

# BREAKING NEWS: INFLATION REDUCTION ACT EXPANDS PAYROLL TAX CREDIT BENEFITS FOR SMALL BUSINESSES

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The Inflation Reduction Act, soon to be signed into law by President Biden provides huge opportunities for the real estate industry as well as for architects and engineers.

However, the expansion of “green” tax incentives **45L** and **179D** is not the only tax benefits getting a boost. The newly formed law will also improve upon the **R&D Tax Credit**. This change will have a large and significant impact on small businesses.

## **HOW CAN SMALL BUSINESSES BENEFIT FROM THE INFLATION REDUCTION ACT?**

### **KBKG SERVICES**

- Research & Development Tax Credit
- Cost Segregation
- Repair vs. Capitalization Review
- Fixed Asset Review
- 45L Credits for Energy Efficient Residential Developments
- 179D Incentive for Energy Efficient Commercial Buildings
- Transfer Pricing
- IC-DISC

With the passage of the Inflation Reduction Act, the maximum R&D Tax Credit that can be applied against payroll taxes has been doubled for tax years beginning after December 31, 2022. Eligible small businesses can now reduce payroll taxes by up to \$500,000 annually up from the prior limit of \$250,000. Additionally, the credit can now apply to the Medicare portion of taxes (*previously, it only applied to the Social Security portion of payroll tax*). Taxpayers that have more credit than liability can carry forward unused amounts.

## WHO QUALIFIES?

Eligible small businesses are defined as having less than \$5 million in revenue AND revenue for less than five years. In addition to the Payroll Tax Credit offset, the Inflation Reduction Act will also create manufacturing jobs and provide protections for small businesses.

## About the Author



### Kevin Zolriasatain – Principal *Pasadena*

Kevin is a Principal and Practice Leader of KBKG's **Research and Development (R&D) Tax Credit Services** from our Pasadena headquarters. He has over 14 years of consulting experience providing R&D tax credit services to companies of various sizes. Prior to KBKG, he spent nearly a decade at PricewaterhouseCoopers focusing on securing R&D Tax Credits for Fortune 500 companies. Kevin enjoys working with small to mid-size business owners and over his career has documented hundreds of millions of dollars in research credits. » **Full Bio**



**With the ever-changing landscape, KBKG's team of experts can help navigate how to prepare in the coming months to ensure all available credits are claimed in the past, present, and future.**

*Do you have questions about the Inflation Reduction Act and what this means for your business? We can help. **Contact us today.***