

Your First 3D Printer Purchase and R&D Tax Credits

by [Charles Goulding](#) | Apr 22, 2017 | [3D Printers](#), [3D Printing](#), [Business](#) |

There are many companies who are entitled to Federal and state R&D tax credits that are not claiming the credit. In fact, the Wall Street Journal estimates that only 5 percent of the companies eligible for an R&D tax credit actually take it.



The US R&D tax credit is available for employee activities related to new and improved products and new and improved processes. The evaluation of which 3D printer is best for a particular business is itself a business process improvement. Most companies purchase a 3D printer because they either want to design a new or improved product or they want to take the manufacturing of a third party purchased part or component in house. Once the printer is selected, a lot of effort and experimentation will go into learning how to use the printer and the consumed materials. All of these activities are typically R&D tax credit eligible.

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.

Claiming the Credit

When claiming the credit, 3D purchasers should seek tax support from tax advisers familiar with creating products, improving products, creating new products and improving existing processes. The selected 3D printing adviser should be knowledgeable about product design and material science. For many companies deciding to purchase a 3D printer is an important strategic decision that many will change the very essence of a business.

Concurrent with the 3D printing hardware and material purchase, first time buyers should consider being first time R&D tax credit users.



Charles R. Goulding and Tricia Genova of [R&D Tax Savers](#) discuss how 3D printing companies can claim their first R&D Tax Credit.