

## Research & Development Tax Credits

### Taking the Toxins out of Taxes

Too often you may need to drink an entire bottle of wine in order to pay your taxes each year. Rarely, is there actually a savings that can apply to something you are passionate about. However, the Research & Development (R&D) Tax Credit is an uncorked tax credit that can save the wine industry precious dollars that can be reinvested and put back into the ground to grow and develop a new varietal or blend.

The R&D Tax Credit has been an underutilized dollar for dollar cash savings in the wine industry. New law changes have made the definition of R&D more expansive and it is now a **permanent** tax credit. A misnomer is that a company has to be successful or developing something new for the “world.” Adapting and improving processes and testing them at your company qualify for the R&D Tax Credit. The blend that may be better used as vinegar may not leave such a sour taste after all.

Ask yourself, while you may have perfected your signature blend, has the fermentation process been changed or the bottle design? It is uncommon that your company has not made any improvements to the product, technology or internal processes to grow and maintain success. Internal process improvements are often overlooked and provide valuable savings to the industry.

A free preliminary analysis can give you an idea of how the R&D Tax Credit can benefit your company. Contact us today for an Estimated Benefit and fee quote.

#### New Law changes for tax years starting after December 31, 2015

- Qualified small businesses may use the R&D Tax Credit to reduce AMT
- Qualified start-ups may use the credit to offset up to \$250,000 in payroll taxes



The benefits that the R&D Tax Credit can provide the wine industry will not leave you with a hangover, but buzzed with exciting permanent tax savings.

#### Examples of Qualifying R&D Activities

- Improvements for spoilage prevention to decrease undesirable flavors or odors e.g. bottle stank
- Testing and blending different strains and genes to decrease the level of toxins or acidity
- Creating new blends for improved color and aroma
- Packaging and bottling innovations to decrease costs, weight, or environmental impacts
- Testing crop spacing for irrigation efficiency, shading and harvesting
- Reducing the amount of ullage in bottles and barrels
- Testing and growing different strains of grapes
- Design and making changes to wine storage e.g. improvements to subterranean wine cave
- Improving or creating different glass techniques e.g. single serving wine