NEW HAMPSHIRE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

NHSCPA New Hampshire Society of Certified Public Accountants

CONNECTION

NHSCPA Celebrates at 2023 Annual Meeting and Inauguration

On Tuesday, May 9, NH Society of CPAs celebrated the inauguration of seven newly inducted CPAs to the NH accounting profession. Secretary of State, David Scanlon administered the "CPA Pledge" along with Richard Silverman, Board Chair, NH Board of Accountancy with the added inclusion of all licensed CPAs in NH that were in attendance.

2023 New CPAs include:

Laurie Garland, **Jason Interfiled**, **Tiffany White**, **Rebecca Tourville**, **Benjamin Hodges**, **Jason Skibinski**, **Theodore Proctor**

NHSCPA Board Chair, Jason Beiswenger, moderated the meeting that welcomed over 120 attendees including the NHSCPA Board of Directors, NHSCPA Past Board Presidents, NH Board of Accounting members, firm leaders, young professionals, students and business partners.

Kimberly McLaughlin, CPA of Leone McDonnell Roberts and Carolanne Caron, CPA were welcomed as new NHSCPA Board members to serve a three-year term.

Karen Lascelle, CPA Immediate Past President honored her mother and biggest supporter, **Yvette Lascelle** with the 2023 NHSCPA President's Award and **Maloney & Kennedy** PLLC accepted the award of 2023 Business Firm of the Year.

Congratulations to all of our New Hampshire CPA inductees and NHSCPA award winners! And finally, a huge thank you to our keynote speaker, Jack Agati, who had us all leaving with incredible new personality perspectives and life lessons.

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Robin Abbott and some of our amazing past presidents

Newly licensed CPAs taking their Ethics Pledge

President Jason Beiswenger and Keynote Speaker Jack Agati

NHSCPA CONNECTION

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Greetings from NHSCPA

Change is good. Change is also inevitable. As we all have migrated through another challenging tax season (have they ever been easy?), I am constantly reminded of the professionalism and resilience our membership represents.

We are all experiencing changes is our workforce, in our procedures, and even possibly in our licensing requirements. Technology is constantly evolving and while in some cases this is huge benefit, it also takes time to learn and migrate new systems into our daily work and personal lives.

Our workplace is also still changing. Virtual learning has taken the place of live classroom education and business meetings no longer need a physical presence for people to participate.

At the Society, we are doing everything we possibly can to embrace all of these changes, while utilizing new modalities to our benefit. CPE has broadened with our New England consortium, thanks in large part to Zoom, giving us the ability to offer a wide variety of topics and classes with a click of a button.

This same technology is also giving us the opportunity to host classes never contemplated before. Our newest initiative, which allows our student members to present financial literacy courses to DCYF participants throughout the state, has been one of our proudest accomplishments. Not only do our students enjoy this worthwhile effort, but for our participants, it has truly been life changing.

This could never have happened as seamlessly as it does now.

As always, we could not achieve all that we do without your support and the support of our corporate sponsors. Please take a moment to recognize them within our newsletter and on our new website and consider offering a referral as you see fit.

Undoubtedly, all of you are ready for a relaxing summer and break from the intermittent chaos. I ask you to please remember to enjoy time with your families and friends, and most importantly, time for you!

With Gratitude,

Robin Abbott, CEO
NH Society of CPAs

From the **President**

Dear Society Members,

Jason Beiswenger, Robin Abbott, and Jim Ussiglio attended the Annaul AICPA Spring Meeting in Washington D.C.

I am excited to serve as your president for the upcoming year and I want to thank you for this opportunity. Throughout my years in practice, I have provided tax and accounting compliance services to a variety of individuals, trusts, and closely held businesses. I entered the Society through our Young Professionals Committee 13 years ago. A passion of mine has always been engaging with our student members. I was fortunate enough to be on the receiving end of student and young professional volunteers providing mentorship as I entered the profession. Early in my career when I was in a position to join the young the Young Professionals Committee, I did, wanting to give back. Fast forward through amazing interactions with our boards and amazing members, and here I am serving as your president.

Jim Ussseglio, Robin, and I attended the AICPA Spring Meeting of Council and Annual Members Meeting held this past May in Washington, D.C. It was an eye-opening experience having a front row seat into the governance of the AICPA. Much of the meeting focused on the pipeline for developing future CPAs where the AICPA has identified 12 root causes with plans to address each outlined in an acceleration plan available to all AICPA members. Where I can see all of you making an impact is with personal contact. I challenge you to visit one high school, college, or university class this upcoming year to share your story, your passion, with the next generation; we all have the ability to influence one aspiring CPA at a time.

While in Washington, D.C. we also had the privilege to meet with Congressmen Pappas, and Senator Shaheen and Senator Hassan's Legislative Offices. We discussed Accounting is STEM legislation, Federal Tax Extension "Safe Harbor" Bill, expanding 529 Plan usage, and Fiscal State of the Nation Resolution. Each of these legislative issues were well received and I am encouraged to see bi-partisan support with Members of Congress.

