

US TAX CREDITS AND INCENTIVES: A MARKET OVERVIEW AND RECRUITMENT GUIDE – 2025



CONTENTS

01. INTRODUCTION	<u>03</u>
02. OVERVIEW OF FUNDING AVAILABLE IN THE US	<u>04</u>
03. TAX CREDITS & INCENTIVES EMPLOYERS	<u>07</u>
04. INNOVATION HOTSPOTS	<u>12</u>
05. PERKS AND BENEFITS IN THE US	<u>13</u>
06. SALARY DATA	<u>14</u>
07. ATTRACTING AND RETAINING TALENT	<u>15</u>
08. CONCLUSION	<u>17</u>



01.

INTRODUCTION

AN OVERVIEW OF THE U.S TAX CREDITS AND INNOVATION FUNDING MARKET

The tax credits and innovation funding market in the U.S. is thriving, as new federal incentives are there for the taking, and research-intensive businesses continue to work on new innovations.

The US R&D sector is constantly beholden to evolving regulatory changes and local jurisdictions creating their own laws. The result is a surging demand for experienced tax credit specialists who can navigate this increasingly complex world.

We have compiled this report to provide an overview of the talent market in the United States. This will be of interest to anyone who is hiring in R&D tax or anyone who may be looking for their next career move in this field. Equally, it may be useful to anyone who simply wishes to understand more about this sector.

We initially explain the value of innovation funding and what programs and incentives are currently available. We then examine the types of firms which hire R&D tax credits specialists, explaining the pros and cons of working for each type.

We conclude by wrapping up what all of this means from a talent perspective and take a deep dive into the current recruitment market – including salary guides — and advice on how firms can bolster their recruitment and retention efforts to put themselves in a competitive position.



02.

AN OVERVIEW OF AVAILABLE FUNDING

R&D Tax Credits and Fiscal Incentives are critical in fuelling innovation

In the United States, tax credits and fiscal incentives are designed to encourage businesses and individuals to invest in research and development (R&D), ultimately leading to ground-breaking and often life-saving discoveries – and fuelling economic growth.

The following are available to businesses which engage in research & development activities:

Federal State Research and Development Tax Credit

The R&D Tax Credit, established in 1981, is one of the most significant fiscal incentives for innovation in the US. It provides a dollar-for-dollar reduction in federal tax liability for qualifying research expenditures. By lowering the cost of R&D activities, this credit encourages businesses to invest more heavily in developing new products, processes and technologies. Companies across various industries – from pharmaceuticals to information technology – benefit from this incentive, driving continuous advancements and maintaining the US's position as a global leader in innovation.

This type of support is also of particular value to start-ups and small businesses — which are often at the forefront of innovation, since these companies typically operate with limited resources and face significant financial challenges.

The rate of the R&D tax credit can vary, depending on the method used to calculate the credit:

Regular Research Credit (RRC): This method allows for a credit of 20% of the qualified research expenses (QREs) that exceed a base amount. The base amount is typically calculated based on a fixed percentage of the company's average annual gross receipts over the preceding four years.

Alternative Simplified Credit (ASC): This method allows for a credit of 14% of the QREs that exceed 50% of the average QREs for the previous three years. If the taxpayer did not have QREs in any one of the previous three years, the credit is 6% of the current year's QREs.

Additionally, individual states may offer their own R&D tax credits, which can vary widely in terms of rates and eligibility criteria.



Work Opportunity Tax Credit (WOTC)

WOTC incentivizes businesses to hire individuals from targeted groups that face barriers to employment. Highlighting this credit can showcase a commitment to diversity and inclusion in the workforce while also providing financial benefits to businesses.

Cost Segregation

Cost segregation is a valuable tax strategy for commercial property owners to accelerate depreciation deductions and reduce tax liability. Explaining the benefits of cost segregation and how businesses can utilize this strategy effectively can be incredibly valuable.

State and Local Incentives: State and local governments often offer additional tax credits and incentives to attract and retain businesses. Highlighting these incentives can help businesses understand the full range of opportunities available in their specific geographic area.

Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs

The SBIR and STTR programs offer grants and contracts to small businesses engaged in federal R&D with the potential for commercialization. These programs bridge the gap between innovative ideas and marketable products, providing crucial funding during the early stages of development. By supporting start-ups and small businesses, these incentives help cultivate a diverse and dynamic innovation ecosystem.



