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R&D COALITION APPLAUDS INTRODUCTION OF BIPARTISAN HOUSE BILL RESTORING IMPORTANT R&D TAX PROVISION

Washington, D.C. – April 18, 2023: The R&D Coalition today praised the reintroduction of H.R. 2673, the American Innovation and R&D Competitiveness Act led by Reps. Ron Estes (R-KS) and John Larson (D-CT). The bill would restore the immediate deductibility of research and development expenses, which existed in the tax code for nearly 70 years.

Businesses in the U.S. are currently prevented from immediately deducting their R&D expenses and instead are required to deduct or amortize these expenses over several years, which makes it more costly for companies to do R&D in the United States. Since the R&D amortization went into effect on January 1, 2022, the U.S. has become one of only two developed countries with this policy (the other being Belgium). Meanwhile major competitors have been going in the opposite direction including China which currently offers a super deduction for R&D costs.

The bipartisan legislation has support from more than 60 Members of the House and is similar to legislation that was introduced in the Senate in March (S. 866, the American Innovation and Jobs Act). By reinstating this immediate deduction, Congress is signaling its strong bipartisan support for ensuring that the tax code continues to support innovation.

"The forced amortization of R&D expenses makes the U.S. an outlier with respect to the treatment of R&D. As a result, we are seeing a negative impact on the ability for businesses – particularly small businesses – to invest in R&D," said Intel's Chief Tax Officer Sharon Heck, who chairs the R&D Coalition. "We are encouraged by the broad, bipartisan efforts in the House and the Senate to encourage U.S. innovation."

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The R&D Coalition is a partnership among small, medium and large American companies and business associations from all 50 states committed to advancing public policies that encourage investment in U.S.-based research and innovation. Through their ongoing research and development investments, our members continue to have a uniquely positive impact on our nation's economy, employing millions of American workers and representing all major U.S. industries and economic sectors, including, among others: manufacturing, agriculture, pharmaceuticals, biotechnology, software and information technology, energy and telecommunications.