Important business provisions from the Tax Cuts and Jobs Act (TCJA) have expired or are expiring, putting America at a global competitive disadvantage. Restoring these pro-growth provisions would strengthen the U.S. economy, create American jobs and increase America’s competitiveness.

Expired on December 31, 2021:

Full Expensing of Research and Development (R&D) Investments

- As of 2022, businesses are required to expense R&D investments over five years rather than in the same year the investments occurred, which is a damaging departure from 70 years of bipartisan pro-innovation policy.
- The U.S. is now one of only two developed countries without immediate expensing for R&D.
- China is doubling down on incentives to bolster R&D, while the U.S. is making it more expensive.
- More than 10,000 American jobs will be lost each year over the next decade without immediate R&D expensing.

Expired on December 31, 2022:

Full Expensing of Investments in New Equipment, Machinery and Technology

- Starting in 2023, businesses can only expense 80% of investments in new equipment, falling to 60% in 2024, 40% in 2025, 20% in 2026 and eliminated completely in 2027.
- The elimination of full expensing discourages domestic investment, limiting opportunities for businesses and workers in the U.S.
- Full and partial expensing has been in the tax code for 21 of the past 23 years and supported by Republicans and Democrats.
- Permanent full expensing would create 73,000 American jobs.

Expired on December 31, 2021:

Limited Interest Deduction on Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

- As of 2022, the business interest deduction is restricted to 30% of a company’s earnings before interest and taxes (EBIT) rather than EBITDA. This is a tax increase.
- Switching from EBITDA to EBIT makes it more expensive for businesses to invest in America, resulting in slower job creation, smaller wage increases and lower overall economic growth.
- The U.S. is now an international outlier on business interest deductibility, with no other developed country basing the deduction on EBIT.
- Returning to an interest deduction based on 30% of a business’ EBITDA would create nearly 10,000 American jobs.