Green Technology and Renewable Energy Incentives

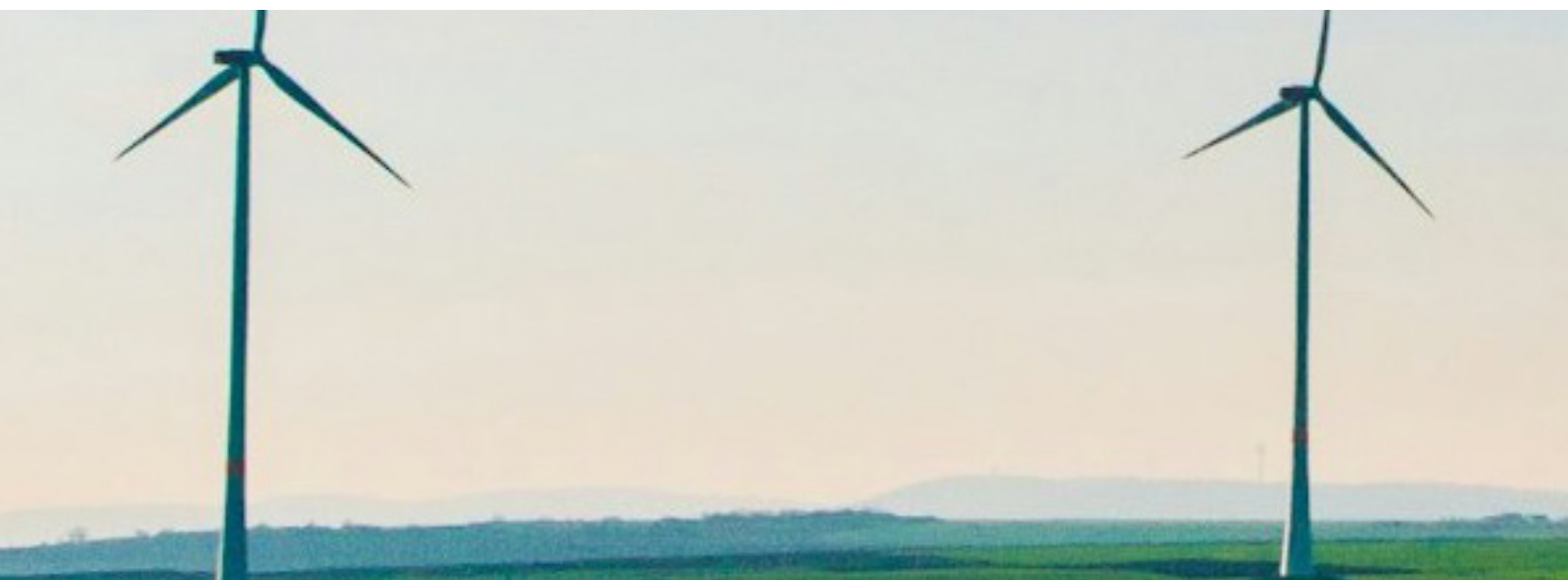
As the world grapples with climate change and environmental challenges, innovation in green technology and renewable energy is more critical than ever. The US offers various tax credits and incentives to promote sustainable innovation, such as the Investment Tax Credit (ITC) and Production Tax Credit (PTC) for renewable energy projects.

The Inflation Reduction Act (IRA) also provides tax credits and rebates for both consumers and businesses to adopt green technologies, such as electric vehicles (EVs), energy-efficient home improvements, and carbon capture and storage technologies.

These incentives are all designed to encourage investment in clean energy technologies, reducing carbon emissions and fostering a sustainable future.

Inclusive Innovation

Fiscal incentives can also promote inclusive innovation by supporting underserved communities and minority-owned businesses. Programs like the New Markets Tax Credit (NMTC) provide tax relief for investments in low-income areas, stimulating economic development and innovation in regions that need it most.





03.

ORGANIZATIONS WHICH EMPLOY TAX CREDITS AND INCENTIVES SPECIALISTS

Here is an overview of each type of employer and the pros and cons of working for each type

3.1 CPAs/Accounting firms

Many CPAs and accounting firms offer specialized services in tax planning and compliance, including expertise in tax credits and incentives. They may have dedicated departments or teams focused on helping clients identify and maximize available tax credits.

