



TELECOMMUNICATIONS

Typical activities of telecommunications companies that qualify for the R&D tax credit include:

- Project management; salaries of employees and contractors who manage eligible projects can be claimed for credit purposes
- Bandwidth modeling projects, software, and labor costs may be eligible
- Software design and development related to products or processes that are new and innovative
- Product testing in a lab or field setting should be reviewed for potential claim

How the R&D Tax Credit Works for You

Research and Development Tax Credits are available to a wide variety of industries at both the Federal, and in most cases, the state level. The incentives are designed to encourage U.S. companies to maintain their competitive advantages through continued innovation and improvements. The credit applies to a number of areas within your business including some salaries, materials, and contract services for qualified activities.

R&D Minimum Requirements for Eligibility:

1. The project must be intended to be useful in the development of a new or improved business component, such as a product, process, technique, formula, invention, or software.
2. The project must be undertaken for the purpose of discovering information that is technical in nature. Thus, the activity must rely on the principles of physical sciences, such as engineering, biology, or computer science.
3. The project must be intended to eliminate uncertainty related to the development or improvement of a business component. Uncertainty can include capability, development method, or optimal design of the business component.
4. The project must evaluate one of more alternative solutions through the development, refinement, and testing of different options. Further, technical risk must be present, which means that there is a chance the project will not be successful.

