



# WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

## AGENDA FOR A HEALTHY ECONOMY

### American Innovation and Competitiveness Act (AICA), H.R. 4549

*Rep. Ron Estes (R-KS)*

Countries around the world know research and development is the key to economic growth and high-paying jobs. That's why they compete to attract innovators. The United States needs to ensure our tax treatment of R&D maximizes our global competitiveness so we can continue to lead in health-care research, national defense, and cyber technologies.

- **Brain Drain By Losing to Competitive Foreign Tax Treatment:** America has already lost high-paying medical research jobs to other countries that provide more tax incentives to companies who choose to move their drug R&D activities abroad.
- **Nickel-and-Diming Innovation to Death:** American defense, aerospace, and security technology companies invest less in developing new technologies if they cannot deduct the full cost of their R&D expenses in the year they are incurred.

The United States should maintain its tradition of achieving breakthroughs for mankind while creating high-skilled well-paying jobs here at home.

**The American Innovation and Competitiveness Act** puts global competitiveness first:

- Ensures that America continues to be the global leader in innovation by repealing the requirement to amortize R&D costs beginning in 2022.
- Grows our economy by restoring immediate R&D expensing that has long supported jobs and innovation.
- Incentivizes long-term investments in technological breakthroughs by allowing businesses to deduct R&D costs in the tax year that they occur.

*How it works:*

Businesses can continue to expense their R&D costs in the year they are incurred, instead of requiring these costs to be amortized over a 5-year period beginning in 2022.