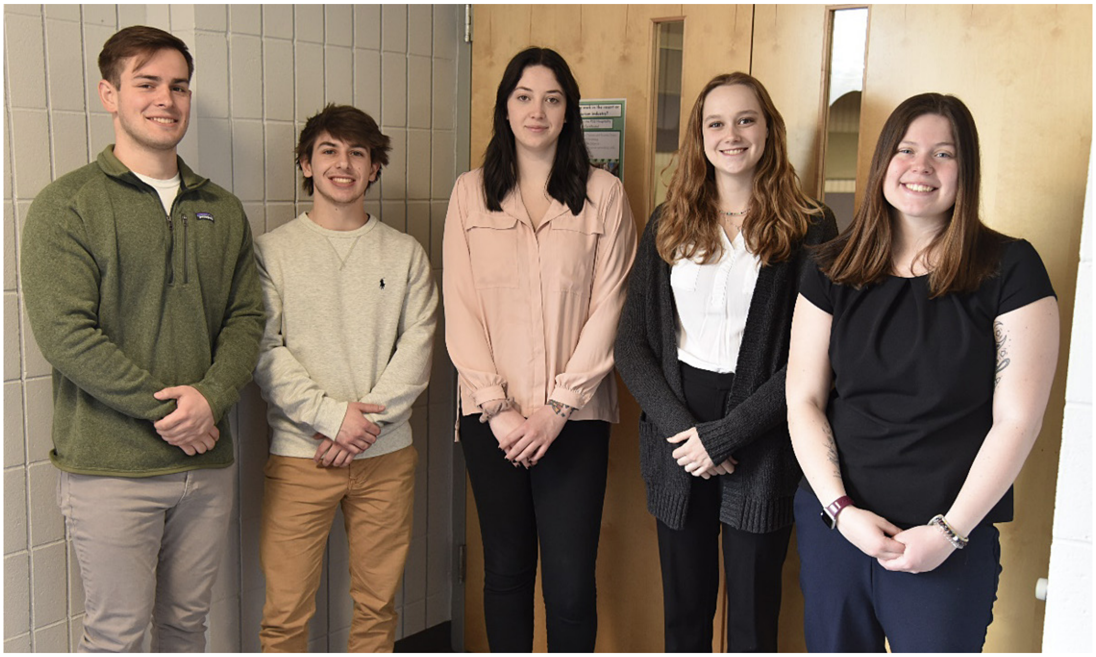
To conclude, I would like to thank our business partners and sponsors for their support allowing us to take on all the initiatives we do at the Society. We could not do it without you, thank you. I look forward to working with Robin, Maura, and our Board to continue bringing our members the quality events, resources, and connections. We are always looking for new members for our committees. If you are interested, please reach out to us. Thank you again for this opportunity of leading the Society this year and serving as your Board President.

Sincerely,

Jason M. Beiswenger

Plymouth State University Students Teach NH Kids in Foster Care about Financial Literacy

New Financial Literacy Series created by the New Hampshire Society of CPAs



From left, junior Stephen Morris, junior Joseph Stanley, senior Natalie Smith, junior Madelyn Westbrook and senior Kaitlyn Chambers, each accounting majors and members of the PSU Student Accounting Society, participated in the first ever NHSCPA Financial Literacy Series for New Hampshire children ages 14-17 in foster care at several group homes in the state.

Reprinted with permission from Plymouth State

Five Plymouth State University (PSU) students in the Accounting Program and the PSU Student Accounting Society recently participated in a new Financial Literacy Series for children in foster care in New Hampshire, by teaching them about taxation and lending.

This is the first year the New Hampshire Society of Certified Professional Accountants (NHSCPA) organized the Financial Literacy Series, called You and Your Money Matter. The six-part series took place weekly via Zoom between March 1 and April 5. Each 45-minute session covered a different topic of financial literacy including budgeting, credit cards, investments and more. PSU seniors Kaitlyn Chambers, 21, Natalie Smith, 22, and juniors Stephen Morris, 21, Joseph Stanley, 20, and Madelyn Westbrook, 20, designed and delivered presentations on taxes, loans and life lessons, which took place on March 22 and March 29, respectively.

Chambers said it was a privilege working with the NHSCPA to teach kids about things like borrowing money from a bank and how to file taxes as an adult and the role of the U.S. Internal Revenue Service, but the opportunity held a great deal of personal value to her.

"I have two younger sisters who were adopted by my family out of the foster care system. Presenting to the students that day, I saw a glimpse of my sisters in their faces, so it was doubly fulfilling to teach them about these important topics they might not otherwise have the opportunity to learn about." Chambers said. "It is my hope that the skills and information the kids who participate in the program gain through the Financial Literacy Series will help them who participate in this program to be successful adults and help them navigate financial challenges like understanding student loans if they choose to go to college. I am also grateful for having learned a lot from the experience, myself."

Students from St. Anselm College and Franklin

Pierce University delivered presentations on other topics over the course of the series.

PSU Assistant Professor of Accounting and Accounting Program Coordinator Jennifer DeMoras said the NHSCPA approached her with the opportunity to participate and she immediately enlisted the support of the Student Accounting Society.

“The students did a wonderful job curating the content and preparing and delivering the presentations. They were thoughtful of their audience, devised creative ways to maintain engagement, and shared vital knowledge with the program participants,” DeMoras said. “Most importantly, the students quickly saw the value in this program and were genuinely excited to be a part of it.”

The students will be recognized for their work on the series during the annual NHSCPA dinner on May 9th at the Manchester Country Club in Bedford, NH.

The NHSCPA partnered with the New Hampshire Department of Health and Human Services, Division for Children, Youth and Families (DCYF) to deliver the programming to dozens of 14-17-year-old children in foster care from several group homes in New Hampshire.

“We are grateful to the NH Society of Certified Professional Accountants and our colleagues and students at Plymouth State University for developing and providing this great program for our foster youth,” said DCYF Director Joe Ribsam. “It is always exciting when our professional and academic communities come together to work with our youth as they develop life skills that will benefit them well into adulthood.”

After developing a plan with Ribsam, as well as leaders of the DCYF Adolescent Program, NHSCPA CEO Robin Abbott reached out to all colleges and universities in the state with accounting programs to invite them to participate.

