

TAX CREDITS & INCENTIVES ADVISORY

# R&D Tax Credit for Tech Companies

Debt and equity financing are not the sole source of funding for the innovation activities of early-stage tech companies. Research tax credits are available as an incentive to develop software, SaaS, and hardware solutions and, in many cases, can be immediately realized through payroll tax offsets.

## Obtain Government R&D Funding Without Grant Applications

The federal government — as well as more than 40 states — assists in funding research and development (R&D) through tax credits and other benefits. R&D Tax Credits are dollar-for-dollar offsets to tax liabilities.

Research credits are a non-dilutive source of funding for companies that perform U.S.-based development activity that involves technical uncertainty in the hard sciences and that requires a process of evaluating alternative methods or designs to seek a solution. Solutions can include the development of a new product, computer software or hardware product, process, formulation, or technique. Improvements to any of these business components that increase their quality, performance, reliably or functionality qualify for R&D Tax Credits.

Tax liabilities potentially available for offset:

- ▶ Income taxes
- ▶ Payroll taxes
- ▶ Franchise taxes

## How Can Cherry Bekaert Help?

Our Tax Credits & Incentives Advisory professionals have extensive experience working with companies in the technology sector, including all entity types and ownership structures.

The tax laws and administrative requirements in this area are constantly changing, therefore it is crucial to have experienced guidance to obtain the maximum sustainable credits to assist in funding R&D activity, improving cash flow, and decreasing the effective tax rate.

We can provide an initial assessment and proposal free of charge that will provide sufficient information to determine if it makes sense for your technology company to file for these incentive programs.

## Your Guide Forward



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