

BENEFITS OF THE R&D TAX CREDIT

ABOUT LEE SPRING CO. Lee Spring manufactures and distributes mechanical springs, wire forms, stampings and fourslide parts worldwide. They offer an extensive product line of more than 25,000 inventoried products in a variety of materials available in stock and ready to ship. In addition, they manufacture springs made to client specifications. Lee Spring is the premier global source for stock catalog and custom designed mechanical springs and related products.

THE CHALLENGE. Maintaining and growing this product catalog requires a commitment to product development and R&D. The team knew that everyday activities like testing, tooling, and maintaining their industry expertise all qualified for the R&D Tax Credit, but tax systems are incredibly complex. ITAC, part of the New York MEP and the MEP National Network™, helped Lee Spring find cost-effective expertise back in 2014, with Lee Spring filing for this credit every single year since then.

MEP CENTER'S ROLE. Steve Kempf, Lee Spring's CEO, admits that there was quite a bit of work during the first year. ITAC and its R&D Tax Credit experts helped Lee Spring develop the spreadsheets to document eligible activities and costs, interviewed key R&D players, and learned about the details of the company. In addition to accountants and tax analysts, the team also includes engineering and manufacturing experts, thereby truly deep-diving to find every qualifying expense. As Steve says, "They pull out from you what really qualifies, and it's more than you think."

In addition to the financial benefits, Steve points to the ease of qualifying year over year. ITAC's experts make the process painless and are there every step of the way. Once the documentation is complete, the team writes the details for the backing of the credit. As Steve points out, "I don't think about this all year long. They make it easy for us, but I know that the back-end is not that simple." Steve also looks to these experts as backup in case they are ever audited. "We rely on them, and they guarantee that if we get audited, they will step in to support."

Lee Spring has received this important credit each year for nearly a decade. The company uses this credit as their annual R&D budget, and they work against the budget to develop and perfect their products.

"Keeping this going every year is not a question. They gave us the tools, we learned how to keep records for the credit, and it's a simple update. The return is significantly more than I thought. This credit is great because it incentivizes businesses to test and develop new products."

-Steve Kempf, CEO

RESULTS



23 created or retained jobs



\$894,000 in new investment



\$834,000 in new or retained sales



\$114,000 in cost savings

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