“This program has been an amazing opportunity for our student members as well as the extremely deserving participants,” Abbott said. “Everyone received practical and educational benefits while learning in a mutually supportive and safe environment.”

Abbot said they plan to continue this program annually.

To learn more about Plymouth State University, visit www.plymouth.edu.

CPAs From New Hampshire Visit Capitol Hill to Discuss Issues Important to the Accounting Profession

New Hampshire (June 1, 2023) – Last month, CPAs from New Hampshire joined their partners at the American Institute of CPAs (AICPA) in Washington, D.C. to meet with lawmakers on issues important to the accounting profession during the AICPA Spring Meeting of Council and Annual Members Meeting.

NHSCPA members met with Representative Chris Pappas and legislative staff from Senator Jeanne Shaheen and Senator Maggie Hassan's office to advocate for support on four key issues, including a Congressional resolution on the fiscal state of the nation, establishing the accounting profession as a STEM career pathway, simplifying the tax filing extension process (SAFE Act) and expanding eligible uses of 529 savings plans to include fees and expenses required to obtain or maintain recognized postsecondary credentials, such as the Uniform CPA Exam.

The [State Society] shared valuable insights from the accounting profession with lawmakers and encouraged support for legislation that would benefit taxpayers and their advisors and improve tax administration," said [State Society leader]. "[State] CPAs highlighted principles of good tax policy as a foundation to create a more efficient tax system."

Since the start of the COVID-19 pandemic, Congress has partnered with the accounting profession to help taxpayers and practitioners navigate IRS service issues, filing postponements and erroneous penalties. The introduction of important bipartisan legislation that supports taxpayers, practitioners and tax administration services is an extension of that partnership.

We asked members of Congress to support:

- The Simplify Automatic Filing Extensions (SAFE) Act would assist the Internal Revenue Service (IRS) with receiving extensions earlier in the year, providing taxpayers, CPAs and the IRS with a streamlined process and reducing the need for many penalty abatement requests;

- The Freedom to Invest in Tomorrow's Workforce Act, a bill that would expand eligible uses of 529 savings plans to include fees and expenses required to obtain or maintain recognized postsecondary credentials, including professional credentials and certifications, and provide accounting professionals with greater financial flexibility as they enter the workforce and seek to further their education;

- Legislation in both chambers to establish the accounting profession as a STEM career pathway, recognizing the value of accounting professionals, including CPAs, as technological leaders; and

- The Fiscal State of the Nation resolution, which would require the Comptroller General to make a presentation to a joint session of the House and Senate Budget committees on the Government Accountability Office (GAO) auditor's report of the U.S. government's financial statements. This resolution would promote greater transparency on the information included in the federal government's financial report.

"CPAs have weathered some of the most challenging times in the history of tax administration," said AICPA President and CEO Barry Melancon, CPA, CGMA. "They have guided individuals and businesses through significant changes. We are grateful to have the partnership of many members of Congress on these important issues, and combined with the strong relationships and great advocacy work of [State Society], we hope to gain the support of many more."

Maine Society of Certified Public Accountants

NEWS FROM ACROSS THE BORDER

MECPA Annual Meeting: Pipeline discussion, Rising Above Awards, new CPA recognition

A distinguished panel offered perspectives on the causes of the accounting profession's talent shortage and shared suggestions on how to navigate forward at the MECPA Annual Meeting last month.

Panelists for the **Pump Up the Pipeline** session were NASBA President **Ken Bishop**, University of Maine Accounting Professor **Dr. Henri Akono** and consultant **Lynn Thomas**.

A key theme for forward progression was improved communication among all stakeholders and a focus on firm culture, advancement and compensation structures.

Annual Rising Above awards were presented to four talented MECPA members for their outstanding achievements and contributions to the accounting profession and their communities. The recipients are:

– **The Wise Sage:** Jamie Boulette, One River CPAs

– **The Forward Thinker:** Chris Mouradian, BerryDunn

– **The Rising Star:** Cassidy Pinkham, Albin Randall & Bennett

– **The Giver:** Scott Small, Wipfli

The MECPA also recognized 38 newly licensed CPAs.

Top photo, from left: MECPA members Scott Small, Jamie Boulette, Cassidy Pinkham and Chris Mouradian. Bottom photo, from left, consultant Lynn Thomas, Professor Henri Akono and NASBA President Ken Bishop.

Difference Makers Committee to literally kick off summer via M&T Bank-MECPA rematch

After soundly defeating a team from M&T Bank at a January dodgeball tournament, MECPA and bank players will face off again for a June 20 kickball game in Portland.

Win or lose, all participants are invited to head across the street from the field for some beer and cheer at Rising Tide.

Suggested $10 donation covers field costs and a donation to the Boys & Girls Club of Southern Maine.

Pipeline efforts include career panel with JA

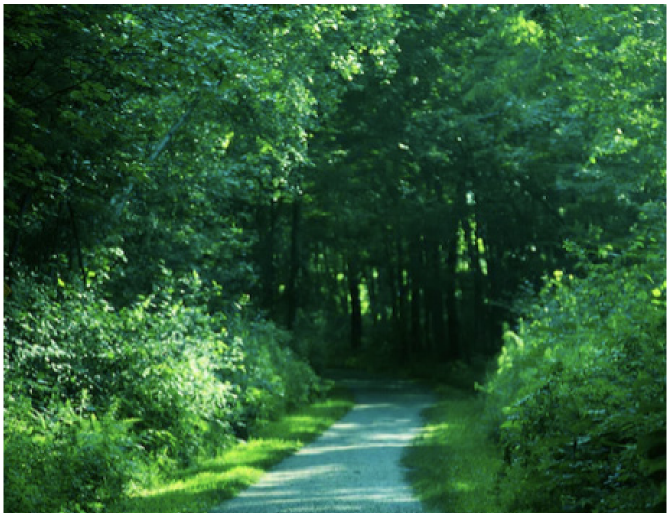
In addition to regular classroom visits and career fair participation, several MECPA members were featured guests recently on a **More Than A Job Career Panel** for Junior Achievement of Maine.

