

# The Miller Group.

Resource Information Xchange, llc

Federal and State Tax Specialists

## Research and Development Tax Incentives in the Engineering & Construction Industry.

*Is your company fully aware of the opportunities that are waiting to be claimed through the Research and Development Tax Incentives?*



- Every successful company is eligible for the Research Tax Credit of some amount. This is especially true for companies with increasing revenue and expanding markets.
- Many common business innovations meet the qualifications standards of IRC § 41 and are eligible for the Research Tax Credit. Creating new products, developing processes, implementing new improved manufacturing methods and writing software for internal use are just a few of the expenses that would qualify for the R&D Tax Credit.
- Federal tax credits provide permanent benefits to drive down tax rates & generate cash flow. You may also be eligible for state and global incentives, depending on where activities are being performed.
- It is essential that companies examine their Research Tax Credit potential as soon as possible to avoid losing dollars from previous tax years.
- Valuable Planning Opportunities exist that maximize the R&D Tax Credit potential in the future. The Miller Group's Research Tax Credit Specialists are here to provide the help you need.

**CALL THE MILLER GROUP TODAY FOR A FREE CONSULTATION AT 206.855.1700**

# Research and Development Tax Incentives for the Engineering and Construction Industry.

**Your Opportunity:** The landscape for engineering and construction firms is changing due to the proliferation of turnkey, engineering procure and construct (EPC) contracts and design/build contracts. As a participant in an EPC or design/build effort, your firm may assume many new research & development (R&D) risks.

Once it is determined that you hold the risk on a given contract, your task is to examine the range of activities that could potentially qualify for R&D tax incentives through all phases of your contract. Qualified research may begin as early as the preliminary bid and proposal stage when the design and technical specifications are developed, and may even continue through commissioning or plant startup when your design work is tested for performance.

Examples of initiatives that may be eligible for R&D tax incentives include:

- Development of new plant and process assays, or the expansion and optimization of existing plant operations
- Constructability reviews intended to identify improvements to asset or process design
- New production systems or high-tech processes to produce or treat hydrocarbons, hydrogen, ammonia, ethanol, and/or other molecular compounds
- Process design relating to the integration of key components
- Development of innovative assembly or construction methods that accelerate or improve the construction process associated with large infrastructure assets
- Design of temporary structures used in the construction process

For example, it is often necessary to determine if a new production process can scale up to a commercially viable level. While these activities may qualify for the R&D tax credit, it is difficult to allocate labor and contractor costs to qualified activities.

Determining the cost of R&D is often difficult, as few companies have a project accounting system that captures many of the costs for support provided by personnel who collaborate on R&D.

The typical project tracking system does not include all contractor fees, director support and salaried personnel who participate in the research effort.

For example, personnel on new product launch teams who participate in specifying in prototype development and testing may include marketing, regulatory affairs, product safety and evaluation, micro-biology, clinical supplies, chemistry management, packaging technology, manufacturing, instrumentation and even sales.

**The Miller Group Approach:** The Miller Group is exclusively dedicated to R&D tax issues and specialize in particular industries, including the engineering & construction industry. Our focus provides us with an unusual depth of experience. We also work in an efficient and nonintrusive manner so that you can stay focused on business.

**R&D Tax Credit Projects:** Introductory tax credit potential analysis studies may be performed, but are often unnecessary. In a full project, The Miller Group performs extensive field work, collect supporting records and create comprehensive documentation to support maximum, durable tax filings. We provide support under review by IRS or State tax authorities.

Our goal is to provide the maximum allowable tax credits with the minimum impact on critical day to day operations. Our approach establishes a process that your tax function can replicate and use to reduce future tax compliance costs and burden (see RIX Technology).

**We Offer:** Extensive experience providing services to privately owned companies as well as Fortune 500 companies.

Deep technical knowledge in this complex area. RIX Technology. A proprietary (patent pending) software product for tax credit documentation approved by the IRS.

Please call us for a free consultation at 206.855.1700.