

Inkle

Chat-based accountant

Case Study
Design Solution
R&D Cost Capitalization

inkle



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Choosing Project 2

Task:

To create a Mogara-like solution for our customers which bifurcates the R&D work of foreign subsidiary engineers into costs which can be capitalised and amortised. It should work for multi-entity groups with foreign employees.

Write down your thoughts and a simple flowchart to describe how to tackle the problem and build a solution.

I'll do these things to build the solution:

1. Understand the objective: Will focus on what problem it aims to solve & ensure the solution aligns with the overall product strategy
2. Market Research: Will do the primary and secondary market research to understand the pain points and needs of the users
3. Competitor Analysis: Will understand the strength and weakness of the competitors
4. Feature Definition: Will define the features and prioritize them
5. Design: Will map the user journey and create low fidelity wireframes
6. Technical Feasibility: Will check the tech feasibility
7. Collab with designer for prototype, PRD for tech, development, testing and launch

User Needs:

US companies need to capitalize their R&D costs

User Pain Points:

1. Reviewing projects and determining manually which R&D projects are capitalizable based on the Internal Revenue Code is high time consuming process
2. Determining capitalizable costs is high time consuming process and there is chance of error
3. Doing this before the tax filing deadline is hectic process

Flow Chart

Identify the capitalizable R&D projects

Access projects through existing tools (Integration with project management tools like JIRA, Trello etc. & IDEs like Atom, Visual Studio etc. Code repository tools like GitHub, bitbucket etc.)

Review Projects

Categorise into Capitalizable & Non Capitalizable Projects

Determine capitalizable costs of each entity

Access cost of each capitalizable project (Project > Task) through existing tools or calculate

Calculate total capitalizable cost for each entity

Capitalization and amortization

Calculate total capitalizable cost for the company as per different tax and accounting regulations that apply to each entity

Calculate total amount for amortization as per different tax and accounting regulations that apply to each entity.

Dashboard with each year details like section 174 expenditures, amount allowable in tax year, amount recovered, remains capitalised, Tax rate, Tax impact (Cost of capitalisation) Monthly Details: Total capitalizable amount

Sync to accounting systems

Integration with existing accounting systems

Note: R&D expenses must be amortized over five years domestically (US) and 15 years for international costs

Create a New Project

Project Name

Inkle Test

Choose Source



Jira



Linked Work

DMS-22



Back

Continue

My Projects

🔍 Search Project, Linked Work

Create Project

Project Name	Linked Work	Status ▾	Capitalizable	Cost	Start Date	End Date
Inkle Test	DMS-22	In Progress	Yes ▾	\$1000	01-11-2023	-
Inkle Test 2	DMS-12	Completed	Yes ▾	\$1200	15-10-2023	01-11-2023
Inkle Test 3	DMS-10	Completed	No ▾	-	01-10-2023	30-10-2023

My Projects

Inkle Test 

Linked Work: DMS-22 

Status:

In Progress



Started On: 01-11-2023

Ended On: -

Updated On: 10-11-2023

Member

Task

Capitalizable Cost

Cost Breakout

David

DMS-502

\$300



Sanjana

DMS-503

\$500



Atharv

DMS-504

\$200



-

My Entities

Duration

FY 2023-24 ▼

Entity Name

Capitalizable Cost

Projects

Entity 1

\$2200

View Projects

Entity 2

\$500

View Projects

Entity 3

\$200

View Projects

Note: This isn't complete Dashboard

Projects | Entity 1

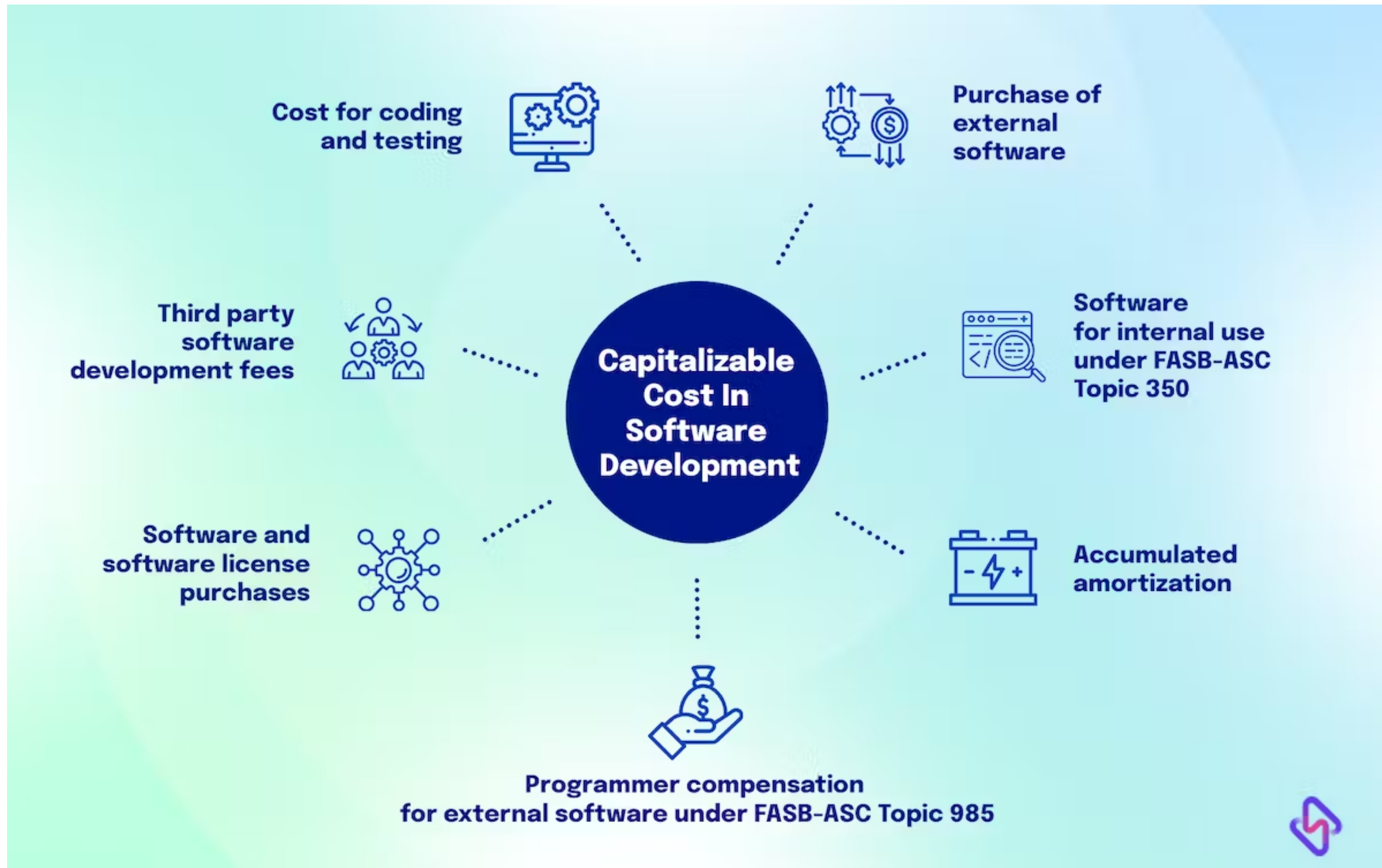
🔍 Search Project, Linked Work

Duration

FY 2023-24 ▼

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It can help in calculating cost



Thank you!



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