

RIX TECHNOLOGY, LLC.

R&D Tax Specialists Tax Automation Services

Research & Development Tax Incentives for the Manufacturing Industry

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



Your Opportunity: Consumer, government and environmental demands are making research and development (R&D) a stronger imperative for manufacturers every year. You can address the cost and risk of R&D by leveraging tax incentives. Many manufacturing engineers and managers may have heard of R&D incentives, many consider that they only apply to scientific research. Of those that do identify their work as eligible, in our experience, few will have had dialogue with the company tax department and thus the potential benefit to the company is often overlooked because of poor intra-company communication.

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

- Production technology that increases quality, reliability, and performance
- Production technology that reduces waste, scrap, spoilage or defects
- Production processes that are environmentally friendly
- Computers or digital technology that supports previously manual tasks, including product testing
- New applications of cellular manufacturing
- Specialized tools or prototype tooling and machines
- Specializes machinery or fixtures
- A significant number of prototypes and eligible consumable materials are also associated with these development areas.

Have you fully considered whether the costs incurred by your company for designing and developing new or improved products, packaging, production processes and software qualify for the research credit? Perhaps you have put R&D into enhancing a design to address a new need or to comply with an environmental regulation. Or you may have developed new production technologies and equipment. Also keep in mind that not all qualifying R&D activities take place in traditional R&D depts. In some companies, much R&D work happens right on the plant or shop floor and, if accounted for, could potentially be eligible for tax credits.

CALL RIX® TECHNOLOGY TODAY FOR A FREE CONSULTATION AT 206.855.1700

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In light of the wide range of new product development initiatives and manufacturing process improvements, many manufacturers do not have the time or internal resources to substantiate their qualified research expenditures. This task can be challenging, especially as your manufacturing operations become more global and it becomes increasingly difficult to distinguish qualified R&D activities that take place within the United States.

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

The IRS has designated the research credit as a “Tier One” issue under its new Strategic Initiative. Many approaches adopted and accepted by the IRS in prior examinations are no longer accepted. In order to comply with the IRS’ new documentation requirements, Companies need to adopt a technological solution.

RIX ®Technology: The Smarter Technological Solution

RIX® (for Resource Information Xchange) is an interactive, web-based information management system that provides easy-to-use, activity-based information requests, facilitates uploading and storage of relevant contemporaneous documentation, and streamlines the review & analysis of information gathered. The primary functions of the application provide an interactive Research Credit knowledge exchange for the taxpayer, allow remote reporting of Research Credit data by the taxpayer, analyze, test and document qualified activity and financial information; and facilitate remote Research Credit review by the IRS. RIX® Technology provides a valuable conduit for the client to ask real-world questions when they occur and evaluate the credit worthiness of individual activities or projects to maximize tax credits.

Our Approach

The RIX Technology R&D team is a national practice of highly experienced tax professionals specializing in R&D tax incentives. Our R&D professionals are exclusively dedicated to R&D tax issues and specialize in particular industries, including aerospace and defense. Our focus provides us with an unusual depth of experience. We also work in an efficient and non-intrusive manner so that you can stay focused on business.

Why RIX ® Technology?

Continuous, regular, contemporaneous reports with RIX® Technology result in more inclusive identification of activities, greater accuracy in related expenditures and clarity of information. Companies using RIX® see increased credit amounts, simplified documentation and review and limited reduction of tax credits under IRS review.

- Simple access to Research Tax Credit benefits
- Expansion of Research Credit opportunity (more tax dollars returned)
- Reduced total cost for Research Credit benefits (less internal effort, shorter filing periods, smaller fees)
- Durable Research Credits (certainty under review)
- Efficient Research Credit data collection
 - Reduction of personnel time for data collection
 - Minimal training requirements
 - Reduced impact of personnel turnover on Research Credit data collection
 - Improved continuity of records
 - Minimal personnel participation in examinations by taxing authorities
- Interactive Q&A and FAQ data
- Increased Research Tax Credits from improved recordkeeping
- Simplified IRS audit process
- SOX benefits
 - Systematic process
 - Improved recordkeeping
 - Greater certainty of Research Credit retention under IRS review
- Availability of accurate management metrics for R&D efforts