

# R&D TAX CREDITS: CHEMICAL & FORMULA



## GET TAX CREDITS FOR YOUR RESEARCH

Refunds are available for companies performing research within the Chemical & Formula Industries. The research credit provides dollar-for-dollar cash savings each year for companies performing activities related to the development of new or improved products and processes. These benefits could provide much needed cash to hire additional employees, increase R&D, expand production facilities, etc.



Many companies involved with chemicals & formulas are unaware that their efforts within designing and developing their products can yield a large amount of research credits. Examples of R&D activities related to the industry as well as potentially qualifying job titles are listed below.

### EXAMPLES OF QUALIFYING R&D ACTIVITIES

- Automation of internal processes by developing and implementing new hardware and software systems
- Development and evaluation of new, improved, or more reliable raw materials, products, or formulas
- Experimentation to increase product yield, improve shelf-life, or discover new applications for existing chemicals
- Generating pilot batches of new products for testing and validation
- Refining manufacturing methods to improve efficiency or reduce environmental impact
- Support of direct research activities, such as quality testing, maintaining lab equipment, data collection, and regulatory compliance work

### POTENTIALLY QUALIFYING R&D JOB TITLES

- Analytical Chemist/Scientist
- Chemical Engineer
- Formulation Chemist/Scientist
- Lab Assistant, Lab Technician
- Quality Assurance/Control (QA/QC) Analyst, Associate, Chemist/Scientist, Manager
- Research Associate, Research Scientist

### AMT OFFSET

For tax years beginning after December 31, 2015, eligible small businesses (those with \$50 million or less of gross receipts) may claim the research credit against AMT liability.

### UP TO \$500,000 IN PAYROLL TAX

Qualified start-up companies may elect to use up to \$500,000 of the research credit against payroll taxes. Treasury Regulations have substantially broadened the range of taxpayers who are eligible for the credit. Start-ups to publicly traded businesses who were previously unable to realize a benefit from this lucrative tax credit should reassess their eligibility.

### ABOUT KBKG

KBKG is a national firm specializing in R&D Tax Credits, Cost Segregation, 45L Tax Credits, 179D Tax Deductions, Transfer Pricing, and other specialty tax incentives. Our engineers and tax experts have performed thousands of tax projects for clients, saving them hundreds of millions of dollars since 1999. As leading educators in our field, we have been invited to speak to thousands of CPAs and tax professionals by the most prominent associations in the industry.

### GET MORE INFORMATION

KBKG can quickly review your situation to determine if there is an opportunity. To see if you qualify, call us today or visit our website at [KBKG.com/qualify](http://KBKG.com/qualify) for more information.

### CASE STUDY

#### DEVELOPER OF CHEMICAL & FORMULA PRODUCTS AND PROCESSES

Annual Revenue: \$6.5 Million

#### RESULTS:

## \$110,000

In Federal & State R&D Tax Credits