



Federal Income Tax

RYAN'S EXPERIENCED FEDERAL INCOME TAX PROFESSIONALS
MINIMIZE CORPORATE TAX RISK, CASH TAX, AND EFFECTIVE
TAX RATE THROUGH A COMPREHENSIVE SUITE OF SERVICES,
PROVIDING SIGNIFICANT CLIENT VALUE AND RESULTS.

Federal Income Tax Practice Overview

Ryan's Federal Income Tax practice assists clients with solutions that optimize the right ideas, people, processes, and technology needed to efficiently and effectively minimize, manage, defend, and control federal income tax liabilities. Our federal income tax services are customized to meet the unique needs of each corporate tax client by leveraging proven methodologies that deliver substantial savings. Our innovative approach to tax consulting and advisory services is unmatched in the industry today.

Federal Income Tax Planning

Chief financial officers expect the tax department to deliver the lowest possible tax liability allowed by law. Ryan's holistic approach to risk and tax minimization is innovative and unique. Our global tax planning and tax return review methodologies provide risk-free approaches for our clients. Our in-depth knowledge of federal tax law, practice, and procedures across all industries translates to optimal taxpayer cash flow. Ryan examines every opportunity to uncover often overlooked tax savings.

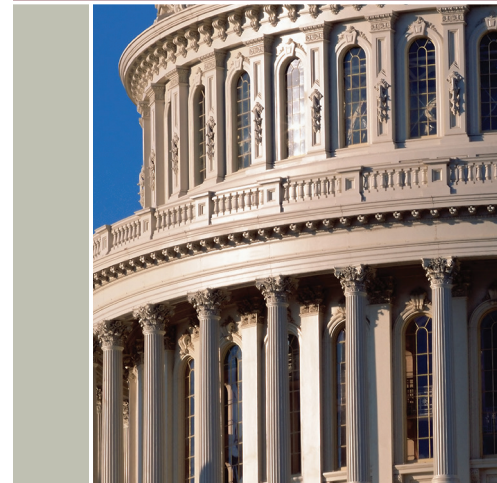
Federal Tax Accounting Methods

In today's unique economic times, companies are interested in utilizing immediate means of conserving cash through multiple types of tax planning. Ryan's federal income tax team is focused on assisting companies with tax planning using tax accounting methods that govern income recognition, expense timing, tax inventory accounting, and depreciation/amortization of expenses.

The enhanced tax position can often be maintained indefinitely whether levels remain constant or increase over time. Depending upon the timing, this type of planning can reduce estimated tax payment requirements as well.

There are currently more than 240 automatic changes that can be made until the filing of the tax return for the year of change. Tax accounting methods can also be used for:

- ▶ Reverse planning to defer deductions and accelerate income, which taxpayers may wish to implement if they are in an excess credit position with expiring credits. Deferring deductions to a higher tax rate year and accelerating income to a lower tax rate year would provide a permanent benefit based on the tax rate differential.





Inventory Review – Uniform Capitalization (UNICAP)

The rules around the amount of costs that a company must capitalize related to their inventory are complex. These rules are applicable to any taxpayer that holds inventory (manufacturers and distributors), except small businesses defined as having less than \$25 million of average gross receipts (three-year average).

While direct costs are already included in inventory, the calculation contemplates the amount of indirect costs to be capitalized into inventory according to the regulations and also requires the computation of ending inventory to be done on a tax basis. There is no one method prescribed by the Internal Revenue Service (IRS) for all taxpayers to use. Ryan's deep expertise of the uniform capitalization (UNICAP) rules allows us to select the most appropriate method to drive significant tax savings while mitigating audit exposure.

Meals and Entertainment Review

The 50% disallowance of the deduction for meals and entertainment (M&E) expenditures represents a significant, recurring permanent increase in taxable income. Often, companies inadvertently subject fully deductible M&E accounts to the 50% disallowance, resulting in a higher effective tax rate.

Ryan's M&E review is designed to quickly understand a company's policies and procedures for M&E tax accounting and to calculate and document the correct amount of nondeductible M&E in the current and prior tax periods. If the size of the data set warrants it, we use IRS standard statistical sampling methods to aid in determining the nondeductible M&E. The benefits achieved may include considerable refunds of prior years' taxes and ongoing permanent tax savings, while providing improvements to our clients' processes and procedures to appropriately segregate fully deductible expenditures from otherwise partially deductible M&E costs.

Tax Account Analysis Review Program (TAARP)

Ryan TAARP—our proprietary tax account analysis review program—delivers incredible value and results related to conceptual issues involving interest law, statutes of limitations, claims for refunds, global interest netting, IRS transcription comprehension, and other IRS practice and procedure matters. Our value proposition is simple: we leverage our in-depth knowledge of foundational principles and cutting-edge legal and technical expertise to maximize interest recoveries that enhance the effectiveness of our clients' tax departments.

