

Case Study: Global Research Credits and Incentives



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Case study

Global incentives for investment in innovation, technology and research are available in nearly every country. Below is a case study that demonstrates how Baker Tilly's team of global Research and Development (R&D) professionals helped a client capitalize on its international R&D activities to obtain a tax credit in excess of \$1 million USD.

Overview

A privately-held global manufacturer of household cleaning supplies and chemicals engaged Baker Tilly to evaluate its R&D investments. The company employs 12,000 people and has operations in more than 70 countries.

During initial discussions with the company, Baker Tilly identified several potential areas where the company may need assistance. One area of particular interest concerned its manufacturing operations. The company's Mexican subsidiary, which primarily involves manufacturing operations, was unaware that activities related to its process and manufacturing operations in Mexico qualified for the Mexican R&D incentive.

Business challenges

The company lacked the resources or background necessary to compile the required information to evaluate the costs and activities to submit a viable claim.

Baker Tilly's solution

Baker Tilly utilized a team of experienced professionals and multilingual skill sets to assist the company expeditiously. Through a collaborative effort with the client, Baker Tilly provided the accounting, tax, and engineering services required to comply with the requirements for filing a successful and financially optimal R&D claim. The team further leveraged its long-standing relationship with the Mexican regulatory agency that administers the R&D tax credits to ensure a successful result.

Highlights

- > Collaborative team approach to identify eligible R&D projects and associated expenditures within the company's normal course of operation
- > Documented R&D activities and filed R&D claims
- > Represented the client before Mexican authorities to maximize the benefit and minimize effort from client personnel
- > Reported to company leadership in English, and/or Spanish, as needed
- > Translated final application into Spanish
- > Secured credits to the company in excess of \$1 million USD (approximately \$13.1 million pesos)

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