



For Immediate Release
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ITAA Calls for R&D Tax Credit Renewal

Arlington, VA - The Information Technology Association of America (ITAA) today urged Congress to pass a strengthened research and development tax credit when it reconvenes in the new year and said lawmakers missed a critical opportunity to bolster a recovering economy by failing to act before the credit lapses tomorrow.

"We call on Congress to pass a strengthened research and development credit that allows for the creation of the alternative simplified credit as soon as possible in 2006," said ITAA vice president Stephanie Childs. "Allowing the credit to lapse weakens the industry even as it faces increasing innovation and competition from around the world. Technology companies of all stripes factor this tax credit into their plans to conduct research and development in the United States and to create high quality jobs."

Congress adjourned for the year earlier this month without renewing the credit, which is set to expire Dec. 31. The credit helps nearly 16,000 companies in IT and other industries to increase investment in research done in the United States by providing a break on up to 10 percent of R&D spending.

Once the credit expires, technology firms and other U.S. businesses will be unable to assume the credit in forecasting project costs or reporting financial results. Costs will rise for both future R&D projects and activities already underway, leaving executives to decide if some research and development should be delayed.

The Information Technology Association of America (ITAA) provides global public policy, business networking, and national leadership to promote the continued rapid growth of the IT industry. ITAA consists of over 350 corporate members throughout the U.S.. The Association plays the leading role in issues of IT industry concern including information security, taxes and finance policy, digital intellectual property protection, telecommunications competition, workforce and education, immigration, online privacy and consumer protection, government IT procurement, human resources and e-commerce policy. ITAA members range from the smallest IT start-ups to industry leaders in the Internet, software, IT services, ASP, digital content, systems integration, telecommunications, and enterprise solution fields. For more information visit

www.ita.org. ITAA is secretariat of the World Information Technology and Services Alliance, consisting of 67 IT trade associations around the world.