



**Software Finance & Tax Executives Council**  
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*For Immediate Release*  
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**SOFTWARE INDUSTRY CALLS FOR SEAMLESS EXTENSION OF AND  
IMPROVEMENTS TO RESEARCH TAX CREDIT BEFORE THE END OF THE  
109<sup>th</sup> CONGRESS**

The R&D tax credit expired on December 31, 2005. While the U.S. House and Senate each passed tax bills that included several identical provisions that would have strengthened and seamlessly extended the Research and Development (R&D) tax credit through 2007, they have not yet been enacted.

Today, the US software industry calls on Congress to pass quickly legislation to seamlessly extend and strengthen the R & D tax credit before it adjourns. The R & D tax credit (enacted in 1981 and extended eleven times since then) provides a proven and critical incentive for US companies to locate and retain high-skill, high-paying R & D jobs in the US, which is especially important at a time when other countries are offering their own tax incentives for firms to open new R & D centers abroad.

According to Mark Nebergall, President of the Software Finance and Tax Executives Council (SoFTEC), "The US and its trading partners compete with one another for these valued R & D jobs. The R & D credit is a proven and effective incentive that encourages companies to locate new R & D jobs in the U.S. rather than offshore. It's time for Congress to finish its work in the remainder of the session and pass a seamless and strengthened R&D tax credit."

"The crux of the R & D credit is U.S. jobs," Nebergall continued. "Companies don't get the R & D tax credit for research done outside the U.S.; the credit is based on incremental increases in R & D spending and is available only for research performed in the U.S." The R&D credit is central to job creation: over 75% of credit-eligible expenditures are for wages paid to U.S. workers. "The R&D credit helps the U.S. compete with the myriad tax and economic incentives provided by our foreign trading partners."

SoFTEC is a trade association providing software industry focused public policy advocacy in the areas of tax, finance and accounting. All SoFTEC's members sell their products globally, however they conduct the great majority of their R & D in the US.