

## How Manufacturing Companies Can Lower Taxes Using These 5 Incentives

Manufacturing companies can take advantage of various tax credits, deductions, and depreciation options to minimize their tax liability. Let's review the top five available incentives.

Number 1: R & D credits for new or improved processes or products are often a missed opportunity. This federal credit rewards qualified research, and many states also offer their own R & D credits. Domestic R & D costs can be expensed immediately, and any unused federal credit generally carries forward up to 20 years.

Number 2: Wisconsin Manufacturing Tax Credit applies to income from property located in Wisconsin assessed at manufacturing or agriculture. This rate is 7.5% of eligible, qualified production activities income, and can reduce the effective Wisconsin tax on manufacturing income to about 0.4%.

Number 3: If you hire individuals from certain targeted groups, you could be eligible for the Work Opportunity Tax Credit. The amount of the credit will vary depending on the targeted group and amount of wages paid per employee in the group, and is available through 2025.

Number 4: Section 179 can apply to equipment, software, and many non-residential real property improvements placed in service in 2025. In addition, 100% bonus depreciation is available for eligible property acquired and placed in service after January 19, 2025.

And finally, the Qualified Business Income Deduction, known as QBI or Section 199a deduction, allows a 20% deduction of qualified business income. There are income threshold parameters and deduction limitations, so work with a CPA who understands the complexity of this deduction opportunity.

These five, combined with multi state Nexus sales and use tax strategies, will help you offset your tax liabilities and should be a part of your yearly tax plan.

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