



## *A Message from the Tech Practice Group*

Benjamin Franklin, one of America's greatest inventors, journalists, diplomats and statesmen, coined the phrase, "In this world nothing can be said to be certain, except death and taxes." Up until December 17, 2010, even taxes weren't so certain, but finally Congress and the President passed much-needed tax legislation. Taxes are in fact inevitable and the more successful and profitable your technology company becomes, the more critical tax planning to minimize income taxes becomes.

In the present turbulent economic environment, technology companies should be planning for and taking advantage of any tax credits and incentives offered by federal and state governments. Depending on the type of credit or incentive, it may reduce dollar for dollar the federal or state income tax liability. Taking advantage of these credits and incentives is one approach to obtaining additional growth capital.

From the federal government's \$2.3 billion in tax credits issued for new clean-tech manufacturing to federal R&D tax credits, we can help. For example, we work with a technology company that generates approximately \$35,000 in R&D tax credits annually. Partnering up with BFMM's Technology Practice group means collaborating with a CPA firm that's leading the charge in proactively assisting technology companies maximize tax savings strategies.

All the best,

Steve, Jeff and George  
Technology Practice Group  
Batchelor, Frechette, McCrory, Michael & Co.

## THINGS TO KNOW

Some of the federal and state tax credits and incentives available to technology companies include the following:

### FEDERAL

1. Tax credits for renewable and clean energy technologies
2. Research and Development tax credits
3. 100% bonus depreciation and up to \$500,000 Section 179 deduction
4. Exclusion of 100% of gain on certain small business stock
5. Health insurance tax credit for small employers

### RI & MA

1. Research and Development tax credits
2. Small business capital investment tax incentives
3. Innovation tax credit
4. Motion picture production tax credit
5. Abandoned building renovation deduction
6. Life sciences tax credit



Jeff Allain and Steve Noyes meet with Don Wright (center), COO of Mechanology Inc. and the Oscillating Vane Machine (OVM).

## Leveraging Incentives

Before you say, “We’re a startup company and don’t pay any taxes because our business has losses,” consider the following:

- Certain tax credits can reduce payroll and other local taxes
- You could be generating tax credits and losses that carry forward to future years when you’ll be able to utilize them to offset future tax liabilities
- Tax credit carryforwards may qualify for treatment as an asset on your balance sheet. Whether or not the credit carryforward is presented on your balance sheet, it’s a perceived asset of the company which adds value
- Certain tax credits are available directly to your potential investors, thereby making an investment in your company much more attractive

While Ben Franklin’s tax words are true to this day, why not take advantage of any government incentives available to your company to minimize the impact of this certainty?

Please reach out to us if we can answer any questions you have regarding various tax incentives.

Return Service Requested

