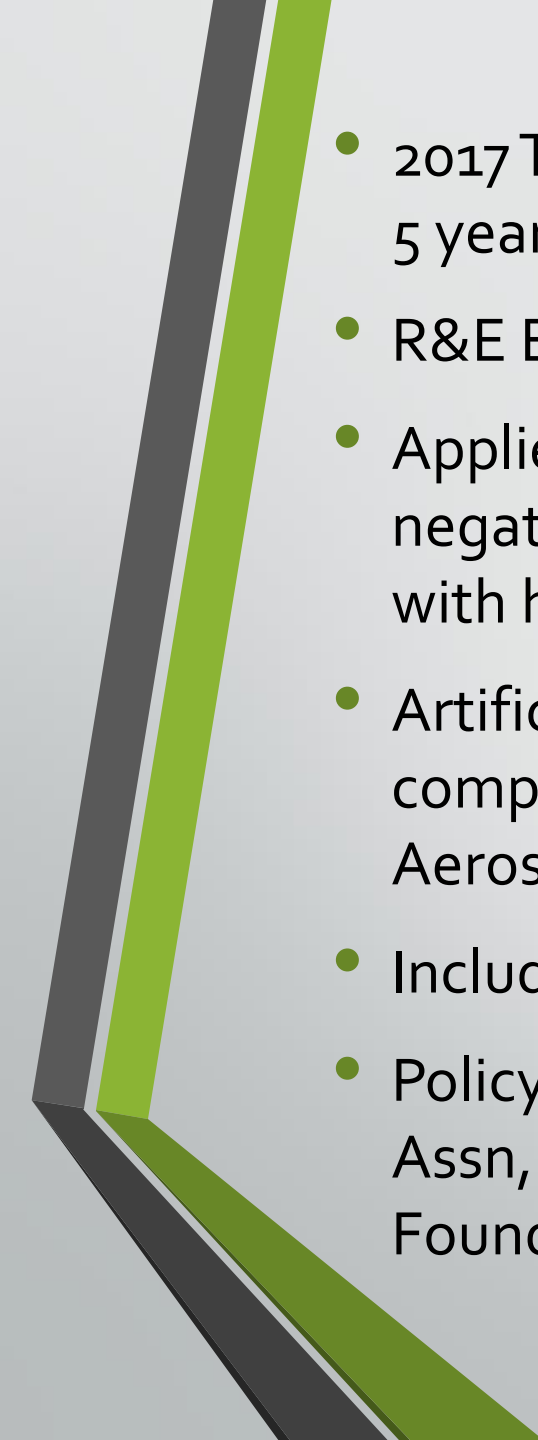




SBELT Legislative Update

Section 174 Mandatory Amortization of
R&E and Software Development Costs

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- 
- 2017 TCJA – Mandatory Amortization of Research & Engineering Costs over 5 years (domestic) or 15 years (foreign) - beginning Dec 31, 2021
 - R&E Expenses expanded to include “Software developed for any purpose”
 - Applied to 2022 Tax Year - mid point rule – 1st year book only 10% Major negative impacts on 2023 cash flows – especially small businesses combined with higher interest rates and tightening credit
 - Artificially inflated Taxable Income and significantly higher tax bills for companies driving innovation in various sectors - National Defense, Aerospace, Semiconductors, AI, BioTech & Pharma, Manufacturing
 - Includes GovCon and SBIR funded small businesses
 - Policy papers – AIA, NDIA, NAM, Navy Alliance, Semiconductor Industry Assn, American Council of Engineering Companies, IT & Innovation Foundation, Bio Foundation, BioTech Think Tanks

Legislative Fixes

- **Broad bi-partisan, bi-cameral support to defer or repeal**
 - H.R. 2673 - *American Innovation and R&D Competitiveness Act of 2023 (Repeal)*
 - 218 Current Co-sponsors (116 Republican, 102 Democratic)
 - S.866 - *American Innovation and Jobs Act (Repeal)*
 - 43 Current Co-sponsors (22 Republican, 19 Democratic, 2 Independent)
- ***The Tax Relief for American Families and Workers Act of 2024***
 - ***Senate Finance Committee announced deal between House Ways & Means and Senate Finance Committee Chairs on 1/16/2024*** – Bill Summary provided
 - ***Suspends and defers*** mandatory domestic R&E amortization to Dec 31, 2025
 - Extends tax incentives for investments in innovation, expands Child Tax Credit, includes Taiwan Agreement, Disaster Assistance and Affordable Housing provisions
 - Paid for by clamping down on ERC Fraud
 - Expected to be attached to one of the Funding Bills - CR pushes to Mar 1 or Mar 8 timeline
 - ***H.R. 7024 - Introduced 1/17/2024***
 - Ways & Means Markup → Rules Committee Discharge → Placed on Union Calendar 288
 - May be considered week of January 29, 2024

Actions - H.R.7024 - 118th Congress (2023-2024): Tax Relief for American Families and Workers Act of 2024 | Congress.gov | Library of Congress

https://www.congress.gov/bill/118th-congress/house-bill/7024/all-actions

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H.R.7024 - Tax Relief for American Families and Workers Act of 2024

118th Congress (2023-2024) | [Get alerts](#)

BILL Hide Overview

Sponsor: [Rep. Smith, Jason \[R-MO-8\]](#) (Introduced 01/17/2024)

Committees: House - Ways and Means, Rules

Committee Meetings: [01/19/24 9:00AM](#)

Latest Action: House - 01/19/2024 Ordered to be Reported in the Nature of a Substitute (Amended) by the Yeas and Nays: 40 - 3. ([All Actions](#))

Tracker: Introduced > Passed House > Passed Senate > To President > Became Law

More on This Bill

- [Constitutional Authority and Single Subject Statements](#)
- [CBO Cost Estimates \(0\)](#)

Subject — Policy Area: Taxation

Give Feedback on This Bill

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Summary (0) Text (1) **Actions (5)** Titles (5) Amendments (0) Cosponsors (0) Committees (2) Related Bills (0)

All Actions: H.R.7024 — 118th Congress (2023-2024) [All Information](#) (Except Text)

[Bill History — Congressional Record References](#)

Hide Filters 5 results for All Actions | [Compact View](#) Sort by Newest to Oldest

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