

Foreign Owned Manufacturers with US Operations Eligible for Lucrative R&D Tax Credit

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Foreign Owned Manufacturers with US Operations Eligible for Lucrative R&D Tax Credit. However few foreign companies take advantage of this great tax incentive.

The Research and Development (R&D) tax credit was created by Congress as part of the Economic Recovery Tax Act of 1981 to encourage American industry to invest in research and development activities. The purpose of the credit was to stimulate R&D activities among businesses through tax incentives and to keep or even increase manufacturing jobs here in the U.S.

Similar R&D Tax Credit incentives exist in most other developed countries.

It is not widely known that the R&D Tax Credit can also be taken by Foreign Owned Manufacturers that have U.S. operations and are performing qualifying activities. This makes perfect sense since these activities create jobs for Americans. The credit would only take into account activities taking place in the U.S.

Recent Changes Make It Even Easier to Take Your Credit

Prior to 2001, mostly large companies could only take advantage of the R&D Tax Credit. Due to the stringent requirements that existed under the provisions of the Credit, a vast majority of the small to mid-size companies were unable to reap the substantial benefits of the R&D credit. Realizing that a majority of innovation in the U.S. was in fact transpiring from these small to mid-size firms, Congress in 2001 liberalized the statutory requirements to enable small and mid size companies across the U.S. to take advantage of the R&D benefits.

Can Go Back 3 Years and Receive Refund from the IRS

A manufacturer can go back 3 years and claim the R&D Tax Credits they missed and receive a refund from the IRS plus interest. Then going forward they can claim their credit every year assuming they continue to do qualifying activities.

Summary

If you have financial responsibility for a Foreign Owned Manufacturer with operations here in the U.S., then you need to find out if your company is eligible for the R&D Tax Credit. Karim Solanji, J.D., with Paradigm Partners, a national tax consulting firm specializing in the R&D Tax Credit, says "With a \$4 MM payroll, your refund can be \$200,000 and for larger payrolls, the refund can be in the 7 figures. For a nominal fee you can determine if you qualify for the credit, the amount of your credit and whether you can utilize the credit." The R&D Tax Credit can pay big dividends for your Parent company so do not delay, as with most incentives if you miss a deadline, you can lose the credit.

About Paradigm Partners

Paradigm Partners is a professional tax services firm aiming to deliver government sponsored incentives to small and mid-sized companies.

Paradigm Partners consults directly with companies. We also align ourselves with CPA firms as their outsourced R&D department to provide specialized tax incentives to their clients. Our staff includes some of the industry's most experienced attorneys, engineers, and audit experts from national consulting firms. The combination of our legal and technical expertise provides a complete turn-key and no-risk solution that generates substantial cash refunds to our clients.

We specialize in the Research and Development Tax Credit (R&D Tax Credit) for companies and Cost Segregation Studies for companies and individuals owning Commercial Real Estate.

For more information please call Mark Lauber at 281-558-7100 X-105 or email him at MLauber@ParadigmLP.com.

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