



# Tax Credits & Incentives Advisory

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As a key benefit to growing businesses, Cherry Bekaert can provide support for your organization's tax credits and incentives requirements.



Cherry Bekaert's Tax Credits & Incentives Advisory (TCIA) practice helps our clients with many cost-saving activities that can help increase cashflow and improve their tax position, through vehicles such as:

**Research and Development (R&D) Activities**  
Design or Development of New or Improved Products, Processes or Software

**Construction of New Buildings**

**Investments in Low Income Communities**

**Alternative Energy Investments**

**Hiring**

## Research & Development Tax Credit (IRC Section 41 Credit for Increasing Research Activities)

- ▶ Calculations are required to consider the activities and costs of the entire U.S.-controlled group
- ▶ Dollar-for-dollar reduction in tax liability
- ▶ Incremental credit requiring a review of current year qualified research expenses (QREs) as well as prior year activities
- ▶ Start-up companies can offset up to \$250,000 of payroll taxes
- ▶ Cash benefits can be used to hire new staff, or buy machinery and other assets to support a continued growth.

## Cost Segregation Plus Services

Conducting a cost segregation analysis can help your organization implement a tax planning strategy that could accelerate substantial depreciation deductions, reduce tax liability and defer tax payments.

### Opportunities Include:

- ▶ Accelerate depreciation
- ▶ Increase cashflow
- ▶ Claim catch-up depreciation from previously misclassified assets
- ▶ Reduce real estate property taxes
- ▶ Reduce tax liabilities

## Employee Retention Credits (ERC)

Employers can be entitled to payroll tax refunds in excess of payroll taxes paid in 2020 and 2021.

### Credit-Eligible Employers:

- ▶ Experienced a significant decline in gross receipts in the calendar quarters of 2020 and 2021 compared to those same calendar quarters in 2019
- ▶ Were directly disrupted by COVID-19 government orders limiting commerce, travel or group meetings in 2020 and 2021



## Energy Tax Credit & Incentives

If your business participates in energy savings activities (e.g., utilizing energy-efficient technologies, LEED® certification, etc.) or renewable energy, you may be eligible for federal, state or local energy tax credits and incentives including:

- ▶ Accelerate depreciation for alternative energy and biomass properties
- ▶ Investment tax credits for qualified energy property (e.g., solar, fuel cell, small wind energy property, geothermal, micro-turbine, etc.)
- ▶ IRC Section 45L tax credits for contractors for building energy-efficient homes
- ▶ IRC Section 179D allows:
  - Deduction for owners of energy-efficient commercial buildings
  - Deductions allocated to designers of energy-efficient governmental facilities and public school buildings
- ▶ Energy grants for renewable energy producers and for manufacturers of products used to produce renewable energy

## Fixed Asset Services

The complexity of tracking depreciation in the context of tax law changes, merger and acquisition (M&A) activities, and enterprise resource planning (ERP) system integration requires a defined strategy. Our team takes that burden off your employees and handles these challenging issues.

### Activities Include:

- ▶ Assess the appropriate fixed asset basis for global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII) calculations
- ▶ Evaluate the interaction with interest expense deduction limitations
- ▶ Review the entire fixed asset portfolio to consider accounting method changes

## New Markets Tax Credits

New Markets Tax Credits (NMTC) are federal tax credits used to fund expansion projects or spur private capital investment in low-income communities. NMTC provides substantial benefits to companies pursuing a capital expansion where jobs are being added.

This credit can provide gap financing to fund the final 20% to 25% of the project's capital needs and be received in the form of a loan that can be canceled after seven years. Cherry Bekaert's Strategic Financing Services team has successfully closed more than \$877 million of NMTC transactions—demonstrating our broad range of project experience including community facilities, manufacturing and distribution facilities, and mixed-use real estate investments.

### NMTC Services Include:

- ▶ Assess project feasibility
- ▶ Secure NMTC financing from community development entities (CDEs) and investors
- ▶ Lead project closing process
- ▶ Capital deployment and management
- ▶ NMTC allocation application support
- ▶ Federal Historic Rehabilitation Tax Credit (HTC)

## Let Us Guide You Forward

Cherry Bekaert's Tax Credit & Incentives Advisory practice identifies, calculates and documents incentives specific to U.S.-based activities for which the tax code has provided cashflow and permanent tax benefits for our U.S. businesses. Our TCIA practice has a dedicated national team made up of more than 50 tax professionals, who are solely focused on keeping up with the latest federal tax credits, state tax credits and incentive programs that best benefit our clients' organization and business goals.



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## About Cherry Bekaert

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