

R&D TAX CREDITS: SOFTWARE DEVELOPMENT



GET TAX CREDITS FOR YOUR RESEARCH

Refunds are available for companies performing research within the Software Development 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 software development 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

- Alpha / Beta testing
- Application and platform design and testing
- Coding, programming, testing (e.g., functional, integration, user interface)
- Developmental cloud computing activities
- New architectures, new algorithms, or new database management techniques
- Software and hardware product development related to communication and interaction
- Specialized technology design (e.g., image processing, artificial intelligence, or speech recognition)
- System software development (e.g., operating systems, compilers)

POTENTIALLY QUALIFYING R&D JOB TITLES

- Director of Software Engineering
- Programmer
- Senior Technical Leads
- Software Analyst
- Software Developers
- Software Integration Engineers

AMT OFFSET UP TO \$250,000 IN PAYROLL TAX

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. The U.S. Treasury Department released new regulations regarding internal use software (IUS) and its eligibility for the R&D tax credit. The clarification around IUS, which is defined as software used in general and administrative functions, makes it possible for additional software developers who were involved in internal use software development to be included in the R&D tax credit incentives.

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 for more information.

CASE STUDY

DEVELOPER OF SOFTWARE PRODUCTS AND PROCESSES

Annual Revenue: \$6.5 Million

RESULTS:

\$450,000

In Federal & State R&D Tax Credits