

Startup Companies & The R&D Tax Credit. The PATH Act of 2015

On Friday, December 18th 2015, the "Protecting Americans from Tax Hikes (PATH) Act was signed into law by President Obama. This law makes billions of dollars in incentives and cost reduction programs available to Startup Companies. The PATH Act instituted the most sweeping tax code changes in 33 years.

Startup Companies Now Qualify

The definition of a Startup under the PATH Act is simply, any company formed after 2010 with gross receipts less than \$5M in 2016. Qualifying businesses may capture up to \$250,000 of incentives and tax credits annually and be able to claim credits against payroll taxes. Companies that don't meet this criteria still qualify for Federal Tax Credits under the PATH Act with the expanded R&D Tax Credit.

Our Methodology

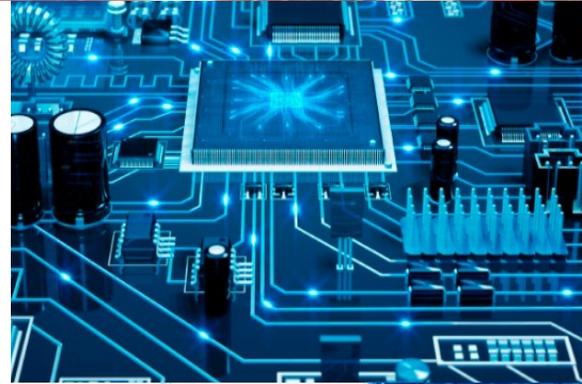
Startup and Tech companies due to their nature should take advantage of Specialized Tax Incentives that are available to offset tax liability. GMG's expertise lie in programs such as the R&D Tax Credit, Cost Segregation, Hiring Incentives and Property Tax Mitigation. Programs that prior to the PATH Act were out of reach for small to mid sized companies are now attainable for Startups.

Benefit

Prior to The PATH Act companies without income tax liability or companies who fell under Alternative Minimum Tax (AMT) either did not qualify for or had to carry forward R&D tax credits. Now, small businesses qualifying under The PATH Act can capture the R&D tax credit within the immediate tax year against payroll taxes, AMT, or Federal Income Taxes.

A Small Business qualifying under The PATH Act with a payroll of \$250,000 would normally have to pay \$15,500 in FICA. The available (estimated) R&D Tax Credit of \$16,000 would offset their tax liability 100%.

To find out how your company can capture these provisions, contact GMG today.



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