Large, multinational accounting firms, often referred to as the “Big 4” (Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY), and KPMG), offer a wide range of tax services, including assistance with tax credits and incentives. These firms have extensive resources and expertise to help businesses navigate complex tax issues.

Benefits of working for a large accounting firm:

- Competitive salaries and benefit packages:
- Having ‘Big 4’ experience on your resume is also a major asset.
- Stability and Resources: Large companies often provide stable employment with clear career paths and substantial resources for professional development.
- Complex and Varied Projects: Specialists may work on a wide range of projects across different industries, allowing for continuous learning and skill development.
- Networking Opportunities: These organizations often have extensive networks, allowing specialists to interact with experts across various fields and geographies, to interface with multiple clients and to work internationally.

Drawbacks of working for a large accounting firm:

- It takes a while to progress up the career ladder.
- Competition for roles is very tight. The culture is very corporate and employees will be expected to work incredibly hard, but without any kind of input into the company’s direction.
- Bureaucracy: Large corporations can have complex hierarchical structures, which may slow down decision-making and limit autonomy.



3.2 ‘Boutique’ tax firms

Boutique financial services firms specializing in tax credits and incentives offer highly specialized services to businesses seeking to take advantage of available tax-saving opportunities. These firms typically have in-depth knowledge and expertise in specific areas such as R&D tax credits, energy incentives and historic tax credits.

Boutique firms or consultancies may offer both advisory services, and assistance with the application and compliance process for various tax credits and incentives.

Benefits of working for a boutique firm:

- Boutique firms typically have a ‘flat’ structure, with less hierarchy than large accountancy firms.
- Flexible working is usually offered and employees have an easy line to leadership, meaning ideas from across the business are often embraced.
- Varied Responsibilities: Specialists in mid-sized companies often handle a broader range of responsibilities, leading to diverse work experiences and skill development.
- Greater Influence: There may be more opportunities to influence decision-making processes and drive change within the organization.
- Agility: Mid-sized firms are typically more agile than large corporations, allowing for quicker decision-making and implementation of strategies.

Drawbacks of working for a boutique firm:

- The opportunities for career progression may be limited, or slower.
- While many boutique firms offer a good work-life balance, there may be the occasional need to work long hours, especially if the team is small and client demands are high.



3.3 Consulting Firms (industry-specific)

Consulting firms specializing in specific industries, such as healthcare, transportation, and hospitality and offer tax advisory services tailored to the unique needs and challenges of those industries. They often hire tax professionals with industry-specific expertise.

Benefits of working for a specialist consulting firm:

- **Deep Knowledge:** Focusing on a specific industry allows you to develop in-depth expertise
- **Credibility:** Clients may perceive the firm as more credible and trustworthy due to its focused expertise
- **Skill Enhancement:** You have the opportunity to become a subject matter expert, which can enhance your professional profile and open doors to advanced career opportunities.
- **Networking Opportunities:** Working within a niche market allows you to build strong networks with key industry players, professionals, and organizations.
- **Competitive Advantage:** Specialization can differentiate the firm in the market, making it more competitive against generalist firms.

Drawbacks of working for a specialist consulting firm:

- **Narrow Focus:** Working within a single industry may limit exposure to a variety of projects and challenges, potentially restricting broader skill development.
- **Career Flexibility:** Specialization might make it more challenging to transition to different industries or roles outside of your niche expertise.
- **Industry-Specific Risks:** Economic downturns, regulatory changes, or shifts in the specific industry can significantly impact the firm's stability and workload.
- **Client Concentration:** Dependence on a specific industry means that changes affecting that sector can directly affect job security and growth opportunities.



3.4 Law firms

Many law firms offer specialized services in tax, providing expertise in tax disputes, audits, tax fraud, estate planning and complex tax planning strategies, including tax credits and incentives. They may have dedicated departments or teams focused on helping clients identify and maximize available tax credits.

Benefits of working for a law firm:

- Competitive salary and benefits packages
- Legal Expertise: Law firms provide a strong foundation in legal principles and tax law. You'll work closely with experienced tax attorneys, gaining insights into complex legal issues and honing your legal research and writing skills.
- Greater Influence: There may be more opportunities to influence decision-making processes and drive change within the organization.
- Diverse clientele: Law firms often serve a diverse range of clients, exposing you to various industries and legal challenges. This diversity can contribute to a well-rounded understanding of tax law.
- Networking with attorneys: Working in a law firm allows you to build a professional network primarily with attorneys. This network can be beneficial for future collaborations, referrals, and career advancement within the legal field.

