

THE RESEARCH & DEVELOPMENT TAX CREDIT



Investing in research and development (R&D) is crucial for businesses to stay competitive, adapt to evolving customer demands, and leverage new technologies. Many businesses are not fully utilizing the benefits of the Research and Development Tax Credit (R&D Credit) which is designed to reward such investments and can help offset the cost of innovation and development. The R&D Credit is available to businesses that engage in qualified R&D activities, providing a significant financial incentive. Qualified small businesses may be able to apply a portion of the R&D Credit as a payroll tax credit.

What Research Activities Qualify?

To claim the R&D credit, business activities must pass a four-part test. Qualifying activities typically involve developing or improving processes or products, regardless of their success.

A "Qualified Research Activity" must satisfy the following criteria:

- **Technological in Nature:** The activity relies on principles of physical or biological sciences, engineering, or computer science.
- **Permitted Purpose:** The aim is to create new or improved functionality, performance, reliability, or quality in a product or process.
- **Eliminates Uncertainty:** The activity seeks to resolve uncertainties regarding the development or improvement of a product or process.
- **Process of Experimentation:** The activity involves a systemic process of evaluating alternatives, testing hypotheses, and refining ideas.



The Synergi Difference

Synergi helps businesses identify Qualified Research Activities and calculate the R&D Credit. We also stand behind our work and provide support in the event of an audit, allowing you to claim your R&D credit with confidence.

Note: The above is intended to be a general overview and is not all-encompassing of all rules and requirements of the credit. Synergi does not provide legal or tax advice, and this material has been prepared for informational purposes only.

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