Each panelist shared their unique career path story. The event was recorded and will be shared with schools throughout Maine.

See video here.

Steering A Closely Held Company Clear of Claims of Breach of Fiduciary Duty

Lately, there seems to be a run on internal disputes between the owners of closely held companies who also serve as corporate officers and directors. Some of those disputes are between family members, others arise because for the first time in a long time money is tight and some disputes have been caused by the mismatch in the owners' business objectives (and work ethic). Whatever the source of the strife, however, the rules of engagement are the same when it comes to the decision making in a closely held company.



A. Officers and directors have a fiduciary duty to the company's shareholders and, sometimes, to its creditors.

Corporate officers and directors (and majority shareholders with the right to control the decision making) have a fiduciary duty to the company and the other shareholders (or members in the case of a limited liability company) to make decisions that reasonably protect and conserve the company's interests and are in the interest of all the shareholders/members.

So, what defines a fiduciary duty? Fiduciary duty is actually comprised of two separate duties: the duty of care and the duty of loyalty. The duty of care refers to the officer's or director's responsibility to exercise the level of care that a reasonably prudent person would use under similar circumstances. The duty of loyalty means the officer or director will be guided in their decisions by the company's best interests, not their own self-interest.

If someone with a fiduciary duty fails in that duty, they can be held personally liable for the consequences. Of course, a fiduciary may have spheres of influence and can be held individually liable only to the extent of their discretionary authority over, and power to influence, the company's relevant actions. Just to underscore the risk, if a director fails in their fiduciary duty to the company resulting in an unwarranted $1 million or greater loss, the director or officer could risk being held liable for that loss out of their own personal assets.

Likewise, the fiduciary is barred from exercising their power to enhance their position to the detriment of the other owners. For example, a fiduciary with the power to do so cannot raise their salary up to above-market rates in order to drain the company of profit so that they alone enjoy the fruits of the company's success. Firing or reducing another shareholder's pay or other job benefits to accomplish the same thing may also expose the decision maker to liability (and end up in expensive litigation where everybody loses except the lawyers). There are plenty of other misuses of a fiduciary's power that are considered actionable: diluting the other shareholders without an authorized reason, opening up a branch of the business that allows the fiduciary to divert profit elsewhere, or just outright diverting assets to the fiduciary's sole personal benefit (e.g., commissioning a pool in the fiduciary's back yard with the bills going to the company).

B. The business judgment rule

Having in mind that an officer/director or shareholder in a closely held company cannot manipulate the corporate finances to personal advantage, the so-called business judgment rule insulates them from most claims of perceived fiduciary breach.

Under the business judgment rule, courts presume that a fiduciary makes their decisions in good faith, with the company's best interests in mind, after having reasonably assembled and considered adequate information. The rule is predicated on the belief that corporate fiduciaries, not litigants and the courts, are best suited to make good business decisions. The rule is designed to protect against directors and officers making overly conservative decisions. As a practical matter, the rule sets a high bar for a party seeking to pursue a fiduciary duty breach.

The presumption afforded by the rule can, however, be destroyed where a party rebuts the presumptions implicit in the rule. For instance, a fiduciary loses the benefit of the business judgment rule if it can be proven that the fiduciary failed to exercise reasonable care in securing and considering pertinent information---like, for example, securing a compensation expert's opinion to establish that the raise they gave themselves and their allies is reasonable. Likewise, the business judgment rule evaporates where the director or officer engages in self-dealing or where the questioned decision-making is grossly negligent.

C. Concluding thoughts

The best way for a fiduciary to avoid liability is put the company's (and their fellow shareholders') interests on at least the same level as their own. It also helps to document one's exercise of prudent decision making. Have regular board meetings, with regular financial reporting and a means of assuring that the reports are accurate. Airing countervailing views about the need to dilute certain shareholder, to alter salaries or to start ancillary business in the context of a business meeting may be difficult and contentious---its also a lot cheaper than litigation. These discussion, of course, need to be fact based. This may require that the fiduciary retain experts (e.g., lawyers, investment advisors, doctors and property appraisers) who can advise on issues of concern.

In addition to having sufficient background information, the fiduciary needs to evaluate it fully, and with an eye to the best interests of the company, not their individual best interests (or their interest in punishing another shareholder).

Two further means of protecting against claims of breach of fiduciary duty (or at least the negative repercussion that flow from them are: 1) the inclusion of an exculpatory clause in the company's corporate charter or operating agreement; and 2) the purchase of appropriate officers' and directors' insurance.

An exculpatory clause that frees the officer and director from liability for negligent decision making further insulates the officer or director from personal liability. Such a clause cannot eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith; (iii) for acts involving intentional misconduct or knowing violation of the law; or (iv) for any transaction from which the director derived an improper personal benefit. Simply put, an exculpatory claims largely eliminates claims based on the duty of care.

Finally, officers and directors should work with an insurance broker so that the company or they secure adequate coverage for any claimed errors and omissions they may make or be accused of making. In establishing coverage, be sensitive to who controls and is entitled to the policies benefits. It can be problematic if the policy is written in favor of the company and the company files for bankruptcy protection. Because Director and Officer policies can be complicated, determining the one that fits the circumstances will benefit from expert guidance.

