



Services Overview

KBKG

Tax Credits, Incentives, Cost Recovery



Offices Nationwide



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About KBKG

Established in 1999 with offices in major markets throughout the US, KBKG is one of the oldest and largest independent providers of specialty tax studies in the country. By focusing exclusively on value-added tax services, we complement your traditional tax and accounting team.

SINGLE SOURCE SOLUTION

We are unique in the marketplace as we offer a single-source solution for research & development tax credits, depreciation/cost segregation, green energy tax incentives, transfer pricing, IC-DISC federal export tax incentives, and more. We provide you with a single point of contact who will serve as a liaison, connecting you with the appropriate technical experts on our team.

SEAMLESS TEAMWORK & COLLABORATION

We help determine which tax programs benefit clients and stay committed to handling each relationship with care and diligence. Our ability to work seamlessly with your team is the reason so many tax professionals and businesses across the nation trust KBKG.

Our practice is staffed by full-time specialists with engineering, valuation, green building, estimating, and construction backgrounds as well as tax professionals, attorneys, and CPAs.

Nationwide Service

INDUSTRY MATRIX FOR TAX SAVING OPPORTUNITIES

At KBKG, we are committed to identifying all possible tax saving opportunities for our clients and CPA partners. Our detailed Industry Matrix helps quickly determine which tax credits and deductions apply by industry at a glance. Our chart alone provides some insight to ensure that businesses are seeking out all potential benefits; however, KBKG's certified engineers and technical experts perform a thorough assessment during the engagement process to be sure all possible incentives are identified and considered.

INDUSTRY	R&D TAX CREDITS	REPAIR/ASSET RETIREMENT	45L TAX CREDITS	179D TAX DEDUCTIONS	COST SEGREGATION /FIXED ASSET	IC-DISC	TRANSFER PRICING*	EMPLOYEE RETENTION TAX CREDIT
Affordable Housing		✓	✓	✓	✓			✓
Agriculture, Forestry & Fishing	✓				✓	✓	✓	✓
Architecture & Engineering	✓			✓	✓	✓		✓
Auto Dealerships		✓		✓	✓			✓
Cannabis	✓				✓			✓
Communications & Utilities	✓	✓		✓	✓		✓	✓
Construction	✓				✓			✓
Film & Music	✓				✓	✓	✓	✓
Financial Services	✓	✓			✓		✓	✓
Government Contractors	✓			✓	✓	✓		✓
Healthcare	✓	✓		✓	✓		✓	✓
Homebuilders		✓	✓					✓
Hotels	✓	✓		✓	✓		✓	✓
Logistics & Distribution	✓	✓		✓	✓	✓	✓	✓
Manufacturing	✓	✓		✓	✓	✓	✓	✓
Mining	✓				✓	✓	✓	✓
Multifamily Developers		✓	✓	✓	✓			✓
Oil & Gas	✓	✓			✓		✓	✓
Pharmaceutical	✓	✓		✓	✓	✓	✓	✓
Professional Services	✓	✓			✓		✓	✓
Real Estate		✓		✓	✓			✓
Restaurants		✓			✓			✓
Retail	✓	✓		✓	✓			✓
Technology/Software	✓	✓			✓	✓	✓	✓
Transportation	✓				✓		✓	✓
Wholesale Trade	✓	✓		✓	✓	✓	✓	

*May apply to any industry as long as the company has cross border subsidiaries. Industries indicated are more likely to have multinational business.

INTERNATIONAL TRANSFER PRICING & IC-DISC SERVICES

TRANSFER PRICING

Cross-border transfer prices drive how much income tax a multinational company pays by country. Transfer pricing (TP) regulations apply to the intercompany prices of goods, services, royalties, and loans across all industries. We assist US and international companies with IRS, OECD, and global BEPS transfer pricing documentation, economic benchmarking, and transfer pricing planning services.

APPLICABLE CLIENTS

- US companies with foreign subsidiaries
- Foreign companies with US operations

IC-DISC

We also offer Interest Charge Domestic International Sales Corporation (IC-DISC) services which offers significant federal income tax savings for making or distributing US products for export.

HOW MUCH IS IT WORTH?

