New Tax Incentives for Lean 3D Printer Product Startups

by Charles Goulding | Apr 17, 2017 | 3D Printing, Business |

There has never been a better time for designers to start a business with a 3D printer created product. With 3D printers, designers can use lean concepts to focus on product development while minimizing the time and money spent on traditional non-value added business overhead.

Other new technologies can be used by lean start-ups in conjunction with 3D printers as well. Designers can use the internet to conduct product market needs analysis with web based survey tools and obtain investors through numerous crowd source funding resources like Kickstarter. In fact, 3D printer created product offerings are one of the most common crowd source funding offerings out there.

Web based videos are typically part of the crowd source funding presentations and can also serve as advertising and marketing tools. After determining marketing interest and demand, potential designers can use new fundings to purchase 3D printers and related supplies and peripherals to create and produce new products. When designers make such purchases they may be eligible for new startup 3D printer designer payroll tax cash rebates which are available from the federal government as of January 1, 2016.

The Research & Development Tax Credit



Enacted in 1981, the federal Research and Development (R&D) Tax Credit allows a credit of up to 13 percent of eligible spending for new and improved products and processes. Qualified research must meet the following four criteria:

- New or improved products, processes, or software
- Technological in nature
- Elimination of uncertainty
- Process of experimentation

Eligible costs include employee wages, cost of supplies, cost of testing, contract research expenses, and costs associated with developing a patent. On December 18, 2015 President Obama signed the bill making the R&D Tax Credit permanent. Beginning in 2016, the R&D

credit can be used to offset Alternative Minimum Tax and startup businesses can utilize the credit against $250,000 per year in payroll taxes.

The table below presents the range of cash rebates available for 3D product design:

Potential R&D Tax Credit Benefits

# of Technical Employees									
1	2	3	4	5	6	7	8	9	10
$4,800	$9,600	$14,400	$19,200	$24,000	$28,800	$33,600	$38,400	$43,200	$48,000

*Table based on new payroll credit and assumes $80,000 annual salary per employee. Every $80,000 will generate $4,800 in tax credits.

Cloud based SaaS and Overhead Minimization

3D printer designers can use cloud based SAAS or software as a service platforms for obtaining standard business services such as:

1. Payroll processing
2. Invoicing
3. Payments
4. Bookkeeping
5. Employee benefit services such as medical, insurance and 401K plans.

Often cyber security protection related to these cloud offerings is superior to a smalls firms' overall security capability.

In summary product designers can use 3D printers to create a product crowd, source funding to provide the investment funding and SAAS software applications to operate business. Moreover the federal government will now provide meaningful R&D cash rebate tax credits for doing so.

So 3D product designers what's keeping you from starting up your new business?

R&D Tax Savers

Charles R. Goulding and Michael R. Wilshere of R&D Tax Savers discuss research and development tax credits which are available for 3D printer purchasers.