

Self-Employed Tax Credit

The Self-Employed Tax Credit (STC) is an income tax credit for self-employed individuals who were impacted by Covid-19 due to illness, caregiving responsibilities, quarantine, and similar events

- Potential refund from 2020 and 2021
- Caring for oneself and family members qualifies
- Claimed via amended income tax return

STC FOR
QUALIFIED SICK LEAVE

UP TO

\$10,220

+

STC FOR
QUALIFIED FAMILY LEAVE

UP TO

\$22,000

=

MAXIMUM STC
FOR APPLICANTS

UP TO

\$32,220

Who qualifies?

You can qualify if you meet the following criteria:

- Self-employed
- Paid self-employment tax and had positive net income in 2020 and/or 2021
- Unable to work due to illness, quarantine mandate, or caregiving for family member

How can Occams Advisory help?

To optimize your benefit and protect against potential penalties:

- Prepare compliant calculations
- Provide form 7202
- Amended 1040 and Schedule C (if applicable)

INTRO TO R&D TAX CREDITS

What if you could save thousands of dollars annually in taxes—all thanks to the work you're already doing? Through R&D tax credits, you can.

WHAT IS THE FEDERAL R&D TAX CREDIT?

Each year the U.S. government provides billions of dollars to innovative businesses for developing and improving technologies, products, and processes.

THE HISTORY

1981

The R&D Tax Credit was introduced in the Economic Recovery Tax Act as a temporary incentive to encourage additional research spending.

2015

After repeated expirations and renewals, the Protecting Americans from Tax Hikes Act permanently extended the R&D tax credit while expanding its benefits to startups and small businesses.

2016

\$15 billion in R&D credits were claimed. But 87% still went to large corporations.

TODAY

Many growing businesses continue to miss the R&D credit. Some perceive it to be too complex or costly. Others mistakenly believe they don't qualify.

WHAT IS IT WORTH?

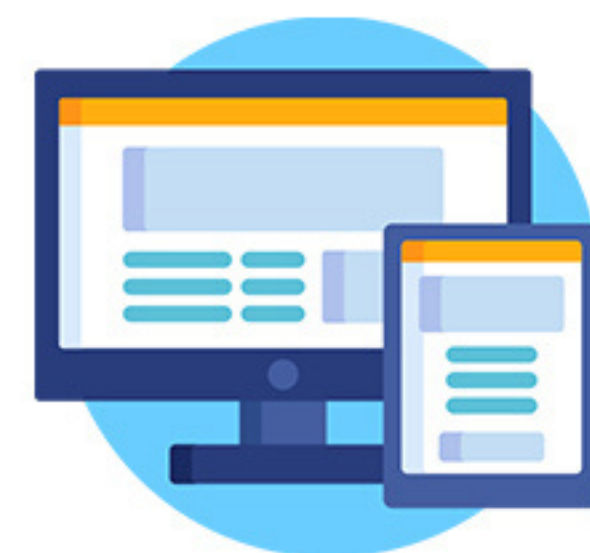
For most companies, the credit is worth 7-10% of qualified research expenditures. This is a dollar-for-dollar credit against taxes owed which can dramatically lower your effective tax rate. Plus, it can carry forward 20 years. For young businesses that are not yet profitable, applying the credit against payroll taxes is a valuable, non-dilutive funding opportunity.

R&D tax credits can be used to offset:

- Income taxes if you're in a taxable position.
- Alternative Minimum Tax (AMT) if you have less than \$50 million in average revenue for the three preceding years and you owe AMT in the current year
- Employer portion of payroll taxes up to \$250,000 each year if you're a qualified small business

WHAT WORK QUALIFIES?

