Research and Experimentation Tax Credit Services

Continual advancements in software development and improvement for both internal and external use are absolutely critical for business growth and expansion in an increasingly global marketplace. Fortunately for businesses making investments in this area, the Research and Experimentation (R&E) Tax Credit, commonly known as the Research and Development Tax Credit, is a government-sponsored benefit that provides cash incentives and rewards companies investing in research and experimentation in the United States.

Recent tax law changes and taxpayer-friendly regulatory guidance bring additional benefits, such as making it easier for a broader array of companies to qualify their R&E activities and provide greater flexibility in certain recordkeeping requirements. Ryan helps clients secure federal and state research credits that help offset corporate financial and resource investments and enhance the initiative’s overall return on investment.

Each year, more than $7.5 billion in federal R&E tax credits are awarded. Businesses that take advantage of the credit can recover up to 6.5% on qualified investments. The R&E tax credit is not a deduction but rather a dollar-for-dollar credit against taxes owed for taxes paid and permits a company to expense all such qualifying R&E costs in the year incurred. Additionally, companies that qualify for R&E tax credits may be able to retroactively claim the R&E tax credit for federal and state income tax purposes and obtain significant cash refunds.

Maximizing Software-Related R&E Tax Credit Benefits

Ryan’s R&E Tax Credit team employs a study approach, designed with input from Fortune 100 tax executives and tax counsel, conducted by individuals who possess both academic backgrounds and actual development experience in the areas of computer science, engineering, management information systems, and information technology. This approach employs a proven methodology that focuses on compiling the information necessary to support credit sustainability while ensuring minimal disruption of day-to-day development activities.

Ryan’s Innovative Methodology Allows Our Team to Minimize On-Site Disruptions While Properly Identifying and Substantiating Qualified R&E Costs By:

- Providing a high-level feasibility and assessment analysis
- Identifying nontraditional sources of qualified R&E
- Developing methodologies to create nexus even if no project accounting exists
- Performing in-depth examination, consisting of quantifying, calculating, and documenting potential credits
- Delivering a detailed R&E study, including a Mandatory Information Document Request response
- Recommending customized strategies to maximize and sustain the credit prospectively
- Offering further clarification and defending the claim as required by the Internal Revenue Service (IRS) or state agencies to substantiate the R&E claim
- Offering alternative fee arrangements designed to fit the needs of our clients

Businesses that engage in the following likely qualify for the R&E tax credit:

- Developing new or improved technologies
- Developing requirements, domain, software elements, or scope analysis for a new functional software enhancement
- Evaluating and establishing functional specifications
- Designing and developing structural software architecture
- Establishing electronic interfaces and functional relationships between various software modules
- Programming software source code and compiling and testing source code
- Conducting unit, integration, functional, and regression testing
- Providing a high-level feasibility and assessment analysis
- Identifying nontraditional sources of qualified R&E
- Recommending customized strategies to maximize and sustain the credit prospectively
- Offering further clarification and defending the claim as required by the Internal Revenue Service (IRS) or state agencies to substantiate the R&E claim
- Offering alternative fee arrangements designed to fit the needs of our clients