

ADP SmartCompliance[®]

Tax Credits – Research & Development (R&D) for CPA Partners



Maximize valuable R&D tax credits without the extra effort

Research and development (R&D) tax credits are a great way for your clients to save money. Whether they are a small-to-mid size business or a large enterprise, if they invest in qualified educational research activities, they may be able to reduce income tax liability or payroll tax liability.

However, the eligibility and documentation requirements to complete are stringent and complex. It requires performing a study identifying, documenting and supporting eligible expenses incurred in conjunction with qualified R&D activities, including contract research, supplies and internal wages. There are also risks of costly Internal Revenue Service (IRS) penalties and/or interest if activities and expenses are not eligible or properly identified and documented. It's enough to make any client avoid the headache and hassle.

Automated services backed by years of experience

By partnering with ADP for R&D tax credits, you can save your clients time and reduce their risk of penalties and fees with a more efficient and effective process to document, confirm eligibility and claim R&D tax credits.

ADP has deep domain knowledge to help organizations of every size and type identify and capture the information needed for the R&D study. We will provide the final study and assemble the supporting documentation needed to help capture the R&D tax credits your clients may be eligible to claim.

LESS THAN $\frac{1}{3}$

of the eligible companies
that qualify for R&D tax
credits actually apply for
and secure them.¹

¹2021, ADP internal data

ADP SmartCompliance® for tax credits lets you:

Reduce clients' compliance worries

- Ensure their eligibility with our free initial assessment estimating potential federal and state R&D tax credits.
- Leave the compliance guesswork behind by having ADP maximize identification and capture of an organization's eligible R&D tax credits and mitigating associated risk.
- Receive a thorough study of your client's qualified associated R&D expenses backed by an experienced team to help support claimed credits.
- Maximize eligible R&D tax credits with ADP's success-based fee, which helps ensure performance and success.

Increase your value to your clients

- Inform clients about a potential tax benefit and dollar-for-dollar tax savings of up to 20% of the eligible R&D spending above a base amount calculated from prior years.
- Assist eligible, qualified small and mid-sized business (SMB) clients in claiming up to a \$250,000 tax credit against payroll tax liability and the ability to carry forward unused R&D tax credits for up to 20 years.
- Help eligible SMB clients offset Alternative Minimum Tax (AMT) liability, which may reduce federal tax liability, regardless if paying regular tax or AMT.

Grow your business

- Add a valuable new product to your services portfolio.
- Increase your revenue with ADP's R&D Revenue Share Program.
- Stay in-the-know as you collaborate with ADP to determine the best tax strategy for R&D tax credits and provide valuable financial historical context.

R&D Tax Credits Captured:



\$735K: 30-employee
aeronautical engineering firm



\$100K: 13-employee
manufacturing business



\$260K: 82-employee
IT business



\$500K: 250-employee
biotechnology firm










**Check your
eligibility
with our**


**R&D Tax Credit
Calculator.**

About ADP SmartCompliance®

ADP SmartCompliance integrates with your HCM system to give you a comprehensive solution that's configurable to your company's current and future needs. You'll have the tools to manage and understand the full breadth of your company's HCM compliance activities. You can leverage experts who are veterans of various regulatory agencies. And you'll have professionals with domain expertise in various compliance areas working directly on your behalf.

ADP SmartCompliance® helps with these processes:

- | | | |
|--|---|---|
|  Employment tax |  Tax credits |  Wage garnishments |
|  Employment verification |  Unemployment claims |  Wage payments |
|  Health compliance | | |

WorkMarket® helps companies manage their 1099 workforce.  **workmarket**
an ADP® company

² ADP internal data

An ADP representative can recommend the right solutions for you.

For more information visit ADP.com/SmartCompliance or call 855-620-8664.

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