

## **CUTTING EDGE INDUSTRIES SCORES BIG WITH R&D TAX CREDITS**

### **BACKGROUND:**

Cutting Edge Industries is a diverse American manufacturing firm that specializes in Lighting, Furniture, Funeral & Cremation, Awards & Promotional Products, Souvenirs and Giftware, and more. Their staff designs, manufactures, assembles, and finishes all their products from the highest quality materials right here in the USA. With such a wide range of manufacturing capabilities and services, from metal casting to computer drafting and design, Cutting Edge Industries works to continuously improve and innovate the business to develop the best possible processes to ensure customers remain satisfied.

A testament to Cutting Edge Industries drive to offer their clients high quality products and services is the recent expansion of their product line in response to COVID-19. The company developed and is now manufacturing Plexiglass floor and countertop partitions.

### **CHALLENGE:**

New Jersey is an expensive state to conduct business. Cutting Edge Industries is always working to improve, and that requires investments in equipment and technology. Securing additional funds that can be invested back into the company is challenging, especially with the high cost of doing business in New Jersey. Cutting Edge Industries and their NJMEP Account Manager connected to brainstorm solutions for securing additional capital.

### **SOLUTION:**

To secure additional capital, quickly, and for a low up-front investment, Cutting Edge Industries and NJMEP landed on securing R&D Tax Credits. Many businesses don't think they would qualify for a research and development-based tax credit. However, as Cutting Edge Industries discovered, many manufacturers' day-to-day processes or unique job roles can qualify a manufacturer for R&D Tax Credits. Cutting Edge Industries was able to qualify for Federal tax credits at the end of the easy R&D Tax Credit process.

The R&D Tax Credit Process Includes:

- Reviewing the list of development projects and selected eligible R&D projects
- Client preparing a narrative or description of each project for the accounting firm's review.
- The accounting firm reviewed the narrative and made some revisions to eliminate ineligible areas or activities
- The client supplied information enabling the accounting firm to allocate costs to the eligible projects
- NJMEP worked with the client to gather costs that related to the R&D projects
- The accounting firm prepared the necessary tax forms and submitted the tax return and R&D tax credit on the client's behalf

"Anytime [Our Account Manager] has something to say, we always listen. Most of the stuff NJMEP comes up with is very helpful to manufacturers. It's good to have them as a resource." Steven Filler, President, Cutting Edge Casting Inc.

**Connect with NJMEP:**



NJMEP and Cutting Edge Industries has a strong working relationship. Their Account Manager works closely with the company to ensure they're aware of all the unique opportunities NJMEP has to offer. Together they work to uncover pain points and identify ways for their business to become more profitable and competitive. This close working relationship ensures that Cutting Edge Industries takes advantage of all the programs that can improve their business.

### **RESULTS:**

Cutting Edge Industries successfully secured their federal R&D Tax Credits and reinvested these funds back into their business. This allowed them to offset the cost of new high-tech equipment allowing them to expand their manufacturing capabilities.

Cutting Edge Industries engagement with NJMEP in this endeavor and other 2019 projects benefited the company in the following ways:

- **INCREASE SALES: \$25,000**
- **RETAINED SALES: \$25,000**
- **RETAINED EMPLOYEES: 2**
- **COST SAVINGS: \$15,000**

"I would absolutely recommend the R&D Tax Credit program to other manufacturers.

In New Jersey, with things so expensive, every little bit helps. We've added some new product lines, so any tax savings allows us to reinvest in our business is essential."

— Steven Filler, President, Cutting Edge Casting Inc.

**Connect with NJMEP:**