Drawbacks of working for a law firm:

- Limited progression: If you are not a JD then your pathway to progress within a law firm will be limited compared to other firms.

3.5 Software or Start-ups

Software companies and start-ups may develop specialized software solutions aimed at helping businesses navigate the complex landscape of tax credits and incentives. These companies may offer software platforms or tools designed to streamline the process of identifying, applying for, and managing tax credits and incentives.

Benefits of working for a software firm:

- **Dynamic Environment:** Working at a software firm often means being at the forefront of technological innovation, which can be exciting and intellectually stimulating.
- **Skill Development:** You'll likely develop skills in both tax and software, including understanding how technology can be applied to streamline R&D tax processes.

Drawbacks of working for a software firm:

- **With more processes automated by software,** there are fewer opportunities to interface with customers. While some may prefer this, others may find the lack of daily customer contact a challenge.
- **High Risk:** Startups are inherently risky, with higher chances of business failure.
- **Resource Limitations:** Small businesses may lack the resources for comprehensive training, tools, or external expertise, requiring a more hands-on and self-driven approach.
- **Intense Workload:** The fast-paced nature of startups often means long hours and intense workloads, which can impact work-life balance.





04.

INNOVATION HOTSPOTS

Firms specializing in tax credits and incentives can be found across the United States, with concentrations in certain regions and metropolitan areas.

Major Financial and Business Centers

Cities such as New York City, Chicago, Los Angeles, and San Francisco are home to a large number of financial and business services firms, including accounting firms, consulting firms and boutique tax advisory firms.

Technology and Innovation Hubs

Cities with vibrant technology and innovation ecosystems, such as Silicon Valley (California), Boston (Massachusetts), Austin (Texas), and Seattle (Washington), often have firms specializing in R&D tax credits and other incentives aimed at promoting innovation and entrepreneurship. These firms may work closely with technology companies, startups, and research institutions.

Regional variations

Regions within the US typically have a specialist focus which reflects local industry strengths. For example:

Manufacturing and Industrial Regions

Regions with a strong manufacturing and industrial presence – such as the Midwest and Rust Belt states — are home to a high number of firms specializing in tax credits and incentives aimed at supporting manufacturing industries.

Energy and Natural Resources Clusters

Areas with a concentration of energy and natural resources companies, such as Houston (Texas) for oil and gas, Denver (Colorado) for renewable energy, and Pittsburgh (Pennsylvania) for mining and metals, have more firms specializing in energy-related tax credits and incentives.



05.

PERKS AND BENEFITS

The following benefits are typically offered by US R&D tax credits & incentives employers, regardless of the size and focus of the organization

1. **Health Insurance:** Many employers offer health insurance plans that cover medical, dental, and vision care for employees and their families. Some employers may cover the entire cost of premiums, while others may require employees to contribute to the cost.
2. **Retirement Savings Plans:** Employer-sponsored retirement savings plans, such as 401(k) plans, allow employees to save for retirement on a tax-deferred basis. Some employers may offer matching contributions to help employees grow their retirement savings.
3. **Paid Time Off:** Paid time off (PTO) policies typically include vacation days, sick days, and holidays. Employers may offer generous PTO allowances to promote work-life balance and employee well-being.
4. **Flexible Work Arrangements:** Flexible work arrangements, such as remote work options, flexible hours, and compressed workweeks, allow employees to better balance their work and personal responsibilities.
5. **Professional Development Opportunities:** Employers may offer opportunities for professional development, including training programs, tuition reimbursement, and attendance at conferences and workshops.

Remote vs in office cultural shift in the US

We have witnessed a clear shift to remote work in the US, notably driven by distance and long commute times. Remote work has offered employees greater flexibility in managing their work schedules and personal lives and has opened up many more opportunities from a career perspective.

Shift to remote work has prompted a cultural transformation in workplaces across the United States. While remote work offers numerous benefits in terms of flexibility, inclusivity and autonomy, it also presents challenges that require proactive management from both employers and employees, particularly with respect to maintaining strong lines of communication with the wider team.



06.