Scott Harris is a director in McLane Middleton's Litigation Department. His practice involves representing companies and executives in litigation and at trial in a range of commercial disputes including: tax matters, trade secret and restrictive employment covenant litigation, contract claims, shareholder rights, land use and other business disputes.

The Business Owner's Guide to R&D Tax Credits

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Introduction

If you had an opportunity to receive a substantial amount of money for the innovative work your company is per- forming on a daily basis, wouldn't you want to receive it? While such an opportunity exists through federal and state research and development (R&D) tax credits, businesses in industries across the spectrum are missing out on tens – even hundreds – of thousands of dollars in money-saving opportunities each year.

According to industry experts, less than 33% of companies that qualify for the credits actually apply for them.

The reason? A misconception has long been held that R&D tax credits are reserved for scientists, medical researchers and others wearing white lab coats. The situation was further muddied by the fact that for years the tax credit program was temporary—hastily extended more than a dozen times since its passage in 1981. Now that federal R&D tax credits have been made permanent (see Chapter I), there is no better time to reinvest in your business by getting credit for your qualified R&D activities.

Tax Point Advisors, a leading provider of R&D tax credit and specialty tax services, is providing The Business Owner's Guide to R&D Tax Credits to put all the information you need to know about accessing R&D credits at your fingertips. By reading this e-book, we hope to simplify the qualifying process and help you take your first steps toward claiming the credit you have earned.

Overview: Expansion of the R&D Tax Credit

Background

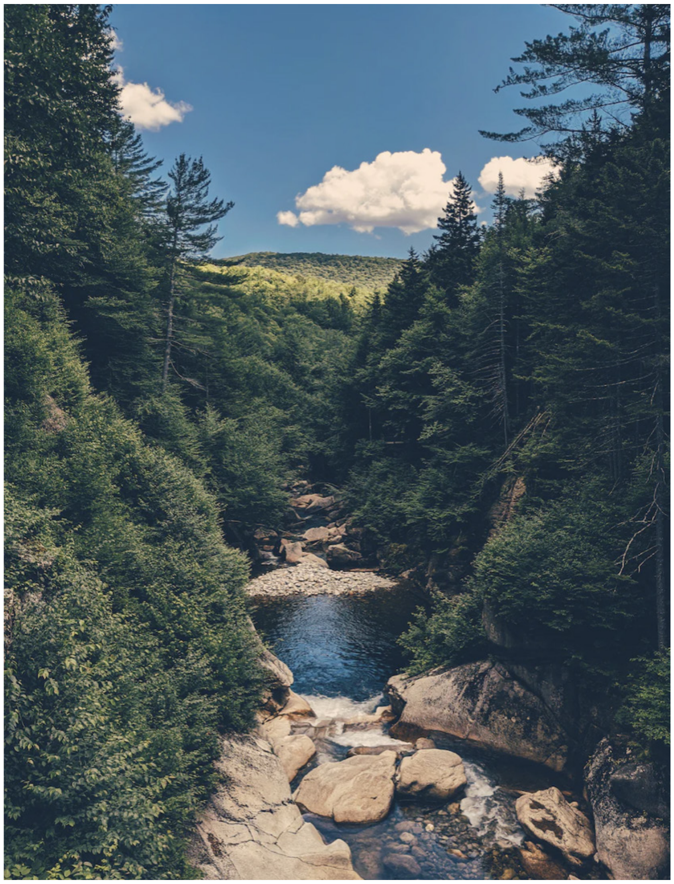
The federal government implemented the Research and Experimentation tax credits in 1981 to create jobs and spur technology in the U.S. Known as R&D tax credits, the program was meant to be a temporary measure to give the economy a boost. The R&D credit originally pertained to basic research expenses, such as those occurring in a labora- tory setting. Subsequent modifications simplified the credit and made it available to a much wider variety of activities and industries.

Given the popularity of the R&D tax credit program, many states followed suit by establishing their own programs. Today, more than 40 states offer R&D credits with attractive features and additional advantages.

PATH to Permanent Tax Incentives

Over the years, the R&D credit was extended by Congress more than a dozen times until the Protecting Americans from Tax Hikes (PATH) Act of 2015 made the R&D tax credit permanent. In addition to making this valuable tax credit permanent, PATH added two additional features to the tax credit program that expanded the benefits for cer- tain businesses, including startups and pass-through entities.

Depending on your company's tax return filing deadline, it may be eligible to claim the federal R&D tax credit for the prior three years, and the state credit for the prior four years.



The permanent extension of the R&D credit is a great wake-up call for those in industries ranging from manufactur- ing, construction and software develop- ment to aerospace, high tech, biopharmaceuticals and others to sit up and take notice of their eligibility to apply for the tax credits.

The Opportunity

Think of it this way—the intent behind the R&D tax credit program is to encourage innovation in the U.S.; the type of entity itself doesn't matter as much. A job shop fabricating metal parts is just as likely to qualify as a scientist ina medical lab. The U.S. Tax Court and other courts have ruled in favor of activities that make things faster, better, greener and more efficient. This applies to the contractor who has used innovative construction materials to create more reliable, energy-efficient structures and the manufacturer who has used new technology to improve the efficien- cy of a production process.

In the next chapter, we'll learn how business owners, along with the help of their tax professionals, can determine whether their activities are eligible for R&D tax credits.

HOW TO QUALIFY: THE FOUR-PART TEST AND TAX CREDIT STUDIES

Now that you know what the R&D tax credit is all about, how do you know if your activities are eligible?

