

RESEARCH AND DEVELOPMENT TAX CREDIT

Boost Your Bottom Line and Secure Greater Savings for Your Agribusiness



Backed by Wipfli's broad resources and industry knowledge, you can leverage R&D tax credits and reap substantial cash flow and reporting benefits.

Your Agribusiness Can Receive Cash Incentives for Things It Does Every Day

That's right – the federal government provides tax credits for companies that conduct research and development (R&D) in the United States, and many states also offer incentives.

Definitions of R&D activities have broadened in recent years, and agribusinesses of all sizes and types can benefit. Many of the day-to-day activities associated with agriculture and farming qualify for the R&D tax credit. Recent court cases have confirmed that businesses are no longer required to develop technology that is new to their industry; instead, the regulations now require that the technology or process be new to the taxpayer.

Qualifying expenditures include:

- Taxable wages paid to employees for services performed in conducting, immediately supervising or directly supporting qualified research

- Amounts paid for supplies used in qualifying research
- Sixty-five percent of the amount paid or incurred by the taxpayer to any person other than the taxpayer's employees for qualified research

How Can Your Business Qualify for the Credit?

With deep tax knowledge and valuable experience in the ag industry, you can count on Wipfli's professionals to help you analyze whether you qualify for the R&D credit and how you can maximize it to achieve greater savings. Your agribusiness may qualify for the credit if you have done any of the following:

- Develop or improve new techniques for harvesting or developing soil, feeding or breeding livestock, increasing yield upon harvest, protecting crops from disease or improving pest control.
- Develop new strains or cross-breeding that improve nutritional value.

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- Develop or improve fertilizers, irrigation systems or custom equipment operating in specific environmental conditions.
- Improve facilities because of environmental or safety efforts.
- Develop and/or implement automated processes.
- Develop monitoring capabilities for field conditions.
- Develop or experiment with new cultivation techniques.

The R&D credit is a maximum of 20% of the costs of these activities over a base amount, which is unique for each business and will be determined during Wipfli's analysis.

Real Tax Benefits Await Your Agribusiness

Tax is a major component of your overall financial picture. Moreover, R&D tax credits are an essential part of an effective tax strategy that maximizes savings and minimizes risk, helping ensure the future success of your business. By leveraging the R&D tax credit, you can:

- Increase cash flow
- Gain an immediate source of cash and reduction in current-year tax liability
- Discover permanent tax savings and financial statement benefits

In addition to current-year tax credits, regulations allow you to "look back" to all open tax years – typically three years plus the current year – for potential credits that you did not claim.

Nobody Researches Your R&D Tax Credit Opportunities Like Wipfli

From ever-changing market activity to uneven cash flow, you face many challenges as an agribusiness owner. You need tax professionals you can rely on, who can not only help you leverage valuable credits but also provide solutions that reduce risk and increase savings. By partnering with Wipfli, your agribusiness will benefit from:

- An experienced, national team with extensive knowledge of R&D tax credits
- Impactful solutions from professionals who thoroughly understand the agricultural industry
- Efficient, minimally intrusive processes and on-site analysis, which allows our team to quickly and effectively identify opportunities that could be missed remotely
- An annual review of the current audit environment to determine any changes to documentation processes and ensure confidence in your tax credit filings



In 2017, Wipfli helped more than 450 clients save \$50 million in taxes with the R&D credit.

Discover where R&D tax credits could be hiding in your business with a no-obligation, no-upfront-cost feasibility analysis. We'll determine an approximate value of the credit due so that you can determine whether moving forward with a full study benefits your business. Credits are typically 7% to 10% of qualified R&D spending.

Contact Wipfli at wipfli.com/ag to get started today.

WIPFLI LLP