

# R&D TAX CREDITS: MACHINING



## GET TAX CREDITS FOR YOUR RESEARCH

Refunds are available for companies performing research within the Machining Industry. 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 machining 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

- Coding and programming for machinery communication
- Computer-aided design (CAD) and computer-aided manufacturing (CAM) modeling and simulation
- Computer numerically controlled (CNC) programming
- Designing for tight tolerances
- Developing prototype tooling
- Developing robotics and automated technology
- Eliminating or minimizing warpage in welding and fabrication processes
- Experimenting with different types of materials
- Maintaining speed of milling process without breakage
- Maintaining uniform constraints in the lathing process
- Maximizing feeds and speeds while ensuring quality and integrity of the part
- Modeling, simulation, or systematic trial and error
- Special fixture requirements

### POTENTIALLY QUALIFYING R&D JOB TITLES

- Computer Numerically Controlled (CNC) Programmers
- Engineering Managers
- Engineering Supervisors
- Mechanical Engineers
- Machinists
- Manufacturing Engineers

### 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 MACHINING PRODUCTS AND PROCESSES

Annual Revenue: \$12.5 Million

### RESULTS:

## \$100,000

In Federal & State R&D Tax Credits