

The Tax Relief for American Families and Workers Act Will Boost Innovation & Economic Growth

The *Tax Relief for American Families and Workers Act* aims to restore three essential provisions to the Internal Revenue Code: research and development expensing, interest deductibility, and bonus depreciation. These changes are intended to correct issues that discourage and disincentivize global investment in the U.S.



Promoting a Tax Code that Spurs Innovation (Section 174)

The U.S. has a long history of recognizing the value of research and development in increasing innovation. International employers spend more than \$78 billion annually on U.S. R&D activities, representing 13 percent of all R&D performed by U.S. companies.

In 2022, immediate deductions for business R&D expenses ceased. **The tax deal restores the full U.S. R&D expense deduction therefore bolstering American innovation and competitiveness.**



Ensuring the U.S. is Not a Global Outlier (Section 163j)

Due to the TCJA, changes have been made to how a company deducts its interest expense. The calculation changed from an EBITDA standard to an EBIT standard. This is out of step with international standards and contrary to normal business practices.

Reversal of this change will encourage companies to reinvest in their operations and aid in rebuilding our U.S. supply chains.



Incentivizing Investment in the U.S. (Section 168k)

Bonus depreciation reduces the cost of machinery, which encourages manufacturers to make larger investments in the U.S. Yet, under TCJA, the benefit began to phase out in 2023.

The tax deal will restore this provision and enable companies to invest in the U.S., create more good-paying jobs and spur economic growth.