

Your Guide Forward R&D Credits for the Technology Industry

A healthcare technology startup claimed the R&D Tax Credit to offset payroll taxes. They received a **\$498,142 dollar-for-dollar offset** against taxes paid, resulting in an **805% return on their investment**.

Client Profile



Raleigh, NC



Healthcare Technology



50 Employees



\$1.5M Annual Revenue

How Cherry Bekaert Made a Difference

A startup technology company based in Raleigh, North Carolina, approached Cherry Bekaert Credits & Accounting Methods Team ("C/AM Team") about maximizing their R&D credit.

The company is focused on developing new smart technologies specifically tailored to serve and empower older adults and individuals living with disabilities, and, since beginning operations in 2013, the startup has developed several custom software solutions as well as an integrated operational management platform.

Although the startup has yet to see a lot of taxable income, they have incurred significant costs, including payroll taxes. The Federal R&D credit can be used to offset the employer's portion of payroll taxes, giving a substantial cash benefit to innovative start-up companies. Up to \$250,000 of payroll taxes can be offset each year.

In early 2019, C/AM offered the startup a complimentary scope for the 2017-2018 tax years. The scope estimated that the startup was entitled to an impressive \$318,428 credit.

Once the project began, the C/AM team went on site and discovered even more qualified costs, such as wages & cloud computing, expanding the tax benefits 57% beyond that of the scope to a staggering \$498,142 (805% ROI). At the conclusion of the study, a team from C/AM went to the client site to review the deliverable and explain the benefits further.

If your company engaged in qualified research activities for the last several years, you may be eligible to claim R&D tax credits. Cherry Bekaert can help you gain cash refunds from previously unclaimed credit.



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