Ryan's distinguished TAARP team includes former IRS attorneys and interest analysts who offer unparalleled expertise in securing interest refunds from the IRS and state tax authorities and resolving other tax account-related issues. We have served as expert witnesses, providing technical support in many of the most seminal court cases in this arena, and have testified in front of the United States Congress, IRS, and U.S. Department of the Treasury.

Internal Revenue Service Audit Support

Ryan understands the importance of risk mitigation in today's tax environment and offers support for IRS audit readiness and the IRS examination process. Our IRS audit readiness services assess audit risks, evaluate tax positions taken on returns, identify and document Internal Revenue Code (IRC) Section 6662(e) voluntary adjustment submissions, file amended returns, and work with the IRS on developing a joint examination plan.

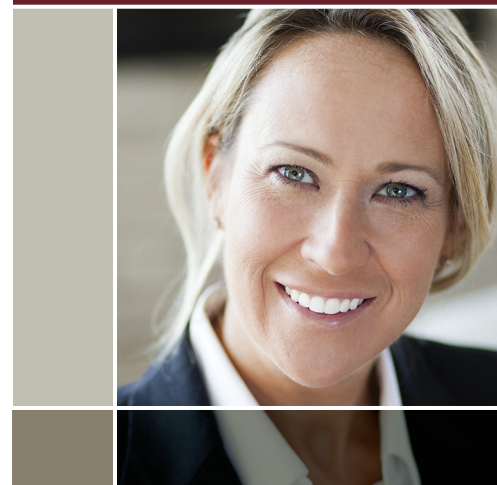
Our IRS audit support services help clients plan and manage an ongoing examination, helping clarify and resolve audit issues. We assist from the opening conference to responding and tracking Information Document Requests (IDRs). We make strategic recommendations and help implement various alternative resolutions. Ryan serves as a complete client advocate all the way through the closing examination conference. Additionally, Ryan's federal income tax practitioners have significant IRS appeals experience and assist in every phase of tax controversy, from meeting with IRS and Treasury officials to negotiating on behalf of a client in appeals.

Research and Experimentation (R&E) Tax Credits

Taking full advantage of the R&E tax credits provides immediate cash tax savings to qualified companies at both the federal and state levels. R&E tax credits are actual dollar-for-dollar savings against tax, available to businesses of any size involved in R&E activities. Many companies are not aware of the broad scope of activities that qualify for these credits. Evolving statutes, IRS regulations, and court cases continue to create R&E tax credit opportunities for an ever-widening range of qualified businesses.

Each year, R&E tax credits in excess of \$9 billion are claimed at the federal level alone. Businesses taking full advantage of these credits can recapture up to 20% of increased R&D expenditures. There are often additional opportunities to claim credits in years where the statute of limitations is open and obtain significant cash refunds or offset other defined withholdings. Even in circumstances where a client is generating operating losses and cannot currently take advantage of the R&E tax credit at the federal level, the credit carries forward for 20 years, and state credits are often still applicable and beneficial. Additionally, qualified small businesses may elect to use the credit to offset a portion of their federal payroll tax. Some states offer refundable credits or other ways to monetize the credit (for example against payroll withholding).

Ryan helps clients navigate the complexities and mitigate the risks of the R&E tax credits, enabling businesses to remain innovative and profitable. With efficient and thorough methodologies that gather in-depth information with minimal disruption to our clients, Ryan accurately executes the R&E study from start to finish at both the federal and state levels. We develop and document nexus between qualified activities and costs, even where no accounting exists.





Comprehensive Fixed Asset and Repair Deduction Reviews

Proper management and classification of a taxpayer's fixed assets are critical to an organization's tax management and compliance objectives. Improper capitalization of fixed assets can have a substantial negative impact on an organization's balance sheet, resulting in missed tax savings and added compliance risks.

Ryan's comprehensive review looks at a taxpayer's entire depreciation schedule to ensure the correct tax treatment is being applied to each asset. The changes and opportunities from these reviews may result in accelerated deductions that improve cash flow in the year of change. Capital-intensive clients elect this process as it reviews all assets for a multitude of opportunities, including:

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| ➤ Capital vs. expense | ➤ Demolition costs |
| ➤ Retirements | ➤ Proper bonus treatment |
| ➤ Partial dispositions | ➤ Missed cost segregation studies |

Cost Segregation Services

The goal of a cost segregation study is to identify and properly classify assets to reduce tax liability and improve cash flow. Ryan's Cost Segregation Specialist will identify personal property subject to a 5-, 7-, or 15-year recovery period that would otherwise be mixed in with real property recovered over 39 or 27.5 years. Capital expenditures involving property acquisitions, newly constructed renovations, remodels, restorations, tenant improvements, or expansions are all good candidates for cost segregation.

