



Solutions for Tax Professionals and Businesses
Tax Credits • Incentives • Cost Recovery

Nationwide Service
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Research & Development Credit

The R&D Tax Credit, first enacted in 1981, has been one of the most valuable credits leveraged by companies. Every year, the R&D credit yields billions of dollars in federal and state benefits to companies engaged in qualifying research. Thousands of companies take advantage of the credit across several industries. Some of the common industries that qualify for the R&D tax credit include, but are not limited to:

- Manufacturing & Fabrication
- Software Development
- Engineering
- Architecture
- Pharmaceutical
- Machining
- Aerospace & Defense
- Food Science
- Tool & Die Casting
- Foundries
- Automobile
- Chemical & Formula

Section 45L Tax Credit

Recent tax legislation extended the Energy Efficient Home Credit which offers a 45L Tax Credit of \$2,000 per dwelling unit to developers of energy efficient apartment buildings and homes.

Eligible 45L Tax Credit Apartment Buildings & Condos: A dwelling unit should provide a level of heating and cooling energy consumption that is significantly less than certain national energy standards, dependent on when the unit is sold or leased. Based on current construction trends, many developments already exceed these standards. Given that current energy codes have evolved tremendously over the past five years, many developers are already building to specifications that would meet the criteria for this credit. All apartment buildings and residential condominium developments completed within the last 4 years are worth assessing for potential 45L tax credits. Eligible construction also includes substantial reconstruction and

rehabilitation. Developers can still claim the 45L tax credit retroactively if they did not claim them on previous tax returns.

California Competes Tax Credit

The California Competes Tax Credit is an income tax credit for businesses that are expanding or relocating to California. California Competes is a tax credit program that Gov. Jerry Brown approved in 2013.

It is a successor program to the Enterprise Zone Tax Credit which is phased out in 2014. The amount of credits available will increase over several years:

- \$30 million in 2013-14
- \$150 million in 2014-15; and
- \$200 million in each year through 2017-18.

The credit available to any individual business will be based on a set of criteria including: the number of jobs created, opportunity for future growth, and many more.

Who Can Claim the California Competes Tax Credit?

In order to qualify for a portion of the allocation, the business must have expansion plans to create jobs in California over the next five years or be at risk to leave California. In 2014, the current allocation of tax credits available to businesses is \$30 million.

The tax credit award process is a four part program with a quantitative analysis phase, a qualitative analysis phase, a negotiation phase and a committee hearing.

KBKG is prepared to represent and assist businesses who want to apply for the California Competes Tax Credit. Contact us to start your application!

The Final Repair Regulations

The IRS issued comprehensive Repair Regulations regarding the deduction and capitalization of expenditures related to tangible property. The regulations are commonly known as the Repair Regulations or the Tangible Property Regulations. The regs are applicable to businesses in all industries that acquire, produce, replace or improve tangible property. Application of the new Repair Regulations requires an in-depth understanding of various tax cases and circumstances that must be met. KBKG is ready to identify and claim your missed deductions and help you conform to the new Repair Regulations. Our experts have been educating tax professionals with seminars and webinar, and helping businesses retroactively claim any missed deductions.



For more information please visit <http://www.kbkg.com>