

## CREDITS AND INCENTIVES

# R&D Tax Credits

Established to reward innovation, Research & Development credits are an often overlooked and misunderstood component of the federal and state tax laws. Breweries or distilleries that spend money developing new products, processes, formulas or services — or enhancing existing ones — are eligible for R&D tax relief.

**Federal guidelines allow for an average 5-11 cents tax credit for every dollar invested in R&D activities.** Businesses in their first 5 years are eligible for an immediate cash benefit — R&D credits can be used to offset payroll taxes. **Let's find out if you qualify.**

### Qualifying activities include:

- » Designing/developing new or improved processes to maintain quality and safety
- » Developing new packaging, canning and/or redesigning existing packaging
  - Environmentally friendly: biodegradable, recyclable, energy efficient
  - Portable: grab-and-go, drinkable, etc.
  - Improve shelf life, durability, and/or product integrity
- » Development of new or improved hopping techniques and varieties
- » Development of new or improved fermentation, distillation, or yeast propagation processes
- » Development of new or improved preservative chemicals
- » Testing of product ingredient mixtures for desired flavor, aroma profiles, taste, mouth feel, alcohol percentage or caloric content
- » Testing prototype samples for analytical and microbiological qualities
- » Improving existing product formulations to achieve specified analytical requirements, including those related to pH level, brix level, acid content, and product viscosity
- » Improving existing production processes to increase energy efficiency and/or minimize contamination, scrap, waste or spoilage (reduce consumption of water, fuel and other consumables)
- » Designing and developing new products in efforts to make traditional products healthier or more sustainable
- » Redesigning processes to comply with new federal or state regulations

### Recent Client Credits Earned

#### Craft brewer

Gross revenues: \$5.8M

Company-wide wages: \$710,000

**Federal credit: \$30,000**

**Vermont credit: \$8,000**



To explore if your business qualifies for R&D Tax Credits:

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