


Research & Development Tax Credit

(R&D)



The Research and Development (R&D) Tax Credit is a tax credit designed to stimulate innovation and technological advancement among businesses. It's designed to encourage companies to invest in research and development activities by offering a tax credit as a reward for qualifying expenditures related to innovation.

Key points about the R&D Tax Credit include:

- **Tax Incentive:** It's a credit against certain taxes owed by a business, reducing their tax liability dollar-for-dollar based on qualified research expenses.
- **Eligible Activities:** Qualifying activities generally involve undertaking research and development efforts that involve technological innovation, experimentation, and solving technical uncertainties in creating new or improved products, processes, or software.
- **Qualified Expenses:** Eligible expenses include costs associated with employee wages directly engaged in R&D, expenses for supplies, contracted research costs, and certain overhead expenses directly tied to R&D activities.
- **Non-refundable Credit:** In most cases, the credit can reduce a company's tax liability but may not result in a cash refund if the credit amount exceeds the tax owed. However, there are exceptions for certain eligible start-ups and small businesses.

Who is eligible for the R&D Tax Credit? Contrary to common misconceptions, R&D is not industry specific.

A few of the top industries taking advantage of the Research and Development Tax Credit include:

- Technology and Software, Engineering, Manufacturing, Construction and Architecture, Farming and Agriculture, Wineries/Breweries/Distilleries, HVAC, Pharmaceuticals, Telecommunications, CBD and Hemp, Energy and Gas, Solar and Aerospace and Defense.

If your company is developing new or improved products, processes, or software, you should consider exploring eligibility for this tax credit!