

# Communication and Clarity

## Efficiently Claiming Tax Credits & Incentives



### CLIENT

Architecture &  
Engineering Firm



### INDUSTRY

Professional Services



### OUR ROLE

Section 179D  
R&D Tax Credits

A large architecture and engineering (A&E) company sought a more transparent process for claiming tax credits and deductions and enlisted Cherry Bekaert to help revamp its Section 179D Energy Efficient Commercial Building Deduction (Section 179D) and R&D tax credit qualifications.

Under the leadership of a new tax director, a large Boston-based design firm (the Company) endeavored to establish better relationships with its third-party accounting providers and to develop a more transparent process for claiming the Section 179D deduction for placing energy-efficient features in commercial properties.

Changes introduced by the Inflation Reduction Act (IRA) in 2022 further incentivized architecture and engineering firms to claim the Section 179D deduction, as it allowed more buildings, including not-for-profit facilities, to qualify. Unsatisfied with its partnership with a boutique tax consulting firm—and facing greater regulatory scrutiny from the Internal Revenue Service (IRS) — the Company wanted to refresh its process to help maximize the enhanced tax incentives it could claim following the IRA.

While the Company initially engaged Cherry Bekaert to manage only the Section 179D deduction, over the course of the partnership, our professionals also took over the research and development (R&D) tax credit process, which was originally handled by a Big Four firm.

## Providing Clarity to the 179D Process

Company leadership was tired of using the same opaque process year after year to claim tax credits and incentives, and the tax director envisioned a procedure with enhanced communication and transparency.

Cherry Bekaert's Tax Credits & Incentives Advisory team increased the tax director's involvement in the overall Section 179D process and treated them as a member of the Cherry Bekaert team, providing weekly calls and clear explanations of the how and why behind the tax credits and incentives process. While the old methodology consisted of statistical sampling, our professionals utilized an updated accounting process to thoroughly reinvestigate all tax incentives the Company could potentially qualify for.

## What Makes Cherry Bekaert Unique



The Cherry Bekaert team also utilized its in-house energy modeler, allowing for an elevated level of work that is unique to the Firm's size. Our team of engineers, CPAs and attorneys helped navigate complex allocation procedures and relationships to secure the identified tax deductions on behalf of the Company.

Additionally, our professionals remained cognizant of the IRS scrutiny architecture and engineering firms potentially face, ensuring all phases of the Section 179D study are completed in accordance with all applicable Internal Revenue Code (IRC) notices and laws.





## Implementing Detailed R&D Analysis

Through working on the Company's Section 179D deduction, the team built a strong relationship with the tax director, who hoped to bring the same level of detail and transparency to their R&D tax credit process.

Previously managed by a Big Four firm, the R&D tax credit side also suffered from repetitive methodology and unclear processes. The Company shifted its R&D tax credit work away from the Big Four firm to our Tax Credits & Incentives Advisory team, which took a deep dive into time tracking.

With former employees of the Big Four on the tax credits team, the Cherry Bekaert group was familiar with the prior provider's way of doing things. Rather than relying on a high-level analysis of time tracking to perform statistical sampling, as was previously done, our professionals analyzed all data — including different classes of projects that had not been reviewed in the past.

While conducting the R&D study, they also aimed to optimize the benefits under Section 174 guidelines, which require taxpayers to capitalize and amortize their research and experimentation costs rather than deducting them immediately.

Cherry Bekaert's R&D Tax Credit Guide helps A&E firms identify qualifying activities, streamline time tracking and stay compliant with Section 174.

[Read now](#)

## Combining 179D and R&D for Increased Visibility

By managing both the Section 179D deduction and R&D tax credits, Cherry Bekaert was able to provide the Company with a broader view of its ability to utilize tax credits and incentives.

When R&D capitalization increases taxable income and liability, it heightens the need to find more Section 179D, which serves as an accelerated deduction to reduce taxable income. With insight into the Company's Section 179D deduction and R&D tax credit, our professionals were able to gain a deeper understanding of which tax incentives could be used to offset tax liability.



The partnership with Cherry Bekaert's tax incentives team transformed the Company's Section 179D deduction and R&D tax credit claiming processes, allowing for a more open line of communication while maintaining IRS compliance. With an increased level of detail and accuracy, our advisors' approach enabled the Company to maximize all available tax credits and incentives.

### For More Information, Contact Us:



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### About Cherry Bekaert

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