



Research and Development Tax Incentives for the Manufacturing Industry

Today's manufacturer may not realize that their activities may entitle them to generous research and development (R&D) tax incentives, and even if they do, the traditional notions of R&D may cause manufacturers to limit qualified research expenditures to activities associated with new product and invention developments. However, in many cases, manufacturers spend a considerable amount of time and effort to develop product designs that achieve optimized manufacturing process performance. Furthermore, many manufacturers, including "job shops," conduct extensive activities to design and develop the manufacturing processes themselves to achieve specific project requirements or to stay ahead of competitors in the marketplace. All these activities may require time and money both in the engineering department and on the production floor itself, which may be captured as qualified research expenditures leading to significant tax benefits. If you think you have to be a large public corporation developing products and inventions to be conducting qualified activities as defined by the Internal Revenue Code, think again.

If your company is in the manufacturing industry and you've recently introduced new or improved products or manufacturing lines there is a strong chance that you could benefit from an R&D Tax Credit Study. Let alliantgroup's manufacturing experts help you claim the credits that you deserve!

Examples of manufacturing innovations eligible for R&D tax incentives include the following:

- Innovative product development using computer aided design tools
- Development of second generation or improved products
- Tooling and equipment fixture design and development
- Developing unique computer numerical control programs
- Designing innovative programmable logic controllers
- Designing innovative manufacturing equipment design
- Prototyping and three-dimensional solid modeling
- Designing innovative cellular manufacturing processes

Production process that may be eligible for R&D tax incentives include the following:

- Designing and developing cost-effective and innovative operational processes
- Integrating new materials to improve product performance and manufacturing processes
- Determining tooling requirements and optimal placement of equipment
- Evaluating and determining the most efficient flow of material
- Designing and evaluating process alternatives
- Designing, constructing, and testing product prototypes
- Developing processes that would meet increasing regulatory requirements
- Reducing labor costs
- Alternative material testing
- Achieving compliance with changing emissions laws and regulations
- Streamlining manufacturing processes through automation
- Increasing manufacturing capabilities and production capacities
- Developing & Implementing new / improved safety enhancements
- Developing new applications
- Improving product quality
- Implementing new production standards and quality assurance processes
- Improving yields
- Reducing manufacturing times
- Optimizing manufacturing processes
- Increasing operating and economic efficiencies
- Improvements in Metalworking:
 - Casting
 - Forging
 - Welding
 - Amalgamating
 - Grinding

About alliantgroup

alliantgroup is an independent specialty tax services firm that works with clients to ensure that they receive the full benefits of all available federal and state government sponsored incentive programs, such as the Research and Development Tax Credit, export tax incentives, manufacturing tax incentives, energy tax incentives, enterprise zone incentives, state and local tax incentives, sales and use tax refund reviews, captive insurance companies, and tax controversy services.

alliantgroup's national headquarters are located in Houston, Texas with offices in Orange County (CA), Los Angeles, San Francisco, San Diego, Chicago, New York, Boston, Miami, Washington D.C., Toledo, Seattle, Atlanta, and New Orleans.



Specific manufacturing activities that may qualify for R&D tax incentives include the following:

- Design and development of the following:
 - Molds
 - Dies
 - Jigs
 - Fixtures
- Quality assurance Activities:
 - Testing and validating designs of molds, dies, jigs, and fixtures
 - Testing and validating machining procedures
 - Testing and validating computer controls
- Improving molds, dies, jigs, and fixtures aimed to create a different use / product
- Designing and developing new tooling
- Designing, developing and testing of new tooling machinery
- Optimization of the tooling process
- Alternative materials testing
 - Advanced fabrics
 - Metals
- Production equipment development, implementation, and testing
 - Automation systems
 - CNC machining
 - Scanning
 - Rinsing systems
- Safety testing of product for durability and quality
- Developing and testing new coating systems
- Designing / implementing new health and safety procedures or equipment
- Electronic Discharge Machining
 - Wire
 - Probe
- Stamping process improvement
- Surface finishing technique modifications

alliantgroup's Manufacturing Industry Specialization Team

In order to better serve manufacturers, alliantgroup, LP has developed an Industry Specialization Program that focuses on the qualification and quantification of R&D tax benefits for companies operating in the manufacturing industries. alliantgroup's Manufacturing Industry Specialization Group employs several individuals who have educational backgrounds and practical experience within the disciplines of manufacturing engineering, industrial engineering, mechanical engineering, electrical engineering, and metallurgy. This group has qualified and quantified credits for firms ranging from small machine shops to large, multi-national, publicly traded companies.

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