



Software Finance & Tax Executives Council

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*For Immediate Release
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SOFTWARE INDUSTRY HAILS INTRODUCTION OF LEGISLATION (H.R. 942) STRENGTHENING AND MAKING THE RESEARCH TAX CREDIT PERMANENT

Today, the US software industry hailed the introduction by Representatives Kevin Brady, John Larson, Erik Paulsen and Anna Eshoo of “The American Research and Competitiveness Act of 2011” (H.R. 942) that would strengthen and make the R & D tax credit permanent. This year marks the 30th anniversary of the 1981 enactment of the credit, which has been extended fourteen times since and which expires again at the end of this year. The R & D credit provides a proven and critical incentive for US companies to locate and retain high-skill, high-paying R & D jobs in the US, which is especially important at a time when other countries are offering their own tax incentives to attract R&D centers.

According to Mark Nebergall, President of the Software Finance and Tax Executives Council (SoFTEC), “the US and its trading partners compete with one another for these valued R & D jobs. The R & D credit is a proven and effective incentive that encourages companies to locate R & D jobs in the U.S. Software companies must conduct R & D in order to compete; the only question is in which country they will conduct their R & D. The software industry looks forward to passage of this important legislation that will make the R & D credit more competitive with the incentives offered by other countries and will put an end to the serial extensions by making the credit permanent.”

“The crux of the R & D credit is U.S. jobs,” Nebergall continued. “Companies don’t get the R & D tax credit for research done outside the U.S.; the credit is based on R & D spending and is available only for research performed in the U.S.” The R&D credit is central to job creation: over 70% of credit-eligible expenditures are for wages paid to U.S. workers. “The R&D credit helps the U.S. compete with the incentives provided by our foreign trading partners.”

“According to recent study by the OECD of tax incentives for R & D, the United States ranked 23rd behind countries such as Mexico, China and India and without the R & D credit, the United States would fall much further behind its competitors,” Nebergall added.

SoFTEC is a trade association providing software industry focused public policy advocacy in the areas of tax, finance and accounting. All SoFTEC’s members sell their products globally, however they conduct the great majority of their R & D in the US.

