

## Project Profile

### R & D TAX CREDITS:

**\$2,961,000**  
(FEDERAL & STATE)

### CSS TAXES SAVED:

**\$1,575,000**  
1ST YEAR

### STATE JOB TAX CREDITS:

**\$1,350,000**

## Manufacturing



## Engagement Overview

In 2019, Empower Solutions was engaged by a CPA firm to help a manufacturing client explore opportunities to increase revenue and pay less tax. Empower Solutions was able to apply all three core competencies: cost segregation study (CSS), research and development tax credits and economic development programs.

## Service Overview

**Research and Development Tax Credits** — the Empower team worked with the client to identify qualified research expenditures based on the IRS four part test: permitted purpose, elimination of uncertainty, process of experimentation and technological in nature. Implemented platform for the client to allow them to identify and track R&D's moving forward to be audited by Empower Solutions annually for compliance.

**Cost Segregation Study (CSS)** — the Empower tax and technical team examined all design and construction documents, contractor payment requisitions and other related data to determine the cost basis for all hard and soft costs involved with the project. Next, our engineer conducted an on-site study to identify and photograph all assets that qualify for accelerated depreciation. Further, our site engineer, costing engineer and tax specialist identified assets that qualify as "specialized use", i.e. outside normal use of that property.

**Economic Development Incentives** — the Empower ED team identified, qualified and secured state job credits based on the client's location, NAICS code and job creation.

## Results

Through our expertise in research and development tax credits, we secured the client \$2,961,000 (federal and state). The Empower CSS team identified \$4,350,000 in additional depreciation that resulted in approximately \$1,575,000 in deferred taxes for the current tax year. The state job credits resulted in approximately \$1,350,000 over a 5-year period.