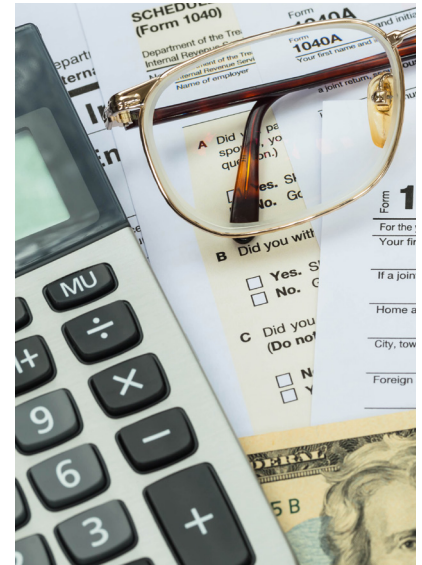


Federal and State R&D Tax Credit Studies

Aprio, LLP offers full service studies and audit defense of the federal and state Credits for Increasing Research Activities (R&D Tax Credit). The R&D Tax Credit was enacted in 1981 as an incentive for American innovation and was made permanent in December 2015. Any company that designs, develops or improves products, processes, techniques, formulas or software may be eligible. R&D relates to development before commercial production for related U.S. activities.

The R&D Tax Credit results in an immediate benefit to a company since it can reduce past, current and future years' federal tax liability, thereby creating an immediate source of cash. The credit provides a dollar-for-dollar offset against taxes owed or paid, which differs from a deduction. Starting in the 2016 tax year, the credit can be used to offset Alternative Minimum Tax and payroll withholding in certain circumstances.

The federal credit averages about 6.5 percent of combined qualified R&D labor, contractor labor and supplies.



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AN OVERVIEW OF SERVICES

At Aprio, we have developed a turnkey methodology that leverages our expertise in the credit calculation and reporting of substantive documentation to maximize the credit benefit to you. Aprio has more experience than any firm in the country with the payroll withholding aspect of the credit, and we routinely save our clients millions of dollars.

OUR METHODOLOGY INCLUDES THE FOLLOWING STEPS:

- 1. Educate company personnel on activity qualification criteria.** This includes an overview of the tests outlined in the Internal Revenue Code and associated Regulations. Companies need to perform qualified research, undertaken for the purpose of discovering information that is technical in nature and intended to be useful in the development of a new or improved business component.
- 2. Investigate qualified activities and associated qualified costs within the company.** An initial research credit study requires the investigation of prior years' activities.

- 3. Interview company technical personnel and analyze project and historical data to identify projects, processes and technologies where potential qualifying R&D expenditures may be found.** We will spend additional time on site to better understand your company's facts surrounding these costs to determine which of them may qualify. Our process has been proven successful through claims audited by the IRS.
- 4. Calculate the credit.** Since its initial enactment in 1981, there have been several changes to the credit calculation. We will leverage our technical expertise in preparing a calculation that maximizes your benefit. In addition to calculating the credit, we will substantiate the credit claim by referencing amounts to applicable source documentation.
- 5. Summarize our findings in an executive report.** Our findings will also serve as audit support in the event the credit claimed is audited by taxing authorities.

Any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or under any state or local tax law or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. Please do not hesitate to contact us if you have any questions regarding this matter.

About Aprio

Since 1952, clients throughout the U.S. and across more than 40 countries have trusted Aprio for guidance on how to achieve what's next. As a premier, CPA-led professional services firm, Aprio delivers advisory, assurance, tax and private client services to build value, drive growth, manage risk and protect wealth. With proven expertise and genuine care, Aprio serves individuals and businesses, from promising startups to market leaders alike.

Aprio.com



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