

Jerome B. Schroeder, CPA
Douglas E. Schleucher, CPA
Ann E. Woolum, CPA/ABV, CBA
Timothy J. Gephart, CPA
Mark L. Schroeder, CPA
Richard D. Hillabrand, CPA
Angela L. Bursby, CPA
Jeffrey C. Quinlan, CPA

Balance *sheet*

BUSINESS TAX CREDITS

By Terry Schleucher

Since the Tax Cuts and Jobs Act (TCJA) reduced or eliminated some tax breaks for businesses, many employers may be looking for ways to maximize any available tax credits. Tax credits reduce tax liabilities dollar-for-dollar, potentially making them more valuable than deductions, which reduce only the amount of income subject to tax. The following are a just a few of the several tax credits still available to businesses. You can visit the IRS website for a complete list of available credits.

Retirement Plan Startup Credit

Fewer than half of small businesses with under 100 employees offer a qualified retirement plan, so to encourage more to do so, the tax law offers a credit for 50% of startup costs up to \$500 per year for the first three years of the plan.

Disabled Access Credit

Businesses that pay the costs of access for disabled employees and customers can take a tax credit of 50% of expenses over \$250 but not over \$10,250; the maximum credit is \$5,000 per year.



Rehabilitation & Energy Investment Credits

While this is not a credit for which you would qualify based on your day-to-day energy use or savings, it is a way to reward businesses for investing in resources that preserve the environment. For example, buying a building that requires renovation, restoration or reconstruction could qualify for a credit up to 10% on the cost of that work, limited to \$10,000 per year.

Alternative Motor Vehicle Credit

Businesses with company vehicles could apply for an energy credit of up to \$8,000 by purchasing an alternative fuel source vehicle, that is, one that uses hydrogen fuel-cell technology. Hybrids and electric vehicles do not apply since they use conventional fuels.

Research Credit

There is a 20% research credit designed to encourage businesses to engage in research and development for discovering information that is technological in nature, and its application is intended for use in developing a new or improved business component of the taxpayer. Instead of applying the credit as an offset to income taxes, a business can opt to use it to reduce the employer share of Social Security taxes up to \$250,000.

Paid Family and Medical Leave Credit

The TCJA added a new tax credit for employers that offer paid family and medical leave to their employees. The credit is a percentage of wages paid to a qualifying employee while on leave for up to 12 weeks per taxable year. The percentage can range from 12.5% to 25%, depending on the percentage of wages paid during the leave.

There are other rules and qualifications for these tax credits and these are just a few of the credits available, so if you would like to discuss your situation to see if you can benefit from these special credits, please contact our office.

Items presented are not intended to be technically complete. Additional information may be required to make an informed decision.
You cannot rely upon this information for avoiding tax penalties.