# ADP SmartCompliance - Tax Credits Module

## Research & Development Tax Credit (R&D Credit) - CPA Process Flow

## Process Identification

### STEP 1: TOP TARGET IDENTIFICATION

**Action:** Accountant Partner identifies any account in best Industry / NAIC fit (see below) and Qualification Checklist

**Support/Other Details:**
- Best Fit by Industry: Manufacturing, Software, Engineering
- Best Fit by NAIC code: all codes starting with 31, 32, 33, 5413*, 5415, 5417 (*with exception)

### STEP 2: TAX RETURN APPROVAL

**Action:** For any 'Top Target', Accountant Partner obtains email approval from client to submit tax return(s) for previous year and any other year that may be included in the R&D Credit study to ADP. This will allow ADP do a preliminary assessment of eligibility.

### STEP 3: TAX RETURN REVIEW

**Action:** ADP will perform Tax Return Review to help determine likelihood of R&D eligibility and will notify Accountant Partner of any 'Potential eligible' that should be referred to ADP

**Support/Other Details:** If tax return(s) not available, optional for Accountant Partner in Support section to provide: NAICS Code, Entity Type, Profitable or Under 5 years/$5M revenue?

### STEP 4: REFER CLIENT TO ADP

**Action:** For any 'Potential Eligible', Account Partner refers client to ADP for a 30-Minute Eligibility Review Call.

**Support/Other Details:** ADP will setup call once referral/introduction made

### STEP 5: 30 MINUTE ELIGIBILITY REVIEW CALL

**Action:** ADP will host 30 Minute Eligibility call with client

**Support/Other Details:** 30 Minute Eligibility Call
- Confirmation that client's activities meet IRS 4-part test
- Discuss utilization options
- Verify QRE Estimate
- Review Any 3rd Party Contract Eligibility Terms
- Provide estimate (if available)

### STEP 6: CONTRACT SIGNATURE

**Action:** ADP will provide client with contract for signature

## New Client Process

### STEP 1: R&D KICKOFF CALL

**Action:** Call with ADP, Client & Accountant Partner to introduce R&D Team/Information Request

**Support/Other Details:** Within 5-7 business days of signing agreement, kickoff call will be set. Information requested will be (if not provided already): Payroll Wages, Trial Balances, Tax Returns, Org Charts

### STEP 2: TECHNICAL CALL

**Action:** ADP performs a Qualitative and Quantitative Analysis with Client - review/confirm activities and time allocations

**Support/Other Details:** Includes Plant Manager, Engineers, etc

### STEP 3: CALCULATING THE CREDIT

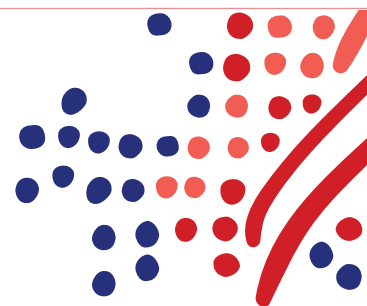**Action:** ADP calculates the credit to prepare deliverables

### STEP 4: FINAL DELIVERABLE

**Action:** ADP sends and reviews deliverables with Client

### STEP 5: AUDIT SUPPORT (if needed)

**Action:** ADP will provide audit support as needed

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