CREDITS AND INCENTIVES FOR U.S. FOREIGN DIRECT INVESTMENT

Proper planning and solid experience matter when negotiating incentives

Are you considering expanding or relocating operations within the United States? Have you received full returns on previously negotiated credits and incentives? Are you unsure whether your business activities qualify for specific credits and incentives programs?

RSM has the required experience, as well as relationships with economic development agencies throughout the United States, to help businesses answer these questions in order to achieve maximum value from credits and incentives programs.

These programs exist throughout the United States to support job growth, capital investment, technology development and growing operations within the United States. Federal and state governments are actively attracting foreign direct investment through a number of credits and incentives programs to encourage businesses to invest in growth. Understanding where these opportunities exist and how businesses qualify can be the difference between minimum return and maximized value. Depending on the location, these can be in excess of $25,000 per employee and 15% of capital investment.

Proper planning is critical

The same business activity that triggers incentives in one jurisdiction may not in another; therefore, it is important to consider both the activity and the location when identifying potential credits and incentives opportunities. Proper planning helps you leverage your company’s economic impact and make the business case for favorable credits or incentives. Most programs require preapproval and a formal application.

In some locations, a business may qualify for job creation credits or investment credits when it builds a new facility, expands its workforce, or develops products or services in key growth areas. In others, a business may be able to claim hiring credits for qualifying employees. In addition, training funds to enhance workforces are also growing in availability and importance.

Credits and incentives services

RSM credits and incentives professionals combine specialized knowledge and proven processes to identify credits and incentives that may apply to your company. We then combine our business acumen within the credits and incentives field with a sophisticated base of tax knowledge to perform a comprehensive credits and incentives analysis and maximize related benefits. Our credits and incentives team can help businesses:

- Perform a tax credits assessment and initiate the process to obtain benefits or amend returns to secure refunds
- Negotiate with state and local governments for credits and incentives packages, obtaining proposals and related approvals
- Develop reports on past and present credits and incentives eligibility, ensuring proper compliance and implementation
- Prepare applications and ensure knowledge of the benefits is transferred to the business
Positioned for success

Working with your business and tax team, our professionals will consider the impact of credits and incentives on strategic business plans, and communicate these with the appropriate state and federal agencies, to help your business make the case for the best available benefits. Important areas for consideration include:

- Relationship of incentives to the overall viability of project plans
- Competition for job-creating businesses among the states
- Timing of company announcements to avoid invalidating incentives
- A company’s overall economic impact in a state or designated area
- Combining credits and incentives packages to deliver the greatest value
- Qualification of routine spending, as well as strategic projects
- Renegotiation of past incentives
- Impact of mergers and acquisitions
- Potential clawbacks

Tangible savings

Well-negotiated credits and incentives may lead to significant bottom-line savings, which your company can reinvest in other strategic initiatives. RSM has successfully negotiated incentive packages throughout the United States. Consider the following examples:

- A global manufacturer needed to open a U.S. production facility. RSM negotiated incentive options with multiple states, resulting in the selection of an incentive package valued at an estimated $9 million, with 329 jobs for the state.
- A foreign-owned telecommunications software development company received an incentive package in excess of $1 million, negotiated by RSM, to create and retain jobs at its first U.S. location.

RSM helped a food manufacturer obtain a $2.1 million jobs tax credit and a $23,000 refund of utility excise taxes (in addition, the company no longer pays tax on its natural gas purchases).

A service provider received a $1 million incentive package to relocate its corporate headquarters. The qualifying investment included the net present value of a new lease and the relocation of 15 jobs.

A food manufacturer with 93 employees obtained an estimated $1.2 million incentive package, which fully funded the capital investment needed for expansion.

An international organization restructuring its operations received upfront cash grants, in-kind training assistance and additional city services (paving, roadwork) to fully support the capital investments necessary to improve the facility.

No matter the size of your company or the value of your strategic plans, discretionary credits or incentives may be available. RSM will collaborate with you to make the most of your investment through effectively planned, documented and negotiated credits and incentives.

That’s the power of RSM. The power of being understood®.