MEETING THE FOUR-PART TEST

The R&D tax credit incentivizes certain research activities by reducing a company's liabilities for spending money on that research. The credit is equal to a certain percentage of a business' qualified research expense (QRE) in excess of a base amount. Expenses that qualify are more comprehensive than you may think—QREs can include the salaries of employees and supervisors who are conducting research, supplies and even some of the research that is contracted out.

A simple four-part test helps to determine qualified R&D activity. R&D tax credit eligibility largely depends on whether the work you are conducting meets the criteria established by the IRS in its four-part test:

Develop a New or Improved Business Component (Product or Process)

- You must create a new product, process technique, formula, invention, patent or software, or improve an existing one
- You must improve performance, functionality, quality, reliability or cost

Elimination of Uncertainty (Section 174 Test): You must demonstrate that you've attempted to eliminate uncertainty about the development or improvement of a product or process.

Process of Experimentation: You must demonstrate – through modeling, simulation, systematic trial and error or other methods – that you've evaluated alternatives for achieving the desired result.

Technological in Nature (The Discovering Technological Information Test): The process of experimentation must rely on the hard sciences, such as engineering, physics, chemistry, biology or computer science.

A professional R&D tax credit expert – and the IRS – will determine the number of R&D tax credits you qualify for based on the specific industry and qualifying activities. Federal and state filing requirements vary, so be sure to work with your tax credit professional on supplying the required documentation to each government entity.

See Chapter IV: How Much Can a Business Owner Save? for examples of the amount of tax credits available to companies in the engineering, manufacturing, contractor, construction, architecture and software development industries.

Qualifying Activities and Industries

Think about it—only one out of every 20 eligible businesses takes advantage of the R&D credit. That's because many businesses don't realize that their industry is ripe with eligible activities. While many industries have qualifying activi- ties, an R&D tax credit survey will help you determine which activities qualify (see Chapter V).

Activities

In general, if your company has invested money, time and resources in activities that help improve a process, prod- uct, technique or formula, or contribute to the invention of a new process or product, you stand a good chance of qualifying. Here are some common qualified research activities:

- Developing or designing new products, processes or formulas
- Developing a new manufacturing process
- Developing prototypes or models
- Developing internal software solutions
- Developing or improving software technologies
- Testing new materials or concepts

- Streamlining internal processes
- Maintaining laboratory equipment
- Documenting research activities
- Designing or evaluating product alternatives
- Certification testing
- Environmental testing

There are also certain expenses that qualify for R&D tax credits. These include wages related to performing a quali- fied service, supplies directly linked to qualified research activities and contract research for payments to third-party contractors that meet the same qualification requirements for wages.

All activities and expenses require strict documentation. A qualified tax credit professional will provide all the specif- ic information you will need to claim any eligible credits. Again, the R&D tax credit study will provide you with a comprehensive analysis of your company's R&D activities, help you document your activities and defend tax credit claims in the event of an audit by federal or state taxing authorities.

Industries

The activities listed above can apply to a wide range of industries. The following list includes some of the industries that typically have eligible activities:

- Aerospace
- Agriculture
- Apparel
- Architecture
- Automotive
- Biotech/Life Sciences
- Breweries/Wineries
- Coatings and Adhesives
- Chemical
- Commercial Bakeries
- Distribution
- Electronics
- Energy
- Fabricators
- Food Processors
- Food Products
- Furniture Makers
- HVAC
- Insurance
- Jewelry Design
- Job Shops
- Medical Devices
- Oil and Gas Refineries
- Package Design
- Pharmaceuticals
- Plastic Injection Molding
- Research and Development Facilities
- Telecommunications
- Tool and Die
- Transportation

Now that you have a better understanding of potentially eligible activities and the industries that conduct those activities, let's take a look at some specific examples of savings opportunities for certain industries.

How Much Can I Save?

The R&D credit can be a lucrative incentive for innovative businesses. R&D tax credits can immediately benefit a company as a significant source of cash for reinvestment or other needs. They also provide a significant reduction to current and future tax liabilities. Tax Point Advisors has been able to help companies claim significant tax credits ranging from tens of thousands up to millions of dollars.

Through the following examples, we hope you will gain a deeper un- derstanding of the outstanding opportunity that is available for your company for the eligible activities you are conducting.

Construction

This world-class mechanical construction firm was able to claim credits in excess of $1 million after Tax Point Advisors determined that the firm could go back to several closed years and carry forward credits without having to amend any of the closed year returns. Read the full success story.

Manufacturing

Through its custom work, this manufacturing and custom job shop company builds a prototype, modifies and

re-engineers it as needed, then manufactures the end result. Tax Point Advisors was able to uncover 16% more R&D tax credits over the high end of the original estimate. Read the full success story.

Contractor

Tax Point Advisors determined that this leading electronics, electrical and telecommunications contractor could go back to certain closed years and carry forward R&D tax credits. This resulted in an additional $300,000 in credits above the original six-figure estimate. Read the full success story.

Architectural Firm

This small architectural firm was able to receive a low six-figure refundable state credit for a one-year study, and Tax Point Advisors was able to find approximately 34% of additional credits above the original estimate. Because Tax Point Advisors (unlike many of its competitors) charges a fixed-fee, this increase in credit return posed no additional cost to the client. Read the full success story.

Software Development

The software created and designed by this developer supports thousands of retailers on a daily basis. Through a tax credit study, Tax Point Advisors was able to find $566,000 in federal and state tax credits for the company. Read the full success story.

As you can see, R&D tax credits offer a tremendous opportunity to companies for activities they are performing on a regular basis. At the same time, determining which activities qualify and the documentation that must be complet- ed can seem daunting. A qualified R&D tax credit professional can guide you through this process by conducting a thorough tax credit study. Our final chapter will help you understand what you should look for in working with an R&D tax credit expert.

