



Methodology

DSF utilizes a phased approach to conducting a corporate R&D tax credit project. Our approach employs the following phases:

Phase I – Scoping

The goal of Phase I is to gather some preliminary data and information by reviewing your company's operations and conducting some initial interviews to assess potential R&D tax credit benefits. This phase includes gathering some cost information such as a company P&L, departmental org charts and review of the business units and departments within the organization to assess potential qualified activities for the R&D credit.

The deliverables from Phase I typically include:

- Potentially eligible QREs (qualified research expenses) for the research credit and preliminary base period review including assessment of the Alternative Simplified Credit (ASC) and historical base period.
- Preliminary R&D Credit estimate including state R&D benefits.
- Timetable and Work plan for Phase II detailed study

Phase II – Detailed Study

In order to claim and sustain R&D tax credit, the IRS requires adequate documentation substantiating both the calculations and the nature of the work that may qualify for these benefits. Thus, Phase II focuses on collecting and organization the necessary documentation to ensure the documentation is audit-ready, well organized, meets typical Information Document Requests (IDRs) that agents issue during the course of an examination.

Specifically, our Phase II key documentation and deliverables consist of:

- Memoranda and technical interview reports documenting the nature of the qualified activities undertaken by your company
- Contemporaneous documentation in a well-organized format to further support the qualified activities
- Detailed calculations and supporting work papers tying back to company accounting records which support the calculation of R&D tax credits.

Phase III – Filing/Audit Support

DSF assist your CPA with the inclusion of the R&D tax credit on the tax return. In the unlikely event that the credit is audited, DSF services include audit support free of charge.

For your free analysis and estimate of your company's R&D credit please contact:

Bernie Paramo, Senior Tax Manager
Direct: 562.249.6010
bernie.paramo@dsfgroup.com
www.dsfgroup.com