

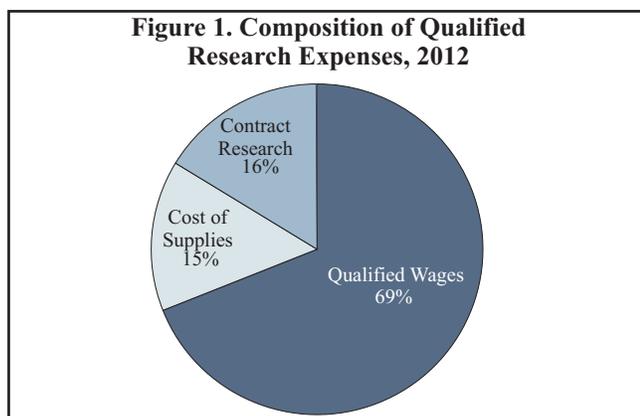
3 Facts About the Research Tax Credit

By Joseph Rosenberg

The research and experimentation tax credit is one of the largest expiring tax provisions (it expired on December 31, 2014). It has been extended — with modifications — 16 times since 1981. In 2012, the most recent year of IRS data available, more than \$10 billion R&E credits were claimed.

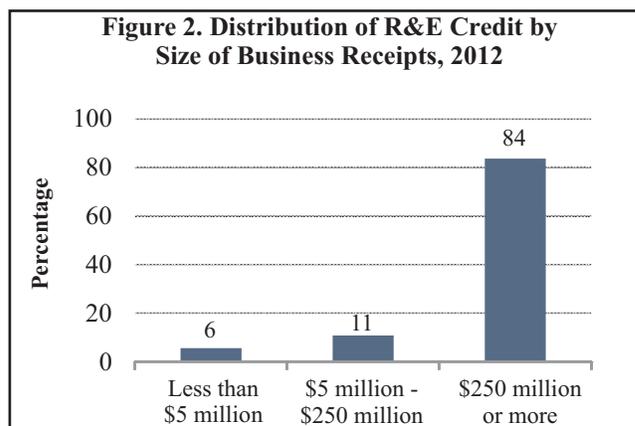
Below are three facts about the R&E credit based on data published by the Statistics of Income Division of the IRS. The data are based on returns of active C corporations.¹

Fact 1: Wages account for nearly 70 percent of total qualified research expenses.

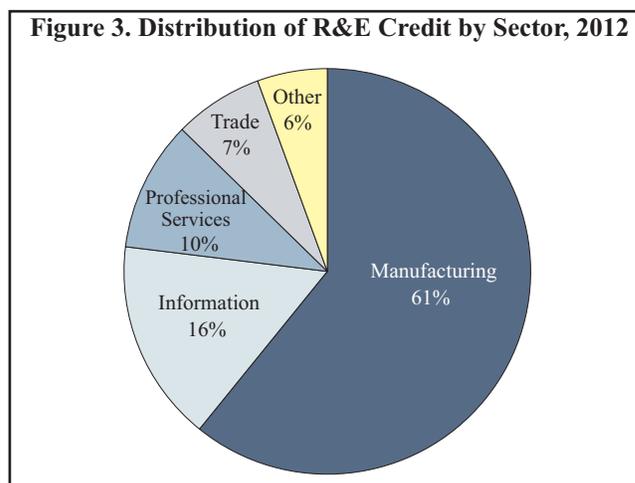


¹The IRS data on the corporate R&E credit is available at <http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Research-Credit>.

Fact 2: Corporations with business receipts exceeding \$250 million claim more than 80 percent of the total amount of corporate R&E credits.



Fact 3: Firms in the manufacturing sector claim more than 60 percent of the total amount of corporate R&E credits.



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