

FIDELITY INDUSTRIES INC. USED R&D TAX CREDITS TO EXPAND DESIGNS AND CAPABILITIES

ABOUT FIDELITY INDUSTRIES INC. Located in Wayne, New Jersey, Fidelity Industries is the leading independent manufacturer of vinyl wallcoverings for the commercial hospitality and healthcare markets. Fidelity got involved in commercial wallcoverings for healthcare and commercial properties in the 1990s and, since then, they've grown to encompass over 350,000 square feet of production and warehousing space. The company manufactures thousands of styles, textures and patterns, offering well-known brands and custom designs. All of their products meet or exceed specifications for Type I and II accordance with ASTM E 84 standards and CE declaration of conformity, and they've also been a pioneer of "green" corporate philosophy, producing sustainable products in an environmentally responsible manner.

THE CHALLENGE. NJMEP, part of the MEP National Network™, came into the picture about 10 years ago and originally worked with Fidelity Industries to help them get lean and optimize certain areas of their production and manufacturing processes. Since 2016 NJMEP has been helping them on exploring various cost-saving methods, particularly in reference to research and development (R&D).

MEP CENTER'S ROLE. NJMEP's expert resource worked closely with Fidelity's team to establish a comprehensive list of qualified R&D activities and to determine all qualifying expenses (wages, supply expenses and contract expenses) attributable to the identified research efforts. They then used these costs to calculate final figures relating to the IRS and state tax credits. Upon completion, the resource supplied Fidelity and their CPA a copy of the report in a preliminary form to use for filing federal and state tax returns. The resource then conducted telephone interviews with senior technical staff to obtain information pertaining to the company's overall R&D process, including the manner of participation of key personnel and a discussion of the types of contemporaneous documentation maintained by the company as well as additional information pertaining to each of the qualified activities. The last step in the R&D tax credits process was to assemble and deliver a final R&D tax credit study to Fidelity Industries. In total, the process may only take a few hours but has the potential to save tens of thousands of dollars in tax credits, allowing small to medium-sized manufacturers to deploy their resources elsewhere. In addition to providing all the financial and technical documentation necessary, the expert resource also provides an additional eight hours of audit defense support at no additional charge if the tax credit claim and/or supporting documentation is subjected to questions, review or audit.

"We're sent a very detailed report every year and from year-to-year there's not much that changes that we need to keep up with. In our business we deal with high-end designers that want to try different things and the R&D tax credits give you the opportunity to do business with people you might otherwise not be able to work with."

-Shmuel Brook, Vice President

RESULTS



41 created or retained jobs



\$17,500,000 in new or retained sales

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