

R&D Tax Credits for Startups and Qualified Small Businesses

OPPORTUNITY TO MONETIZE UP TO \$1.25 MILLION OF YOUR R&D TAX CREDITS

Payroll Tax Benefit

As part of the Protecting Americans from Tax Hikes (PATH) Act of 2015, beginning with the 2016 tax year, startups and other new businesses can offset federal payroll tax with Research and Development (R&D) tax credits for current tax savings.

- Receive a credit of up to \$250,000 per year for up to five years.
- Credit can be used to offset the employer portion of current and future payroll tax.
- Available to companies that have:
 - less than \$5 million in annual revenue, and
 - gross receipts in only the past five years. If a company had gross receipts prior to 2012 it is not eligible.
- Using R&D credit to offset payroll tax must be elected in an original 2016 corporate or other business return.

AMT Tax Benefit

The PATH Act also enhances how the R & D credit may be utilized for eligible small businesses. Beginning with the 2016 tax year, certain small businesses may utilize the R&D tax credit against their Alternative Minimum Tax (AMT).

- Previously, businesses could only use the R&D tax credit to offset ordinary tax liabilities and only to the extent these liabilities exceeded their AMT.
- Now, privately held businesses with \$50 million or less in average gross receipts for the three preceding tax years, can offset their AMT with the R&D tax credit.

OUM & Co. LLP can help you maximize cash benefits available, ensure that the benefits are properly documented as required by the IRS, while minimizing the administrative burden to the company.

Contact Brad Weisert at (415) 796-6640 (bweisert@oumcpa.com) or Wendy Weiss at (415) 796-6680 (wweiss@oumcpa.com) to arrange a time to discuss how your company can take advantage of these new incentives.



OUM & CO.
LLP

ACCOUNTANTS
& BUSINESS ADVISORS