

# R&D Tax Credits Case Studies: Technology

The following are two examples of client development efforts in the software and IT industry which further illustrate the types of projects and activities that will potentially qualify for the R&D tax credit. The eligibility of specific projects, activities and expenditures will depend upon a closer examination of the facts and circumstances in relation to applicable guidance.

## New Product Development

Company developed a new software platform for commercial sale to the financial services industry to support the issuance of fixed income securities, particularly municipal securities. The company researched existing offerings in the marketplace and spoke with potential users to define their needs and to identify deficiencies with current processes. They further researched user interfaces, database designs, required features, functions and best technologies for design and implementation in advance of developing the software.

Significant uncertainty was encountered in every stage of development as the company had no prior experience with this type of industry specific software. Toward the end of the software development effort, the entire code had to be rewritten in an emerging “language” with which the company had no prior experience but was required for its speed, efficiency and maintenance advantages. An entirely new design of system architecture was required as a result. This project involved software development, computer science and mathematics. It required extensive design iterations and beta testing. After extensive analysis of all expenditures and activities involved in this project, it was determined to qualify for purposes of the R&D tax credit.

## Product Improvement

Company significantly upgraded its client facing e-commerce system and improved it by allowing for dynamic content creation and digital asset management. The software developed on this project is used by the company’s clients to access the company’s systems and allows them to create or upload original content and order highly customized products such as training materials for immediate distribution to employees or customers.

This project had many uncertainties from the outset as the company had no prior experience designing and delivering a cutting edge web portal with such advanced features and functionality. The company had to experiment extensively with various technologies and programming languages to determine the best and most secure architecture and design. This project involved software development, computer science and mathematics. After extensive analysis of all expenditures and activities involved in this project, it was determined to qualify for purposes of the R&D tax credit.



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