



**Braithwaite Global Inc.**

RESEARCH TAX CREDIT SERVICES



■ Helping You Capitalize On The US Research Tax Credit Program

Give yourself credit  
for your innovation



## Research Tax Credits reduce research investment costs

Congress enacted the federal Research Tax Credit (RTC) program in 1981 to provide an incentive for U.S.-based companies to develop innovative products and processes. The RTC is not a deduction; it is a dollar-for-dollar credit. Many companies of all sizes are taking advantage of the RTC and are receiving substantial amounts of refunds. This program currently provides over 7 billion dollars of annual benefits to taxpayers. And, in addition to the federal credit, many states have their own version of an RTC program.

In initially administering this program, the IRS took the position that "qualifying research" must meet a Discovery Test (DT). Under this test, research must be undertaken for the purpose of discovering information that is technological in nature.

IRS interpretation of the DT coupled with other confusing and conflicting positions made it very difficult for taxpayers to claim this credit.

In 2001, the Treasury proposed regulations intended to clarify the definition of qualified research and to provide

guidance in the calculation of the credit. These proposed regulations removed many restrictions in IRS interpretation

of the requirements of the program. In particular, they provided a more favorable interpretation of the DT. In 2004, the DT was further softened by changes in the legislation, allowing for even more activities to qualify.

Despite these positive changes in the RTC program, the legislation is still very complex. Many companies do not take advantage of the credit, as they are unclear or unaware of its applicability to their business. Many are also unaware of the effect of the changes in the legislation.

### Benefits of Engaging Braithwaite Global in Preparing Your RTC Claim:

Preparing an RTC claim requires that scientific, technical and financial personnel have an understanding of the taxation requirements. Braithwaite Global can create value for you through our knowledge of these requirements. By engaging us to perform a review of your activities, our scientists, engineers and tax consultants can put together a well documented and defensible RTC claim.

- Recovery of otherwise lost credits for open tax years (usually the past three and current year)
- Establishing a base amount for future credit claims
- Increased cash flow and earnings
- Greater market value particularly for public entities



## A customized approach to research tax credits

For over twenty (20) years, Braithwaite Global has been applying a proven methodology to capture all the RTC available to our clients. If your company is developing new or improved products or processes, Braithwaite Global will help you identify the activities that will qualify for the credit. Our proprietary methodology will ensure a maximum credit now and in the future.

In some situations, companies require additional assistance in the form of custom services. Braithwaite Global custom offerings include:

- Assistance with IRS audits
- Appeals of claims denied fully or in part
- Acting as expert witness and advising lawyers in court cases
- Reviewing your RTC claim before submission to the IRS
- Assessing actual or potential RTC claims as part of a due diligence study prior to an acquisition
- Advice on record keeping requirements

Let Braithwaite Global show you how RTCs can enhance your cash flow.



## What's stopping you from claiming the RTC?

### True or False?

#### ■ **Research and Development is performed only in high tech laboratories.**

*FALSE: Research can happen in an office or on the shop floor. Whether you modify a product to make it more durable or precise, or alter an internal process for greater efficiency and profitability, your staff could be doing work that qualifies for Research Tax Credits (RTC). Braithwaite Global can help you get credit for your innovation.*

#### ■ **RTC are not available to companies who are in a loss position.**

*FALSE: Credits can be applied to the previous year (1-year carry back) or carried forward up to 20 years. Credits increase the value of a company and should be filed as soon as*

*possible to ensure all open tax years are recovered and secured before they expire due to filing deadline requirements.*



#### ■ **I cannot claim the RTC because my accountants told me I am not eligible.**

*NOT ALWAYS TRUE: The process of making a claim for an RTC requires an assessment by a person with a technical, scientific or engineering background. Unless your accountant has that background they are unlikely to be able to make an accurate assessment as to whether your activities are eligible for the RTC. We perform an in-depth study of the fundamentals of your business activities resulting in more credits and better documentation necessary to support your claim. If you develop new products, pursue process improvements or develop custom software you are likely to have qualified activities and may have overpaid taxes.*



#### ■ **The RTC is not available to start-up companies because the base amount is too high.**

*FALSE: With the Tax Relief Extension Act of December 1999 and the Tax Relief and Health Care Act adopted December 2006 we have several options available to mitigate the negative impact for not having an advantageous traditional "base amount". This advantageous base amount was granted to older and larger companies with a traditional "base period" from 1984 to 1988 often referred as the "Grandfather Provision", the "traditional base period" or the "historical fixed base percentage".*

We welcome the opportunity to create value for you through our knowledge of the RTC program.



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## Why choose Braithwaite Global?

Every year Braithwaite Global helps companies find significant Research Tax Credit (RTC) opportunities. Preparing over 10,000 claims and recovering over 1 billion dollars in tax credits in the past 20 years has made Braithwaite Global one of the leading independent RTC recovery firms. By leveraging our insight, your company can reduce its research investment costs by realizing financial credit for its innovations.

### ■ Single focus puts you first

Today, constantly changing legislation, regulations, rules, policies and new court decisions are creating opportunities that can only be fully recognized by specialists immersed in the field. For this reason, Braithwaite Global has decided to put our exclusive focus on the RTC.

With an outstanding reputation in the tax community, Braithwaite Global is uniquely positioned to identify all available opportunities within the legislation. Applying our deep knowledge of the law and our proprietary methodology to your RTC claim Braithwaite Global will find RTC opportunities that others overlook.

### ■ Our expertise goes deep and wide

Braithwaite Global staffs its client engagements with senior level advisors. Each of our experts has extensive experience with the RTC program. Many have advanced degrees in science and technology. They can help you in every step of the way - identifying eligible activities, preparing technical and financial documentation and assisting you in the event of an RTC examination.

We staff our engagements with consultants who know the R&D process particular to your specific industry, and how your employees work through that process. We know where to look for opportunities. We don't file frivolous claims and we don't waste your time in training us.

With our multidisciplinary approach, you benefit from the combined experience of our scientists, engineers, accountants and taxation experts. This expertise spans the fields of advanced technology, information technologies, manufacturing, automotive, aerospace, food processing, chemical engineering, consumer products, oil and gas, mining, civil, mechanical, and electrical engineers and many other fields of science or technology. Across the sectors, Braithwaite Global has the best consulting talent for your specific needs.

### ■ Independent, objective and flexible

Independent and RTC focused, Braithwaite Global will work *with* your accountants to effectively integrate your RTC strategy into your overall taxation strategy. Without the overhead, bias or structured pricing of our largest competitors, we know where to look for opportunities that maximize your RTC claims. Our proprietary methodology is performed with a minimal impact to your employees' daily activities while determining the maximum qualifying expenditures. This non-obtrusive approach ensures your staff stays productive.



### ■ Trust the experts

Braithwaite Global can assist you in obtaining tax credits for R&D activities. We take the uncertainty out of the filing process and relieve pressure on internal resource requirements. We have an intimate knowledge of the RTC program.

Braithwaite Global finds tax recovery opportunities that others overlook.