Many businesses perform activities that qualify for the R&D tax credit without realizing



Software Development



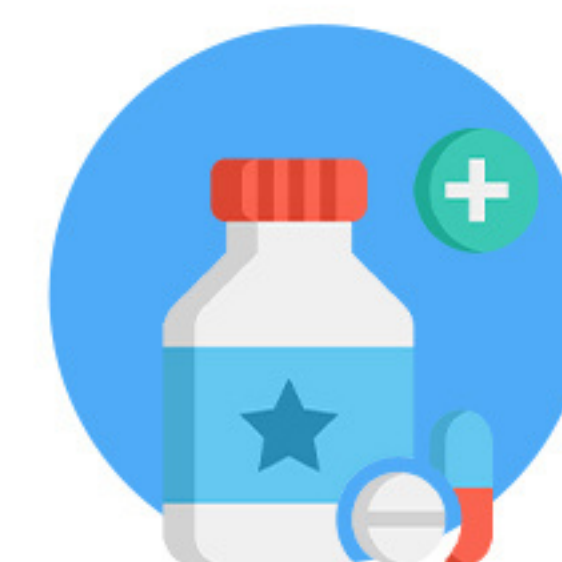
Manufacturing



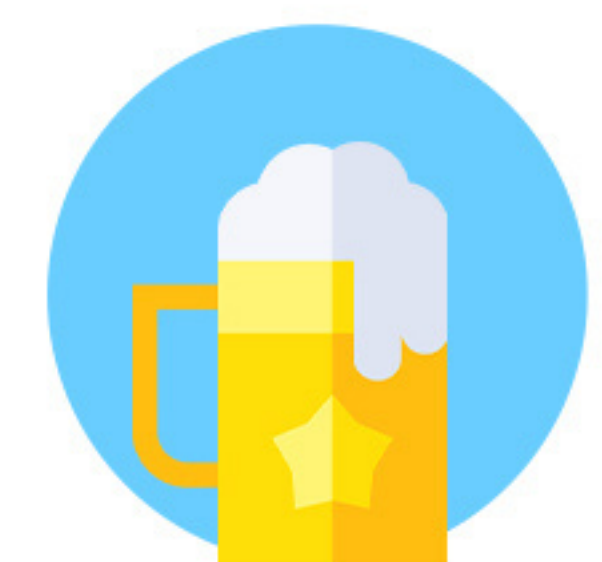
Agriculture



Architecture & Engineering



Pharmaceutical & BioTech



Food, Beer & Coffee

If you do anything technology-based, improved it, and sell it to customers, you probably qualify. IRS tax regulations outline a straightforward 4-part test that creates a fairly low bar for qualification.

THE 4 PART TEST

- 1 **PERMITTED PURPOSE** - Are you developing or improving a product, process, formula, or software?
- 2 **TECHNOLOGICAL IN NATURE** - Is your work within physical, biological, engineering, or computer sciences?
- 3 **ELIMINATION OF UNCERTAINTY** - Are you asking questions like, "Can we develop it?" or "How do we develop it?"
- 4 **PROCESS OF EXPERIMENTATION** - Are you systematically evaluating one or more alternatives?

WHAT EXPENSES CAN BE CLAIMED?

R&D SAVINGS SCENARIO

There are three types of expenses you can include in the calculation of the credit

A startup raises \$4MM to develop smart dental technology. In 2020, \$1.16MM of this capital was spent on qualified innovation activities

WAGES ————— **\$1,102,000**

Often the largest component; W-2 Box 1 wages paid to U.S.-based employees or wages earned by company owners.

Engineers, designers, and direct supervisors, etc.

CONTRACTOR EXPENSES ————— **\$41,145**

65% of payments made to U.S.-based contractors.

Third party developers, manufacturers, etc.

SUPPLIES ————— **\$24,000**

Non-capital/non-depreciable materials and tools used or consumed in the development process

Web services and prototype materials.

