



Tax planning to assist with current economic environment

Summary:

A large manufacturing client has been impacted by the economic conditions, having difficulty meeting debt covenants and meeting cash flow needs. As a result, GBQ identified opportunities to assist them with increasing cash flow, minimizing their tax burden and improving their effective tax rate.

Challenge:

1. Cash flow needs were in jeopardy.
2. Client needed quick turnaround.

Solution:

1. GBQ provided tax planning by executing a plan to allow the client to file a tentative tax return for the December 31, 2008 year end in early March. This return was filed prior to the completion of the audit. By filing this return, the client was able to file a NOL carryback claim and obtain a significant refund within 6 weeks from filing. This assisted with meeting cash flow needs.
2. GBQ identified a tax planning idea that our client would be eligible to claim a Research and Development (R&D) credit for activities being performed. As a result of this, a credit was quantified for tax years 2005 – 2008. Amended returns were filed to claim a refund of over \$100,000. GBQ worked with our alliance partner BDO Seidman to quantify the credit. The BDO specialist worked closely with our client to complete the study within six weeks. The computed credit was initially for filing refund claims for the federal returns. In addition to the federal R&D credit, the GBQ state and local department worked to identify research credits eligible for the State of Ohio. The credit is a permanent tax benefit that lowered our clients effective tax rate.