

# Leveraging the R&D Tax Credit Marine Components and Accessories

## The R&D Tax Credit— Your Engine for Innovation

Before you show off your new or improved marine product at the next boat show, think of all the testing that goes into getting your product just right. Did you know that the time and supplies that go into testing and developing your new model or feature can provide you with a tax credit? Claiming the Research & Development (“R&D”) tax credit can provide your business with an immediate source of cash, as well as current and future reductions in your federal and state tax liabilities.

## How Much is the Credit?

The credit differs from a deduction in that it is an actual dollar-for-dollar offset against taxes owed or paid. While the computation of the credit can be complex, most companies receive a credit equal to 9-20% of total qualifying expenditures. Most qualifying expenses result from the wages paid to employees that participate in qualifying activities. If your company has been engaged in qualifying activities for the last several years, you may be eligible to retroactively claim R&D tax credits.

## Don't Leave Money on the Table

Less than one-third of eligible companies are aware that they qualify for the R&D tax credit. Even if companies claim an R&D credit, they frequently do not claim the entire credit to which they are entitled. This is either because they are uncertain of what qualifies for the credit or do not have the processes in place to properly document the credit.



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## Next Steps

With millions in cash refunds, Cherry Bekaert helps clients recover previously unclaimed credits, and defends past, present, and future credits. While the process to apply for and, ultimately, get cash back from the R&D tax credit is complex, our team of in-house engineers and dedicated tax specialists leverage their experience to develop a systematic approach designed to maximize your credit, and gain a solid defense against IRS review. Our services can help you capture cash benefits that typically will exceed the investment of the R&D tax credit analysis.

## Qualifying Expenses & Activities

If your company is developing or improving new products or processes, you may qualify to claim the R&D tax credit.

### Examples include:

- ▶ Audio/visual components
- ▶ Laminates or core materials
- ▶ Electrical components or subcomponents
- ▶ Trailers or storage equipment
- ▶ Dockage or travel lifts
- ▶ Wakeboard towers or other aluminum components
- ▶ Fire suppression or other safety systems
- ▶ Marine decking



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