

November 4, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

We the 178 undersigned Chief Financial Officers represent companies employing millions of workers in the U.S., across a wide range of industry sectors, and share one belief in common – our innovation and future growth is supported by a tax code that continues to incentivize research and development (R&D). We urge Congress to restore seamlessly the full deductibility of R&D expenses before the end of this calendar year, reversing the amortization-driven \$29.1 billion tax hike that businesses performing R&D have already incurred simply for pursuing innovation critical to the future success of our economy.

From 1954 through the beginning of this year, qualified R&D expenses were fully deductible in the year incurred. Unfortunately, on January 1, 2022, a harmful tax change went into effect that makes R&D more expensive to perform in the U.S. This change requires businesses to deduct or amortize over a period of years their R&D expenses instead of being able to deduct these expenses immediately – thus changing a policy which had been in effect for nearly 70 years. If left in place, this tax change will hurt U.S. jobs, innovation, competitiveness, and national security. With wages and salaries accounting for 70% of R&D spending, the amortization requirement is expected to result in a loss of over 23,400 direct R&D jobs each year for the next five years, according to an analysis by EY.

While the U.S. has taken a significant step backward, our major competitors are going in the opposite direction. Nearly a dozen countries—including Austria, the Czech Republic, Greece, Hungary, Lithuania, the Slovak Republic, Turkey, and the United Kingdom—have some form of “super-deduction” for R&D expenses, with China, Denmark, Finland, and Poland having enacted recent expansions. Consider China which currently has one of the most generous R&D incentive regimes. The so-called “super-deduction” China offers to manufacturers means \$100 of qualifying R&D expenses would generate a \$200 deduction in 2022 whereas the same \$100 expense in the U.S. would generate a mere \$10 deduction instead as U.S. rules reduce the first-year deduction in half. On a level playing field, the United States can compete for R&D investment with any country in the world. Unfortunately, the current playing field is tilted against the U.S., and every day this policy continues to be in place makes it harder for the U.S. to remain a global leader in innovation.

Finally, allowing the amortization of R&D to remain in place carries significant national security risks. As the National Science and Technology Council stated in its report published in October 2021, “ensuring national security and resilience is critical for the United States, especially as other nations dramatically increase their R&D expenditures,” and sustained R&D investments “are essential to ensure that the United States remains able to secure and protect the American people in the face of this increased competition.”

Given the grave harm resulting from the amortization requirement, the choice is clear and the path unmistakable. Failure to reverse this harmful policy will mean less innovation, impair America’s competitive position, weaken our national security, and undercut the well-paying innovation jobs supported by R&D. To avoid this, Congress must seamlessly restore the full deductibility of R&D expenses by year’s end.

Sincerely,

David Zinsner, Executive Vice President & Chief Financial Officer, Intel Corporation, Chair of the R&D Coalition

Joseph Rogan, Chief Financial Officer, 365 Retail Markets

Monish Patolawala, Senior Vice President - Chief Financial and Transformation Officer, 3M

Julie Krupp, Chief Financial Officer, A Raymond Corporate North America Inc

Scott T. Reents, Senior Vice President, Chief Financial Officer, AbbVie

Kenneth Richards, Chief Administrative Officer/Chief Financial Officer, Advanced Bifurcation Systems, Inc.

Bob McMahon, Chief Financial Officer, Agilent Technologies, Inc

Alan Wolk, Chief Financial Officer & Chief Operations Officer, Airway Therapeutics, Inc

John Morici, Chief Financial Officer & Executive Vice President, Global Finance, Align Technology, Inc.

Devinder Kumar, Executive Vice President, Chief Financial Officer & Treasurer, AMD, Inc.

V. Lyle Shroyer, Vice President of Finance, American Honda Motor Co., Inc.

Megan Faust, Executive Vice President and Chief Financial Officer, Amkor Technology Inc.

Todd Underwood, Chief Financial Officer, Ampere Computing

Prashanth Mahendra-Rajah, Executive Vice President, Finance and Chief Financial Officer, Analog Devices, Inc.

Howard Hochhauser, Chief Financial Officer & Chief Operations Officer, Ancestry.com

Brice Hill, Chief Financial Officer, Applied Materials

Patricia McCarthy, Sr VP, Chief Financial Officer, Arkema Inc.

John Lessway, Chief Executive Officer/Chief Financial Officer, Arobotech Systems, Inc.

Pascal Desroches, Senior Executive Vice President and Chief Financial Officer, AT&T

Steven Wiet, Chief Financial Officer, Atomatic Mechanical Services, Inc.

Joe Miller, Chief Financial Officer, Aurinia Pharmaceuticals, Inc.

Brian Worrell, Chief Financial Officer, Baker Hughes

Matt Bilunas, Chief Financial Officer, Best Buy Co., Inc.

Julie Harkins CPA, Chief Financial Officer, Bluewater Technologies Group, Inc.

Kevin Nowlan, Executive Vice President & Chief Financial Officer, BorgWarner Inc.

Patricio Almuina, Chief Financial Officer, Braskem America, Inc.

Barbara Picarelli, Chief Financial Officer, Brewer Science, Inc.

Kirsten Spears, Chief Financial Officer, Broadcom Inc.

John Wall, Senior Vice President and Chief Financial Officer, Cadence Design Systems, Inc.

Patrick Goris, Chief Financial Officer, Carrier Global Corporation

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Steve Baker, Chief Financial Officer, Chicago Faucets Company

Venk Nathamuni, Chief Financial Officer, Cirrus Logic

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John Levy, Deputy Chief Financial Officer, CSL BEHRING L.L.C.

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Mark Blanke, Chief Financial Officer, Delfingen

Tom Sweet, Chief Financial Officer, Dell Technologies

Brian Moore, Chief Financial Officer, Detroit Trading Company

Robert Park, Chief Financial Officer, Dolby Laboratories, Inc.

Tim Regan, Chief Financial Officer, Dropbox, Inc.

Jeff Wolf, Chief Financial Officer, DTI Acquisitions LLC

Robert Hill, Chief Financial Officer, Dunn-Edwards Corporation

Brian Swanson, Chief Financial Officer, E&E Manufacturing Company Inc

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Steve Priest, Senior Vice President, Chief Financial Officer, eBay Inc.

Tim Toepel, Chief Financial Officer, Epic

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Andrew Sandifer, Chief Financial Officer, FMC Corporation

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John Lawler, Chief Financial Officer, Ford Motor Company

Harry Hagerty, Chief Financial Officer, Galaxy Gaming, Inc.

Kenneth Krause, Chief Financial Officer, Gallagher-Kaiser Corporation

Ed Harrington, Chief Financial Officer, Genentech Inc

Jason Aiken, Senior Vice President and Chief Financial Officer, General Dynamics

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Brenda Clark, Chief Financial Officer, NBBJ

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Bill Betz, Chief Financial Officer, NXP Semiconductors

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Thad Trent, Chief Financial Officer, onsemi

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Kevin Piontkowski, Chief Financial Officer, SmithGroup

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Charlie Kola, Chief Financial Officer, Soar Technology

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