



GC Newsletter

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R&D TAX CREDIT? YES OR NO?

Congress created the Research & Development (R&D) tax credit in 1981 to give U.S. companies a better return on their investment in technology advances and to encourage them to spend more on those activities in the United States. Many companies that take full advantage of the opportunity that the R&D credit provides are concerned that this research and experimentation tax credit wasn't extended by Congress.

Also known as the research credit, the research and experimentation tax credit (which covers traditional corporate research and development, as well as experimentation that might not result in a product) offers an incentive for companies to boost spending for technological research. A company can get a tax credit of up to 6.5 percent of the amount it spends on qualifying research. Companies often qualify for the tax credit in areas other than traditional R&D or engineering such as manufacturing, quality assurance, marketing, purchasing, information technology and other areas.

A provision for such a credit is part of a larger estate tax bill that was passed by the House but has been mired in the Senate since early August.



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