SALARY DATA

Please note that these salary ranges are approximate and can vary based on factors such as geographic location, industry specialization, firm size and individual qualifications and performance.

Additionally, the years of experience mentioned are guidelines only, and may vary depending on the specific requirements and responsibilities within each organization.

Tax credits and incentives — sales salaries (typically including an additional commission structure)

Experience Level	Salary Range (per year)
Junior (0–2 years)	\$50,000 – \$80,000
Senior (2–5 years)	\$80,000 – \$105,000
Manager (5–7 years)	\$105,000 – \$130,000+
Senior Manager/Director (8 years +)	\$130,000 – \$200,000+

Tax credit and incentives – consultant salaries

Experience Level	Salary Range (per year)
Junior (0–2 years)	\$65,000 – \$85,000
Senior (2–5 years)	\$85,000 – \$115,000
Manager (5–7 years)	\$115,000 – \$150,000+
Senior Manager/Director (8 years +)	\$150,000 – \$250,000+



07.

ATTRACTING AND RETAINING TALENT

7.1 Employer Brand

The importance of great marketing in R&D tax cannot be underestimated. It will set you apart from the competition, enhance your reputation and ensure that your messaging is on point.

What's more, great marketing will ensure a strong employer brand, which will have a marked effect on a company's ability to attract talent.

Here are a few steps which every R&D tax consultancy should take to build the foundations of a strong employer brand.

- Tell a story. This will usually be the story of how the firm was created, the motivations of the founder and their vision. People like working for businesses with purpose and heart.
- Showcase your company values on your website and other marketing materials, where appropriate.
- Offer a solution to a problem within the industry with a unique approach. A well thought-out strapline, mission statement and vision can really help articulate this.
- Highlight your CSR activities. We know from our conversations with candidates that working with a socially and environmentally responsible business is a high priority for many in today's world of work.
- Be clear about your own innovation. Many R&D tax consultants chose this industry because they are excited by innovation. So it stands to reason that they would like an employer who thinks outside the box, challenges the status quo and offers opportunities for employee input in the direction of the business.
- Be selective about who you partner or associate with — and yes, this includes choosing a high quality recruitment partner! At Leonid, we act as a brand ambassador for our clients, always ensuring we represent their unique selling points accurately and with confidence, when speaking with candidates.

7.2 Team, work environment and employee development

How to ensure you attract and retain the best people in your team

- **Team structure**

A clear definition of team structure allows prospective candidates to clearly visualise themselves within it. Key factors include how the company is divided; how work is split, and reporting lines.

A clearly defined team structure also allows you to clearly convey the roles and responsibilities to a prospective employee — and a clearer understanding from the outset mitigates the risk of misunderstandings and potential attrition.

- **Supporting qualifications + training**

Companies which offer extensive training and opportunities for personal development are more likely to retain their employees in the long term. Candidates almost always ask about what a company can offer in terms of training and career development, so having clear messaging around this will put you at an advantage from the outset.

- **Remote and flexible working**

As outlined earlier in this report, many highly sought-after candidates are looking for flexibility as their number 1 priority. While many understand the need for face-to-face contact — and indeed, many report enjoying this aspect of the work — the post-pandemic world has seen a clear shift towards hybrid working which enables professionals to have “the best of both worlds”. The majority of assignments we work on are now for hybrid roles — typically with two or three days per week in the office — but there is still a high degree of variation in terms of what





05.

CONCLUSION

The US R&D tax incentives recruitment market offers excellent career prospects, with a range of working environments to suit job-seekers at any stage of their career.

In order for the tax incentives market to thrive, it needs great people and given that it is a niche area of tax, the talent pool is limited. This leads to high levels of competition for qualified and experienced professionals. As such, the recruitment and retention processes need to form a key part of any R&D tax incentives firm's people strategy — as well as ensuring your salary package offering is correctly positioned.

At Leonid, we can help with all of this!

We are widely regarded as the leading R&D tax specialist in the UK and France, and our client base is growing across the US, as more businesses look to partner with us because of our deep sector knowledge, our efficient recruitment process and our true partnership approach.

If you would like to discuss our services further – or indeed simply have a no-obligation chat about the market – please don't hesitate to get in touch!



leonid

T +1 646 974 9821

E info@leonid-group.com

W www.leonid-group.com

HEAD OFFICE

Tintagel House, 92 Albert Embankment,
London SE1 7TY