

The Miller Group.

Resource Information Xchange, llc

Federal and State Tax Specialists

Research and Development Tax Incentives in the Life Sciences Industry.

Is your company fully aware of the opportunities that are waiting to be claimed through the Research and Development Tax Incentives?



- Every successful company is eligible for the Research Tax Credit of some amount. This is especially true for companies with increasing revenue and expanding markets.
- Many common business innovations meet the qualifications standards of IRC § 41 and are eligible for the Research Tax Credit. Creating new products, developing processes, implementing new improved manufacturing methods and writing software for internal use are just a few of the expenses that would qualify for the R&D Tax Credit.
- Federal tax credits provide permanent benefits to drive down tax rates and generate cash flow. You may also be eligible for state and global incentives, depending on where activities are being performed.
- It is essential that companies examine their Research Tax Credit potential as soon as possible to avoid losing dollars from previous tax years.
- Valuable Planning Opportunities exist that maximize the R&D Tax Credit potential in the future. The Miller Group's Research Tax Credit Specialists are here to provide the help you need.

CALL THE MILLER GROUP TODAY FOR A FREE CONSULTATION AT 206.855.1700

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Research and Development Tax Incentives for the Life Sciences Industry.

Your Opportunity: Due to the incremental nature of the research credit, many companies in the life sciences industry have experienced declining research and development (R&D) tax credits. This trend has heightened the need to explore whether all qualified activities are being considered in the research credit calculation.

For example, many life sciences companies may not be capturing all manufacturing-related R&D expenses. This is particularly important as companies shift R&D investments from one or two blockbuster drugs to a larger number of products in the pipeline. With each launch, there are associated manufacturing and R&D costs that may be eligible for tax credits.

Examples of initiatives that may be eligible for R&D tax incentives include:

- Developing production processes for new products, including FDA qualification, validation, and clinical testing during Phases I-IV clinical trials
- Establishing a new factory or production line where new technology is employed or new manufacturing techniques are used
- Manufacturing experimental qualification lots and clinical trial lots
- Manufacturing process scale-up design and development efforts
- Creating cross-functional process improvement teams, including production and maintenance employee activities as well as continuous improvement initiatives
- Developing technology for compliance with EPA requirements and environmental remediation
- Developing new product and process assays
- Designing and developing certain hardware and software systems for use in research and clinical development, and medical device equipment used for treating various diseases
- Developing product improvements to increase the shelf life or stability of an existing product and reformulation to reduce side effects or dosage
- Supporting new or improved product development through pharmacovigilance data collection activities and biometrics analyses

Medical device companies are expanding their R&D activities as well, particularly in therapeutic areas such as urology, gastro esophageal reflux disease, interventional therapies, and orthopedics.

Determining the cost of R&D is often difficult, as few companies have a project accounting system that captures many of the costs for support provided by personnel who collaborate on R&D. The typical project tracking system does not include all contractor fees, director support and salaried personnel who participate in the research effort.

For example, personnel on new product launch teams who participate in specifying in prototype development and testing may include marketing, regulatory affairs, product safety and evaluation, micro-biology, clinical supplies, chemistry management, packaging technology, manufacturing, instrumentation, and even sales.

The Miller Group Approach: The Miller Group is exclusively dedicated to R&D tax issues and specialize in particular industries, including Life Sciences Industry. Our focus provides us with an unusual depth of experience. We also work in an efficient and nonintrusive manner so that you can stay focused on business.

R&D Tax Credit Projects: Introductory tax credit potential analysis studies may be performed, but are often unnecessary. In a full project, The Miller Group performs extensive field work, collect supporting records and create comprehensive documentation to support maximum, durable tax filings. We provide support under review by IRS or State tax authorities.

Our goal is to provide the maximum allowable tax credits with the minimum impact on critical day to day operations. Our approach establishes a process that your tax function can replicate and use to reduce future tax compliance costs and burden (see RIX Technology).

We Offer: Extensive experience providing services to privately owned companies as well as Fortune 500 companies.

Deep technical knowledge in this complex area. RIX Technology. A proprietary (patent pending) software product for tax credit documentation approved by the IRS.

Please call us for a free consultation at 206.855.1700.