For Immediate Release
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NEW REPORT SHOWS COMING CHANGE IN THE TAX TREATMENT OF R&D WILL LEAD TO JOB LOSS

Requiring the Amortization of R&D Expenditures Would Reduce R&D Spending, Jobs and Labor Income Significantly

Washington, D.C. – October 16, 2019: The R&D Coalition today released a new economic study by Ernst & Young—"Impact of the Amortization of Certain R&D Expenditures on R&D Spending in the United States"—that shows a tax provision requiring the amortization of certain R&D expenses would have negative economic effects.

"Investment in research and development of new technology and products is critical to American companies' competitive edge, boosts our nation's economy and leads to the creation of high-paying jobs," said **Intel Vice President of Tax and R&D Coalition Chair Sharon Heck.** "As this report shows, amortizing R&D spending will hurt jobs and innovation. To continue to lead in R&D and to protect American jobs, U.S. businesses need to preserve the ability to immediately deduct R&D spending."

Currently, R&D expenses are immediately deductible. However, starting in 2022, expenses for R&D conducted in the United States must be amortized over five years with other qualifying R&D amortized over 15 years. Amortizing R&D expenses will make R&D spending more expensive to undertake as businesses would have to deduct their R&D expenses over a number of years. The report finds that the requirement to amortize certain R&D expenditures will do the following:

- Reduce U.S. R&D spending by $4.1 billion annually in the first five years and $10.1 billion annually in the second five years and beyond.

- Result in a loss of 23,400 U.S. R&D jobs in each of the first five years and 58,600 in each of the second five years and beyond. Including economic activity related to R&D suppliers and consumer spending, the R&D that would otherwise occur if not for the amortization provision supports 67,700 jobs in each of the first five years and 169,400 in each of the second five years and beyond.

- Reduce U.S. R&D-related labor income by $3.3 billion annually in the first five years and $8.2 billion annually in the second five years and beyond. Including economic activity related to suppliers and consumer spending, the R&D that would otherwise occur if not for amortization supports $5.8 billion of labor income in each of the first five years and $14.4 billion of labor income in each of the second five years and beyond.

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