



Diligentiam  
diligence as a strategy

# Research & Development

## A Tax Credit Case Study

### Scope of the Project

Construction Company Inc. participated in a two-year R & D Tax Credit Study for the years 2015 and 2016 with Diligentiam's CPAs and engineers. The objective of the R & D study was to review Construction Company Inc.'s pre-bid research and post-award research done to meet new environmental conditions and customer changes in the original specifications.

Construction Company Inc. will utilize over a hundred years of experience and in-house engineering to determine unique methods of delivering their services and products in ways that are more innovative and cost effective without compromising their rigid quality control process and standards.

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### *R&D RESEARCH STRATEGY*

Construction Company Inc. had twenty-three employees and twelve subcontractors that engaged in Research & Development responsibilities. There were eight engineers, one chief engineer, one assistance chief engineer, three owners, nine superintendents and one support administrator.

For the years 2015 and 2016, each project was reviewed along with supporting documentation. Interviews were conducted with all employees and subcontractors involved with Research & Development. Determinations were made in accordance with IRS and Tax Court guidelines of how much each employee's wage and each subcontractor payments could be classified as a Qualified Research Expense.



## Qualified Research Activities Performed

- Identify projects after the design phase.
- Identify and select members of the research team.
- Conduct a preliminary team meeting.
- Senior executives schedule meetings with client.
- Senior executives brief the research team on initial project details.
- The research team, with senior executives, establish research guidelines.
- The research team leader, chief engineer, and senior executives identify strategic third-party partners.
- Senior executives provide guidance and management direction to the engineer, chief engineers, and third-party partner.
- Senior executives maintain control of the project research and hold meetings with the research team and third-party partner.



## R&D Tax Benefit

Tax Year 2016:	\$ 99,162
Tax Year 2015:	\$311,651

**Total Federal Credits  
for years up to 2016:  
\$410,813**

**Remaining years eligible  
for R&D tax benefits:  
18 years**



## Diligentiam

It takes diligence to make a business succeed. Every day, you work hard to provide your clients with the highest quality of service. You consistently provide sound results based on an infrastructure of research and analysis. You are diligent.

Diligentiam is your partner in business success. As a premier provider of business services, we go above and beyond due diligence to ensure that all your business decisions are thoroughly researched and analyzed. Our diverse services will ensure that you have the information necessary to get results consistently.

Whether we are conducting due diligence studies, reviewing financial reports to make tax recommendations, or incorporating new technologies to maximize your company procedures, we complete our tasks quickly and efficiently. Our services are designed to operate with minimal disruption to your normal business routines. We work with you, as partners, to ensure you have every available tool to succeed.



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