Working with an R&D Tax Credit Expert

The R&D tax credit has been an elusive target for many businesses. Confusion about qualification and documenta- tion has left this attractive tax credit largely the domain of large companies and the high-tech industry. That is why we recommend that business owners partner with an outside expert to manage the nuts and bolts of an R&D tax credit study for their company.

An R&D tax credit survey from a professional R&D tax expert will help you determine which activities qualify, as well as guide you through the documentation needed for eligibility. Eligibility requirements are clearly defined by the IRS and state governments—companies seeking to take advantage of the credit must be prepared to identify, docu- ment and support their qualifying activities. It is essential that businesses establish appropriate tracking mechanisms and documentation strategies for their R&D activities.

For example, the calculation of R&D tax credits is determined based on the specific industry and qualifying activities. Federal and state filing requirements vary, so you'll want to work with your tax credit expert on supplying the required documenta- tion to each government entity.

What to Look For

Once you understand that R&D tax credits present an out- standing opportunity to reinvest in your business, you will want to look for specific qualifications in a tax credit partner. The ideal partner will:

- Provide outstanding references
- Have an extensive, positive reputation in the accounting community
- Have the resources to service businesses locally throughout the U.S.
- Have an outstanding record of success defending their R&D tax credit studies
- Be accessible to you
- Possess the highest degree of integrity
- Understand your business or industry
- Charge reasonable and justifiable fees

Conclusion

Given the new permanent nature of the tax credit, now is the time to consider whether activities performed by your company qualify for major cash-saving tax credit opportunities. Consider making the R&D tax credit part of your long-term strategic planning and make sure you're not leaving money you've earned on the table.

A tax professional with R&D tax credit expertise can help your business qualify for and claim eligible credit. Partnering with a recognized R&D tax credit expert like Tax Point Advisors that focuses exclusively on attaining the maximum number of credits for your company makes good, practical sense.

With experts placed nationally, we conduct local, thorough on-site assessments for every study—then, we write a bullet-proof, audit-defensible study report. For more information, please contact (800) 260-4138 or visit taxpointadvisors.com.

***Author**: Jeffrey Feingold, the founder and managing shareholder of Tax Point Advisors, Inc., works with CPA firms and their clients across the U.S. For the past 10 years, he has worked with hundreds of companies across the U.S., assisting them in successfully claiming over $100 million in research and development tax credits. Jeff can be reached at 800-260-4138 or at jeffreyfeingold@taxpointadvisors.com. Request a free assessment to determine your company's qualifying R&D tax credit eligibility.*

NHCPA Society Legislative Update

June 12, 2023

This has been quite an interesting session, like no other. We started the year saying policy decisions by the House will all depend on who shows up for the committee meetings and who shows up for the session day. That is certainly the way we are ending.

The House started the session with 201 to 198, Republicans to Democrats. We are ending the session with 200 Republicans, 196 Democrats and 1 Independent. Yes, that means 3 seats are vacant. 1 of the 3 seats is held by a Nashua Democrat who was elected last November but he has never been sworn in nor attended a session, so he is not counted. If he were, it would be a 2-person majority for the Republicans. 2 other seats are waiting for special elections.

There have been real issues this session with control of the House, specifically with the House budget. The Republicans did not have the numbers to vote on a Republican budget, so they had to compromise with the Democrats and give up some initiatives that the Republicans in the House Finance Committee and the Governor has successfully included in the budget. What passed the House (without the Republican initiatives) was unanimously voted by the Democrats with at least 50 Republicans voting no. The budget then went to the Senate Finance Committee which is a 5-2 Republican majority. They worked hard to create a budget that would get a unanimous vote by the full Senate. They really were not thrilled about the budget going back to the House for a Committee of Conference. There was much concern that things would only get worse if there was a committee of conference. So, like the House, the Democrats in the Senate were in control. After a floor recess of 5 hours to work out all the deals, the Senate finally passed the budget unanimously. Big wins for the Dems, specifically in housing, health care and the retirement system.

Then the next day, the Senate version went to the House for concurrence and for the first time in history, the House concurred so no Committee of Conference. They are done.

The final version of the budget has moved the repeal of the taxation of interest and dividends to 2025 from 2027.

> "All persons who are liable for a tax under RSA 77 as of December 31, [2026] 2024, who thereafter are no longer liable for a tax under RSA 77 because of the passage of this act shall make a return of such taxes due the commissioner of revenue administration in such manner and on such forms as the commissioner shall prescribe in rules adopted under RSA 541-A. The administrative provisions of RSA 77 shall remain in effect to permit the audit and

> collection of taxes upon income taxable under RSA 77 which is received by persons subject to taxation under that chapter through December 31, [2026] 2024, and to permit the distribution of that revenue. Persons who are liable for a tax under RSA 77 who do not report the payment of federal income taxes on a calendar year basis are entitled to such proportion of the exemptions allowed in RSA 77 as the reporting period bears to their taxable year. "

For the Society we had a bit of a "not this year" session. Of all the bills we were monitoring, only **SB 189**, which alters the definition of gross business profits in determining additions and deletions allowed under the BPT, passed both bodies and is on its way to the Governor for signature. Language below:

Business Profits Tax; Additions and Deductions

Amend RSA 77-A:4 by inserting after paragraph XIX the following new paragraph:

1. XX. For tax years commencing on or after January 1, 2024, a deduction equal to the amount disallowed as a deduction under section 163(j) of the Internal Revenue Code. For tax years commencing on or after January 1, 2024, an addition equal to the amount deducted by reason of a carry forward of disallowed business interest under section 163(j) of the Internal Revenue Code generated in tax years commencing after January 1, 2024. The amount of the carry forward of disallowed business interest under section 163(j) of the Internal Revenue Code as of the tax year ending before January 1, 2024 shall be allowed as a deduction in 3 equal parts over 3 consecutive years, beginning with the first tax year commencing on or after January 1, 2024.

