

# Maximizing Tax Efficiencies for Online B2C Platform



## CLIENT

B2C Platform

Since its establishment in 2015, a rapidly developing online platform (the Company) gained significant popularity due to its innovative approach and user-friendly interface. This growth led to a significant increase in revenue and a nine-figure taxable income, as well as a need for enhanced tax services.



## INDUSTRY

Technology

The Georgia-based Company partnered with Cherry Bekaert for annual financial statement audit and tax compliance services. We leveraged our industry knowledge and strong business relationships to provide essential guidance to the Company and key members of its management team.



## OUR ROLE

Tax Compliance  
Research & Development  
Tax Credits & Incentives

### Addressing Growing Pains

Experiencing gradual growth since its founding in 2015, the Company quickly went from having a history of losses to a nine-figure taxable income in a recent tax year.

Upon engagement, it was noted the Company had historically only filed taxes in its headquartered state of Georgia. With an exponential increase in revenue, the Company partnered with Cherry Bekaert's team of tax professionals to help maintain compliance with the ever-changing state tax laws, including franchise tax and other state taxes. Cherry Bekaert completed a state income tax nexus review, which determined the Company should have been filing in many additional tax jurisdictions.

Cherry Bekaert's tax professionals helped the Company apply for various state tax credits including research and development (R&D) tax incentives. Ultimately, Cherry Bekaert's assistance proved to be invaluable to the Company by streamlining their tax processes and increasing efficiency.

## Providing Tailored Solutions



**\$220,000**

Saved in R&D and State Tax Credits in 2022



**\$740,000**

Saved in R&D and State Tax Credits in 2023



**80**

New employees onboarded

## Income & Franchise Taxes

The sudden increase in income for the Company across 35 new states posed a significant challenge to maintaining state tax compliance. To help with the increase of business, Cherry Bekaert's State & Local Tax (SALT) team developed a new customized tool based on the Company's footprint and ownership structure to help standardize tax workpapers.

The tool sent a questionnaire to each Company owner, listing the rules and options for withholding, composite and payment waivers in each state based on owner type and state administration. These forms were captured, aggregated and fed into a tax calculation tool that computed all the state taxes based on ownership responses. This tailored instrument also provided each owner with a customized statement that summarized how much tax was remitted in each state on their behalf.

Due to the complexity of the findings, the SALT team was then onboarded to complete the state compliance work for the Company. These ongoing tasks include helping with compliance, estimates, investor questions and planning. Cherry Bekaert's work has significantly reduced the Company's tax liability and administrative workload, giving it more funds to reinvest in the business for continued growth.

## Research & Development Tax Credits

Cherry Bekaert's Research & Development (R&D) Tax Credits team completed several complimentary R&D Tax Credit assessments for the Company. While there was not enough opportunity for the Company to claim an R&D Tax Credit the first year an analysis was conducted, the Company realized significant savings in the years that followed due to continued

investment in research and development of existing products. In 2022 and 2023, Cherry Bekaert helped to secure more than \$160,000 and \$600,000, respectively, in R&D Tax Credits for the Company.

## State Credits & Incentives

Cherry Bekaert's State Credits & Incentives team was introduced to the Company to help determine any specific state credits and incentives it could take advantage of. The Company began to hire more employees to keep up with its expansion and growing workload. By hiring 80 new employees, the Company qualified for the Georgia Jobs Tax Credit, which rewards companies that bring jobs into the state. In 2022 and 2023, Cherry Bekaert helped to secure more than \$60,000 and \$140,000, respectively, in State Tax Credits & Incentives for the Company. Additional credits will become available as the Company continues to expand its workforce.

## Let Us Be Your Guide

Cherry Bekaert helped the Company receive optimal tax savings and maintain compliance using proficient tax instruments efficiently and effectively. Through a continued relationship with Cherry Bekaert, the Company is well-positioned to maintain its growth and success in the coming years.

We can help ensure your business avoids the risk of penalties while protecting you from both state and local tax overpayment or underpayment. Our SALT team offers the following state and local tax services:

- ▶ Tax Credits & Incentives
- ▶ Income & Franchise
- ▶ Property Tax
- ▶ Sales & Use Tax
- ▶ U.S. Inbound Tax Services

## About Cherry Bekaert

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services. For more details, visit [cbh.com/disclosure](https://cbh.com/disclosure).

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