Ryan's audit-ready deliverables not only create tax savings but also establish the depreciable tax value for each major building component, helping to easily identify the value of "retirement losses" or "partial dispositions" in future years.

The IRS allows a taxpayer to go back as far as 1987 to reclassify personal property items that have been incorrectly depreciated. This change in depreciable lives is prospective, and no amended returns are required. A change in accounting method can be completed in the current tax year to implement the corrected recovery periods.

Tax Accounting

Ryan's diligent approach to tax accounting delivers strategic solutions that enable our clients to proactively manage their overall federal, foreign, and state income tax positions. Ryan professionals have acted as an extension of tax departments for some of the world's most complex organizations. Our team includes former Fortune 100 tax executives who have designed and managed corporate tax accounting matters, including Accounting Standards Codification (ASC) 740 and Sarbanes-Oxley processes and controls. As Ryan is not a certified public accounting (CPA) firm, we are free to consult with tax departments regarding ASC 740 issues and assist with workflow optimization.

To evaluate client risk and enhance processes, Ryan's tax accounting service professionals:

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| ➤ Assist with tax provisions and tax-basis balance sheets, and represent clients throughout their audit review |
| ➤ Determine and review tax attributes, valuation allowances, and admissibility of deferred tax assets |
| ➤ Identify and measure tax risks and units of account impacting the organization |
| ➤ Design and implement new processes and systems, tax provision software integration, and training in ASC 740 theory and practice |

Process and Technology

Process and technology have become critical to a more efficient and effective corporate tax practice. Ryan professionals work with clients to transform their tax function from a mere compliance group to a strategically focused department by implementing critical processes, leveraging emerging technologies, and deploying solutions that can assist a tax organization into becoming a true business partner with operations and increasing shareholder value.

Ryan evaluates and analyzes existing tax compliance and reporting processes, making recommendations that enhance and streamline operations. We work in tandem with our clients to implement best practice solutions or operating models that leverage various trusted vendor relationships while installing the proper quality assurance controls. As a result, tax departments improve efficiency, gain greater control, substantially mitigate risk, and add tremendous strategic and financial value to their organizations.

Federal Income Tax Compliance

Tax return preparation and other compliance services are essential responsibilities in every tax department. Increased regulatory scrutiny makes it more important than ever to determine tax positions as early as possible in the reporting cycle. As a result, companies are forced to spend more time and energy on the compliance process, often at the expense of higher-value initiatives.

Ryan's federal income tax compliance solutions are tailored to fit specific client requirements, whether completing a tax form based on information provided or preparing the entire tax return from start to finish. Our consultants leverage vast expertise in tax technology and project management to provide comprehensive automation solutions and unparalleled quality assurance.

Why Ryan

Ryan's Federal Income Tax practice is comprised of the most experienced tax professionals in the industry dedicated to helping companies minimize their federal income tax burden and achieve optimal financial results. Our proven approach is focused on assisting clients in balancing their daily operations with the ever-changing tax laws, regulations, and increased regulatory scrutiny. Our solutions allow for the effective management of federal income tax liabilities by proactive implementation of the following processes and technologies to ensure greater data accuracy and internal controls.

- Realistic and real-world customized tax planning that reflects the business and operations of our clients
- Reviews of prior returns to seek opportunities and establish facts and issues for tax planning
- Compliance processes and management by experienced corporate tax executives backed by state-of-the-art technology
- Reallocated staff and leveraged capabilities in credits, tax audits, and tax accounting
- Mitigated risk and avoidance of ambiguity by obtaining tax opinions



About Ryan

Ryan, an award-winning global tax services and software provider, is the largest Firm in the world dedicated exclusively to business taxes. With global headquarters in Dallas, Texas, the Firm provides an integrated suite of federal, state, local, and international tax services on a multijurisdictional basis, including tax recovery, consulting, advocacy, compliance, and technology services. Ryan is a 10-time recipient of the International Service Excellence Award from the Customer Service Institute of America (CSIA) for its commitment to world-class client service. Empowered by the dynamic *myRyan* work environment, which is widely recognized as the most innovative in the tax services industry, Ryan's multidisciplinary team of more than 3,600 professionals and associates serves over 20,000 clients in more than 60 countries, including many of the world's most prominent Global 5000 companies. More information about Ryan can be found at ryan.com.



Award-Winning Tax Services

For additional information

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