



**UTAH-BASED DIETARY SUPPLEMENTS MANUFACTURER CASE STUDY**

This R&D tax credit study involved working with a developer and manufacturer of dietary supplements. The company had never claimed the R&D tax credit previously despite having had ongoing operations for several years. The qualifications for the R&D tax credit were explained to the business owners and other key employees. Realizing their business could qualify for the R&D tax credit, they engaged R&D Advantage to help them calculate and substantiate the tax credit.

We were able to amend prior year returns to capture some of the missed credit from past years. The company is currently growing rapidly, and as it continues to develop new supplements and the associated processes for manufacturing them (which also qualify for the R&D tax credit), it will be able to increasingly reduce its tax liability year over year. Qualified research expenses (QREs) are the primary driving factor used to determine the amount of the R&D tax credit, which is a dollar-for-dollar reduction in tax liability. These QREs are typically wages paid to employees who are engaged in qualified research activities (QRAs), supplies used in the QRAs, and payments made to contractors who perform research on your behalf. See for yourself the results below of how increasing the amount of QREs associated with research activities each year consequentially increased the amount this manufacturer’s R&D tax credit:

Year	FEDERAL		UTAH	
	TOTAL QRES	TOTAL CREDIT	TOTAL QRES	TOTAL CREDIT
Year 4	\$ 194,900.00	\$ 20,970.89	\$ 194,900.00	\$ 15,805.89
Year 3	\$ 117,750.00	\$ 11,775.00	\$ 117,750.00	\$ 8,831.25
Year 2	\$ 84,550.00	\$ 8,455.00	\$ 84,550.00	\$ 6,341.25
Year 1	\$ 91,600.00	\$ 9,160.00	\$ 91,600.00	\$ 6,870.00
<b>Totals</b>		<b>\$ 50,360.89</b>		<b>\$ 37,848.39</b>

**TOTAL TAX CREDIT - \$ 88,209.28**