

Research and Development



CPAs and Consultants

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Do you research methods to improve or develop new products or processes?

If you answered “yes”, you may be missing out on a tax credit referred to as the “Research and Development” or “Research and Experimentation” Credit. This tax savings is generally allowed for selected expenses paid or incurred for qualified research: Research undertaken to discover information technological in nature and intended to be useful in the development of a new or improved business component. The business component can be either a product, a process, technique, formula or invention to be used in the trade of business.

The credit is determined by comparing current level of research spending (as it relates to gross receipts) to research spending in a base period. Research spending can include wages, supplies and fees paid to non-employees for research.

The credit can be substantial: 20% of the increase in spending when compared to the base period amount, or approximately 6.5% of current spending. *Note:* This is a tax credit, not a deduction, meaning you will receive a dollar for dollar tax savings on your tax liability!

If you think you might qualify for the Research Credit, give us a call. We would be happy to see if we can save you some money!

~ Kathy Murphy