

Teaming with CPAs to Bring Value . . .

RESEARCH AND DEVELOPMENT TAX CREDIT SERVICES

Orange County

New York

Los Angeles

Washington, D.C.

R&D TAX CREDITS

Since 1981, the Federal R&D Tax Credit has been meant to incentivize innovation within the United States...and much more! In fact, 2003 IRS regulations replaced a “discovery test” with much broader requirements in order to qualify for the credit. Now, when a US company is trying to develop a new or improved **PRODUCT, PROCESS, TECHNIQUE, FORMULA, TECHNICAL DESIGN** or **SOFTWARE**, it no longer needs to be new to its industry in order to qualify; it only needs to be new to them.

Companies claim billions of dollars of Federal and State R&D Tax Credits each year. However, billions of dollars of R&D credits go unclaimed each year because companies are not aware that they qualify. In addition, many companies that are taking the credit are not claiming all of the credits to which they are entitled.

Now a permanent fixture of the Internal Revenue Code, the R&D Tax Credit is a significant and immediate source of cash for companies of all sizes and in most industries.

RECENT ENHANCEMENTS TO THE CREDIT

Beginning in 2016, there were also two significant enhancements to the Federal R&D Tax Credit involving the credit’s utilization:

- **Companies with less than \$50 million in gross receipts (prior 3 year average) can now use Federal R&D tax credits to reduce Alternative Minimum Tax (AMT). This is very significant, especially for flow-thru entities, whose owners are in or close to AMT each year.**
- **“Start-up companies” (companies with less than \$5 million of gross receipts for the year and with no gross receipts more than five years ago) can now use their Federal R&D tax credits to reduce a significant portion of their Federal payroll taxes.**



TYPICAL QUALIFYING INDUSTRIES

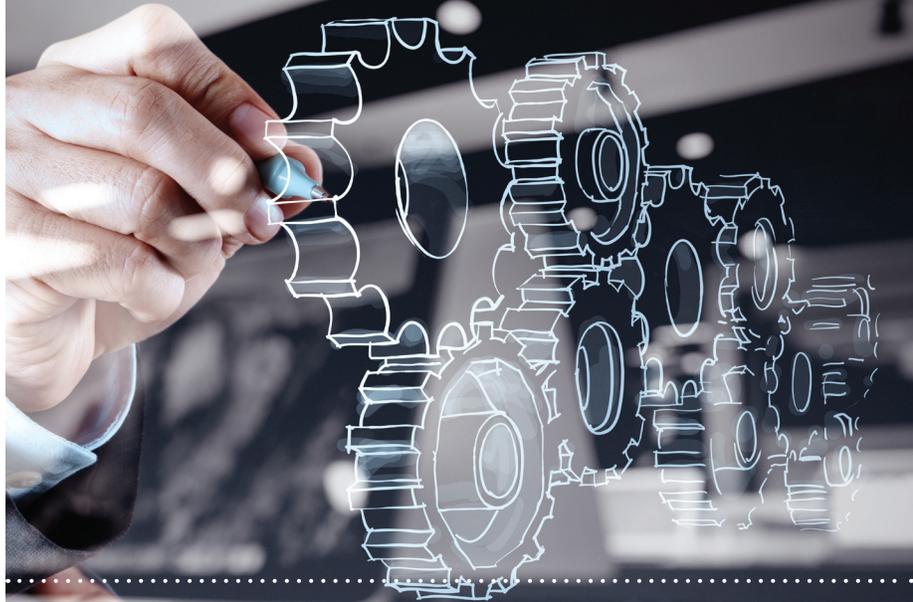
- Aerospace
- Agriculture
- Apparel & Textiles
- Architecture
- Automotive
- Brewing & Distilling
- Chemical
- Electrical Contracting
- Electronics
- Engineering
- Food Processing
- Furniture & Cabinet Manufacturing
- General Contracting
- Job Shops
- Life Sciences
- Mechanical Contracting
- Medical Device Manufacturing
- Metals
- Oil and Gas
- Plastic Mold Injection
- Semiconductor Electronics
- Shipbuilding
- Software Developing
- Telecommunications
- Tool & Die
- Waste Management
- Winemaking