2. Effective Date. This act shall take effect January 1, 2024.

The bills were watching that mostly were retained, which means the Committees work on them over the summer and fall in order to decide whether to move them forward in 2024, dealt with changes to the NOLs provisions; repeal of the CST; reduction in the rate of the BPT; worldwide reporting for unitary businesses; collection of sale tax of foreign jurisdictions by NH businesses. Society will continue to watch these bills and in some cases be at the table to give comments on the implications and implementation of some of the changes to the NH tax law.At this point, next year looks like it will be equally volatile with Committees in the House 10-10 and the House majority slim. The Senate will continue with its 14-10 Republican majority so it will continue to vote Republican. Going to continue to be interesting. Enjoy your summer.

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An accurate membership record helps the NHSCPA maintain the highest level of customer service and ensures the accuracy of mailings and online news. You can update your record any-time by logging into your NHSCPA profile at www.nhscpa.org. Click on the "Members" tab and "My Profile"

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CPA firms and their clients often need outside expertise when it comes to specialized tax services. Yet it can often be time-intensive to perform tax calculations necessary to determine eligibility.

EXPERIENCE THE TPA DIFFERENCE

Tax Point Advisors provides tax credit and incentive study services to CPA firms and their clients throughout the U.S. Our trusted team of CPAs, engineers and tax professionals assist CPAs and their clients in identifying and capturing their maximum federal and state tax credits and incentives. Our audit rate is less than five percent, and our industry-leading audit success is unmatched. That's because we don't just calculate credits and incentives - we have experts placed nationally so that we can also conduct a local, thorough onsite review process for every study, then we write a bullet-proof, audit-defensible study report.

"My firm and I have been working with Jeff and Tax Point Advisors for several years now. Jeff and his team have been especially helpful on the front end of engagements, providing accurate estimates of the amount of credits that could be generated, and the costs in term of dollars and my clients' time that would be involved. Jeff's firm's general R&D resources are also top notch, allowing me to identify R&D credit opportunities for my clients in industries where I thought there was no opportunity for such credits. Work has been done timely, and efficiently, and my clients have been very satisfied with the work performed."

Stephen Rickert, CPA Partner
Arminino llp (CA)

"As our firm does not have many clients that would be eligible for the research and development credits we did not want to incur the costs to be trained in this area. Fortunately, our clients started working with Tax Point Advisors to determine whether or not a credit study would be beneficial to them. Tax Point estimated the available credits, at no charge, and our clients engaged them. We were informed of the status of the credit calculations at all times, and when the research was completed Tax Point provided our firm with the necessary tax forms and backup to be included in our client's tax returns. I would definitely recommend Tax Point Advisors to any firm considering having a tax credit study performed."

Timothy R. Coffey, V.P.
Grass, Coffey & Scharlau, CPA's (AZ)

"Tax Point has been an extremely valuable tool in reducing our clients' income tax liabilities. It has become a major selling tool in our practice development search for new clients."

Carl Weinberg, Managing Partner
Carl Weinberg & Co. (RI)

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RETURN COMPLETED ITEMS TO:

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Manchester, NH 03106

PROGRAM CONTACT:

Professor Lisa Gerrish, MBA, CPA
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The Master of Science in Professional Accountancy (MS.PAC) program is intended for students interested in pursuing a career in public accounting.

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ACC 702	Advanced Topics in Financial Reporting II
ACC 660x	Controllership
ACC 720	Auditing and Attestation Review Course
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Southern New Hampshire University

IN THE NEWS

On June 8th, NHSCPA partnered with Maine Society of CPAs to host a presentation on ESG (Environmental, Social, and Governance) at the beautiful 3S Artspace in Portsmouth. The dynamic presentation titled ESG: What You Need to Know in the Current Environment had speakers from three different sectors give insightful information.

Tim Hedley PhD., incoming President of the Connecticut CPA Society, and a Fordham accounting professor spoke of the implications that ESG has on business and accounting. We want to thank Dr. Hedley who shared all his wisdom, experience, and knowledge.

Micha Davis-Johnson, Director and Wealth Advisor at Aries Wealth Management spoke of the impact that ESG has on investing and the newer generations of investors taking interest.

Our final speaker, Simon Delekta of the NH Charitable Foundation spoke about the nonprofit sector and the impact of ESG with Philanthropy.

We thank our sponsor Penchansky and Co. and Payroll Management, Inc for their support with this event.

NHSCPA and MESCPA kicking off the presentation!

Maine's Trish Brigham, Micha Davis-Johnson, Dr. Timothy Hedley, Simon Delekta, New Hampshires Robin Abbott.

REMINDERS

Save the Date

9th Annual Woman's Golf

NHSCPA and NH Bankers Association.

September 25th, 2023.

Stonebridge Country Club

From the NH Board of Accountancy:

- Notify the Board Office when information has changed such as address, email,etc. per administrative rule Ac 404.01
- The Board does not keep track of CPE credits; that is up to the licensee.
- Licensee must retain documentation of completing CPE for no less than four years from the date of renewal.
- Licensees must earn a minimum of 20 hours of CPE by June 30th each year.
- Licensees can find information on acceptable CPE within the Board's administrative rules located on the Board's website at https://www.oplc.nh.gov/board-accountancy-laws-and-rules.

Don't forget to register for CPE on our website!

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