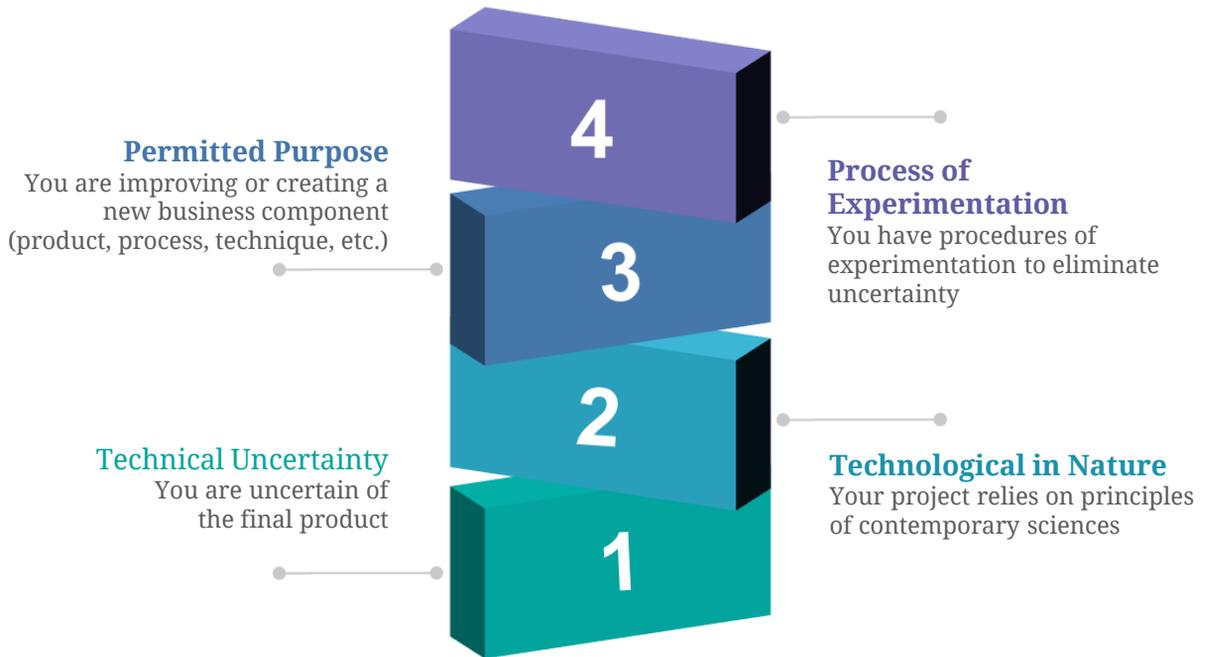


## Only four questions are needed to determine whether your company is eligible to benefit from the R&D Tax credit



## Why JC&Company?

JC&Company is one of the nation's leading professional services firms delivering financial benefits to our clients by reducing tax exposure and lowering the cost of indirect expenses. We do not compete with your CPA; we supplement their general tax and audit services and help you **offset your tax payments** and **increase your cash flow**.



### No complex tax calculation

We specialize in R&D tax claims and have the experience and knowledge to take care of the entire process on your behalf.



### Professional service

You can use us in complete confidence, knowing that our accountants will minimize disruption within your financial work flow and provide a quality service at every stage of the R&D tax credit process.



### FREE feasibility

Our chartered accountants are on hand to help you find out whether you are eligible for the R&D credit, and to help you discover if your research and development contains all of the four elements above.

“We engaged JC&Company for our R&D credits. They were professional, met their commitments, and exceeded their goals. We plan on using their services for as long as the tax credit is available.”

Jay Kim / President / Wellspring Industry Inc., CA

## ► R&D tax credit

The Research and Development Tax Credit is a government-sponsored benefit that provides cash incentives for companies conducting R&D in the U.S. These economic incentives were implemented to stimulate research and development in industries of all sizes, to encourage companies to work together, and to transform the economic landscape.

## ► Are you a good candidate for the R&D credit?

Tens of thousands of businesses-especially small and medium businesses-wrongly think they don't qualify for the R&D credit. Many companies are unaware that their day-to-day operations could make them eligible for R&D tax credits. Businesses that devote time and resources to any of the following may qualify:



Engaging in patent development



Prototyping, modeling, and trial-and-error



Creating new or innovative products or processes



Improving existing products



Testing



Developing software



Designing and engineering

About 5,600 C corporations with less than \$5 million in gross receipts claimed the R&D credit in 2008. These small companies received less than 7 percent of the \$8 billion credit. Startups benefited on average of \$151,000 per claim.

## ► Benefits of the R&D credit

An often underutilized opportunity to reduce their federal income tax burden, the R&D credit offers significant tax savings to companies that participate in qualifying research activities. Unlike tax deductions, which reduce taxes indirectly by lowering taxable income, the credit offers a direct dollar-for-dollar tax reduction.

For example, if your tax credit is \$20,000 and your tax liability is only \$18,000, then you will receive a credit (refund) of only \$18,000. Furthermore, if there are any excess credits available – i.e. excess credits after any refund amounts are received – these credits can be carried forward for up to twenty years.

## ► What type of costs qualify for the R&D credit?

The costs for the research credit as qualified research expenses(QREs) are outlined under IRC §41(b)(1) as amounts paid or incurred by the taxpayer during the taxable year in carrying on a trade or business relating to: (1) in-house research and (2) contract research. In-house research is the sum of all amounts paid or incurred for wages, supplies, and amounts paid or incurred to another person for the right to use computers to conduct qualified research. The summation of qualified wages, supplies, and contract expenses is referred to as total “qualified research expenditures” or “QRE”.