Every \$1M increase in TP = \$90K in tax savings annually

Example: US company (21% tax rate) selling to a foreign subsidiary (30% tax rate), increases TP in order to raise US profit and lower foreign taxable income.

Some exporting companies can generate larger savings under tax reform at a 13.125% rate.



RESEARCH & DEVELOPMENT TAX CREDIT

The Research & Development (R&D) Tax Credit is a federal tax credit designed to promote innovation in the United States. This incentive not only allows for look-back studies that can recognize unclaimed credits for open tax years, but small businesses and startups can also take advantage of the credit to offset payroll taxes.

APPLICABLE CLIENTS & INDUSTRIES

Applicable clients include companies developing new or improved products, processes, software, or formulas, as well as companies that employ those with technical backgrounds (e.g., software development, engineering). Common industries include:

- Manufacturing
 - Architecture
 - Machining
 - Engineering
 - Foundries
 - Automobile
- Software Development
 - Food Science
 - Equipment or Tool
 - Life Sciences
 - Chemical & Formula
 - Aerospace & Defense

COST SEGREGATION & DEPRECIATION SERVICES

Cost Segregation is a common strategic tax planning tool that allows companies and individuals who have constructed, purchased, expanded or remodeled any kind of real estate to accelerate depreciation deductions and defer federal and state income taxes. A Cost Segregation study dissects the construction cost or purchase price of the property that would otherwise be depreciated over 27.5 or 39 years. The primary goal of a Cost Segregation study is to identify all property-related costs that can be depreciated over 5, 7, and 15 years, or expensed immediately.

APPLICABLE CLIENTS

- Any building with over \$750k of depreciable tax basis (excluding land).
- Any leasehold improvement with over \$500k of depreciable tax basis (excluding land).

OTHER DEPRECIATION RELATED SERVICES

Condo tax basis allocation, fixed asset depreciation review, repair vs. capitalization review.

\$45L RESIDENTIAL ENERGY TAX CREDITS

The \$45L credit is a federal tax incentive for developers of apartments, condos, or spec homes that meet certain energy efficiency standards. Eligible construction also includes substantial rehabilitation. Units must be certified by a qualified professional to be eligible.

Based on current construction trends, many developments already exceed these standards.

APPLICABLE CLIENTS

- Anyone who has built apartments, condos, or production home developments in the last 4 years
- New construction or substantial renovations
- Generally more than 20 units
- 3 stories or less
- Available in all 50 states

\$179D COMMERCIAL ENERGY DEDUCTION

The \$179D tax incentive is a federal deduction for architects, engineers, and design/build contractors that work on public or government buildings. Taxpayers that invest in ground-up construction or improvements to their existing buildings are also eligible.

Improvements must reduce energy use in one or more of the following categories: a building’s envelope, HVAC, and/or interior lighting systems. Buildings must be certified by a qualified professional to be eligible.

APPLICABLE CLIENTS

- Designers, architects, general contractors, engineers, electrical and HVAC subcontractors that work on government buildings such as libraries, schools, etc.
- Any building owner or lessee who constructed commercial improvements since 1/1/2006
- Building should generally be greater than 40,000 SF

HOW MUCH IS IT WORTH?

Roughly 10% of Total Qualified R&D Expenses

Example: Client has \$1M/year of wages related to R&D = \$100k in gross credits per year.

Many states also offer R&D tax credits. For example, the CA R&D Credit is worth an additional 7.5% of Qualified R&D expenses.



HOW MUCH IS IT WORTH?

Net Present Value is Roughly 5% of Total Building Cost

Example: \$2M office building (no land) = net present value of \$100K

Different building types, such as manufacturing facilities, could be eligible for a higher percentage



HOW MUCH IS IT WORTH?

\$2,000 Federal Tax Credit per Qualified Unit

Example: 100 unit apartment/condo = \$200,000 of Federal Tax Credits

3rd Party Certification Required (KBKG)



HOW MUCH IS IT WORTH?

Up to \$5 per Sq. Ft. in Federal Tax Deductions

Example: 400,000 sq. ft. building = \$2,000,000 max. potential benefit!

3rd Party Certification Required (KBKG)