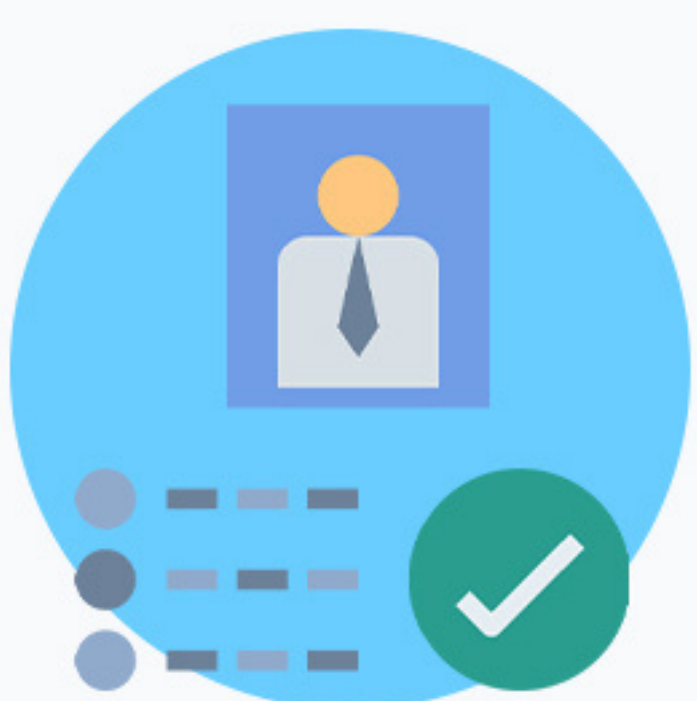
TOTAL R&D SPEND ————— **\$1,167,145**

CREDIT AMOUNT = \$116,715

ABOUT

Occams Advisory helps innovators claim the R&D tax credits they've earned. We focus on small to mid-sized businesses that have traditionally missed the R&D tax credit because of the perception that it's too complicated or costly. We simplify the process, take on all the heavy lifting, and maximize your benefit.

STEP 1



QUALIFY

Identify projects
Define Innovation
Take 4-Part Test

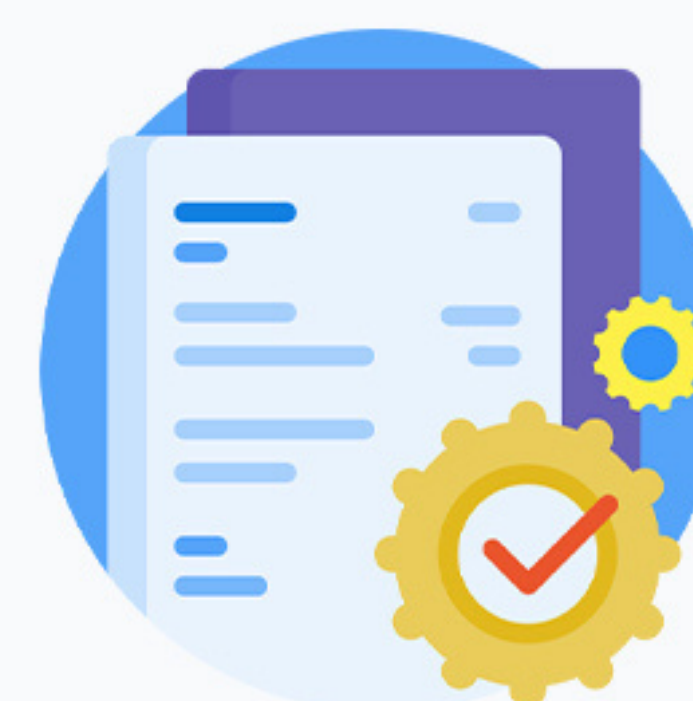
STEP 2



CALCULATE

Categorize project
expenses Create nexus
Calculate credit

STEP 3



DOCUMENT

Generate IRS compliant
documentation Create
IRS tax form 6765

STEP 4



MONETIZE

Coordinate with tax preparers,
CPAs, and payroll providers
File returns or amendments

You've earned this. What are you waiting for?

Connect for a free consultation **TODAY!**

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