

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:

Contact **Elisia G. Laramee, CPA**
egl@gfc.com | 802.651.7261



**GALLAGHER, FLYNN
& COMPANY, LLP**

Certified Public Accountants and Business Consultants

www.gfc.com

TAX SENIOR MANAGER - R&D SPECIALIST

Elisia G. Laramee, CPA

Elisia provides general tax services to a diversified client base, including corporations, partnerships, limited liability companies, and individuals. Additionally, Elisia specializes in tax consulting for credits and incentives, with an extensive background in helping clients identify, document and support R&D credits.

Prior to rejoining the firm in 2019, Elisia was a manager at RSM US LLP in Boston, Massachusetts. She spent eight years at RSM focusing largely on R&D credits and compliance for large multi-state C corporations. Prior to that, she was with BDO in Los Angeles, California, for three years focusing primarily on R&D credits amongst other general tax services. Elisia started her career with GFC after graduating from the University of Vermont with a Bachelor of Science in Business Administration with a concentration in Accounting and minor in Statistics.

After living in Los Angeles, San Francisco and Boston over a span of 10 years, Elisia and her husband have returned to Vermont to raise their twins in the same town they grew up in, Colchester. In her free time, she enjoys hiking with her family/friends, snowboarding, traveling, and practicing yoga.



tel 802.651.7261
email egl@gfc.com



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