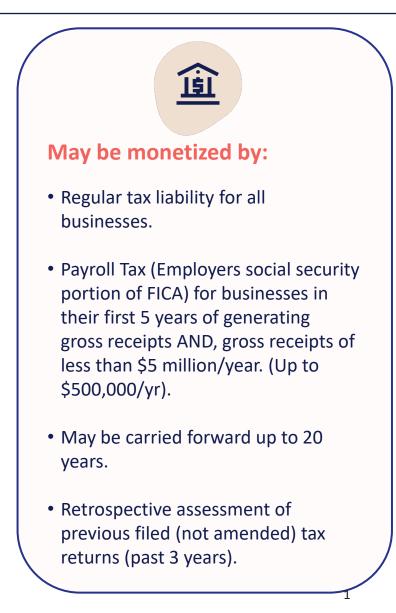
## Research & Development (R&D) Tax Credits

The Federal R&D Tax Credit is a general business credit established in 1981 and made permanent in 2015.

Businesses can earn tax credits on qualifying research & development activities.

Businesses may generate a federal, dollar for dollar, tax credit typically averaging 6% – 8% of certain U.S. based costs tied to development activities, including wages, contractor expenses, and supplies.

Typical Qualifying Industries		Typical Qualifying Activities		
Software*	Manufacturing	Product	Manufacturing Process	Software
Biotechnology	Pharmaceutical	- ) L Invention	Technique	Formula



## **Determining** eligibility for R&D Tax Credits

Research that satisfies a statutory "Four-Part Test" qualifies for the federal tax credit

Permitted Purpose

01

02 Technological in Nature Elimination of Uncertainty

03

04 **Process of** Experimentation

The activity must relate to the development or improvement of either the *Functionality, Performance, Reliability, or Quality* of a new and improved business component:

- Product
- Process
- Software
- Formula
- Technique and/or
- Invention

The activity performed must fundamentally **rely on principles of:** 

- Physical or Biological Science,
- Engineering, and/or
- Computer Science

The activity must be intended to discover information to **eliminate uncertainty** concerning the:

- Capability,
- Method, and/or
- Design

The activity must be evaluated or tested in some method, such as:

- Modeling
- Simulation
- Trial and error
- Conceptualization

