



FOREFRONT  
TAX PARTNERS

# Research and Development Credit Overview

A dollar-for-dollar reduction in the federal tax you owe. Earned by design and development work most companies are already doing.

## NO COST TO FIND OUT

We begin with a high-level credit estimate. If no credit is generated we conclude our analysis at no cost to you.

## THREE YEARS BACK

Claim credits as far back as three prior tax years, and carry unused credits forward for up to twenty.

## BUILT TO WITHSTAND REVIEW

Every engagement concludes with a documented report tied to the governing statute and regulations.

## Forefront Tax Partners

### WHO WE ARE, AND HOW WE WORK

Forefront Tax Partners is the specialized tax division of a financial services firm with more than a decade of experience advising businesses and their owners. Our tax practice has grown into a multidisciplinary team of tax attorneys, scientists, software engineers, and technical professionals focused on complex tax incentives and strategic tax planning.

Our multidisciplinary team brings together legal, technical, and industry expertise to identify qualifying activities, quantify eligible expenditures, and build the documentation necessary to support a defensible R&D credit claim. We work collaboratively with our clients' CPAs to ensure the credit is accurately calculated and properly incorporated into their tax returns.



### Start Here

Begin with a no-cost estimate of what your company could claim. Book the call now, or see page 4 first.

[Request an Estimate](#)

# What the Credit Means for You

The Research and Development Tax Credit ("R&D Credit") was enacted in 1981 as part of the Economic Recovery Act, and was renewed and extended every two years until it became a permanent part of the tax code in 2016. That permanence matters for planning: taxpayers may claim credits, including refunds, back three years, and may carry unused credits back one additional year and forward up to 20 years.

The R&D Credit allows companies, of any size, to claim a dollar-for-dollar reduction in tax liability for conducting qualified research within the United States. Qualified research is identified by examining qualifying activities and tying them to allowable expenditures, which include: employee and owner wages, outside consulting costs, certain material & supply expenses, and certain software & computing costs. These are costs your company is like already incurring.

## TEST TUBES ARE NOT THE STANDARD

When business leaders think of research and development, they typically imagine a lab setting involving test tubes and lab coats. When it comes to the tax code, however, the definition is extremely broad: it includes any work performed that involves design or development to create a new or improved business component.

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## Does Your Work Qualify?

Four questions: any work that answers yes to all four meets the statutory test for the credit.

### 1. Are you creating something new or better?

Your company designs or develops a new or improved initiative: a product, process, formula, invention, technique, or software.

### 2. Were there any unknowns or unpredictables?

Your company sought to eliminate uncertainty about the design or development of the initiative. This is the ideation stage, where initial ideas and concepts are formed to clear the unknowns before work can proceed.

### 3. Did you evaluate more than one approach?

You engaged in a process of experimentation, weighing one or more alternatives: iterative testing, evaluating the capability of competing concepts, or making recommendations based on your company's expertise.

### 4. Was the work grounded in hard science?

Your experimentation rests on the principles of a hard science: chemistry, engineering, computer science, mathematics, etc.

# Who Qualifies?

More companies qualify for the R&D Credit than people realize. In fact, the range of qualifying industries is extremely expansive. Below is a non-exhaustive list.

- Agriculture: farming, row crops, dairy, livestock
  - Architects
  - Automation: industrial and commercial process design
  - Bioscience
  - Breweries & Wineries
  - EPC: engineering, procurement, and construction
  - Electrical & Mechanical Contracting
  - Manufacturing: commercial widgets to heavy equipment and aerospace
  - Pharmaceutical
  - Engineering: civil, MEP, structural
  - Software
  - System Integrators
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## 2026 Updates and Enhancements

### PERMANENCE

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, allowing Section 174 Research and Experimental expenditures to be fully deductible in the year they were incurred. The OBBBA supercharges the R&D Credit, and signals that taxpayers will be rewarded for investing in growth, jobs, and innovation.

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## Continued Benefits

### PAYROLL TAX

One of the greatest benefits of the R&D Credit is the ability to offset payroll tax for startup companies. Qualified Small Businesses – less than \$5 million in gross receipts and within their first five years of business – can use the credit to offset employer payroll tax, covering up to \$500,000 for each applicable tax year. Companies that are not yet profitable but are still conducting R&D activities can be rewarded by the credit.

### ALTERNATIVE MINIMUM TAX (AMT) TURNOFF

Another benefit of the R&D Credit is the AMT turnoff, which allows an Eligible Small Business – less than \$50 million in average gross receipts for the last three years – to use R&D Credits to offset its AMT. This flexibility is especially beneficial to companies that may be conducting R&D activities but could not take the credit due to AMT limitations in the past.

# How the Engagement Works

Three phases, and we stay with you after filing. You see the size of the credit before you commit to the work of claiming it.



## YOUR ESTIMATE

We gather preliminary financial and project information and develop a high-level credit estimate for the selected tax years. If no potential credits are identified, credits are minimal, or it would not make sense to proceed from your taxpaying position, we conclude our engagement at **no cost**.



## YOUR CREDIT, CALCULATED

We work closely with your team to gather detailed employee and project information, and conduct interviews that establish qualifying activities and tie them to the projects your company undertakes. This high-level estimate translates into a final credit that, to be incorporated in your tax return.



## DOCUMENTED TO DEFEND

You receive a deliverable substantiating your research and development activities across all qualifying expenditures, including the applicable statutory and regulatory information, so that every component of the claimed credit is accounted for to withstand IRS scrutiny.

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## After Filing



## AUDIT DEFENSE

You receive a deliverable substantiating your research and development activities across all qualifying expenditures, including the applicable statutory and regulatory information, so that every component of the claimed credit is accounted for to withstand IRS scrutiny.

## Find Out What You Could Claim

Request a no-cost estimate. Your first call is a short qualifying conversation with a member of our team, backed by tax attorneys who specialize in the R&D credit.

[Request an Estimate](#)

30 MINUTES · NO FEE · NO OBLIGATION TO PROCEED