BENEFITS REALIZED BY OUR CLIENTS

We are measured by the value we bring to our clients. Through our engagements, our clients have realized the following benefits:

- **Millions of dollars of federal and state income tax refunds.**
- **Lower overall effective tax rate for the company or the partners/shareholders of flow thru entities.**
- **Additional cash to invest back into their business and R&D operations.**
- **Unused credits are useable against future income taxes, up to 20 years.**



RECENT CLIENT SUCCESSES

\$1,100,000 R&D Tax Credits/Cash Refunds Generated

Plastic Injection Molding Company
Revenue: \$60 million

\$639,000 R&D Tax Credits/Cash Refunds Generated

Architectural Firm
Revenue: \$17 million

\$483,000 R&D Tax Credits/Cash Refunds Generated

Software Developer
Revenue: \$12 million

\$835,000 R&D Tax Credits/Cash Refunds Generated

Auto Parts and Components Company
Revenue: \$100 million

\$784,000 R&D Tax Credits/Cash Refunds Generated

Structural Engineering Firm
Revenue: \$28 million

\$341,000 R&D Tax Credits/Cash Refunds Generated

Abrasives Cleaning Manufacturer
Revenue: \$7 million

\$617,000 R&D Tax Credits/Cash Refunds Generated

Electrical and Mechanical Contractor
Revenue: \$23 million

\$301,000 R&D Tax Credits/Cash Refunds Generated

Gourmet Food Processor
Revenue: \$13 million

OUR PROCESS

FREE INITIAL ASSESSMENT During the free assessment, we will obtain an understanding of your company's operations in order to verify that your company is a good candidate for the R&D tax credit and also to provide high level credit estimates for the open tax year(s) in question. During the assessment, Think will typically have an assessment call with a key person at the company or we may request some high level information via email. We will also assess and review utilization of any potential credits with the company (i.e., will the credits result in refunds and/or reduced taxes or will they carry forward).

PHASE 1: INTRO/STUDY DESIGN During Phase 1, Think interviews key company personnel to identify projects, processes, departments and technologies where potential qualifying research expenditures exist. In addition, we evaluate the type and availability of contemporaneous documentation to substantiate the qualified research expenditures. We then design a study plan around your circumstances.

PHASE 2: IMPLEMENTATION In Phase 2, Think will interview additional personnel, analyze contemporaneous documentation, match wages and other costs with qualifying projects to finalize the credit calculations, and gather documentation needed to complete the analysis. This phase entails a full analysis of technical issues related to qualified R&D projects, identification of all eligible expenditures, and documentation of such expenditures.

PHASE 3: REPORTING This phase includes the final preparation and delivery of the R&D Study and its quantitative and qualitative components, which will serve as the company's documentation supporting the R&D tax credits claimed. The reporting phase also includes the preparation of any amended tax returns by the company's CPA.



think

...HIGH VALUE TAX INSIGHTS

Think, LLP's management team is made up of "Big-4" accounting firm partners and consultants. We focus on performing R&D Tax Credit Studies, Cost Segregation Studies, IC-DISC and other value-added specialty tax services.

Aligned with the client's trusted business advisors, Think LLP's studies are imperative for maximizing and sustaining significant tax savings for past, present and future qualifying expenditures.

Our services complement the expertise and expand the service offerings of the client's CPAs. Think, LLP's mission is to bring our specific expertise to local and regional CPAs and their clients in a cost-effective manner.

Together it will help strengthen existing and future client relationships.



CONTACT

Greg Elias, Partner
gelias@thinkllp.com

Brian Pluckhan, Partner
bpluckhan@thinkllp.com

David Mayer, Partner
dcmayer@thinkllp.com

Orange County Office

3636 Birch Street, Suite 210, Newport Beach, CA 92660
Phone: 714.434.6700 | Fax: 714.640.0636

New York

230 Park Avenue, New York, NY 10169
Phone: 646.217.0636 | Fax: 646.217.0640

Los Angeles

11601 Wilshire Blvd., Los Angeles, CA 90025
Phone: 310.256.3666 | Fax: 310.256.3675

Washington, D.C.

2200 Pennsylvania Ave. NW, Washington, D.C. 20037
Phone: 646.228.8895 | Fax: 202.747.7520

www.thinkllp.com