

## Vehicle Supplier Industry Priorities

# Allow Full Deductibility of R&D Expenses

### Background



Motor vehicle suppliers drive vehicle technology innovation in the United States by making substantial investments in research and development, maintaining our nation's competitiveness. For decades, U.S. manufacturers could deduct all their R&D expenses in the year the investment was made. This changed in 2022, when a five-year amortization of R&D was instituted, making R&D significantly more expensive to conduct.

### MEMA urges Congress to:



**Co-sponsor and pass legislation that reinstates the first full year deductibility of R&D expenses, such as the American Innovation and Jobs Act (S. 866). This legislation will:**



Help ensure that the U.S. leads on major manufacturing innovations such as electric vehicle (EV) and automated vehicle (AV) technologies.



Safeguard the competitiveness of the United States and domestic manufacturing by matching other systems throughout the world. Only Belgium requires deductibility over five years.



Allow the U.S. to compete with, which provides generous subsidies to encourage R&D, including a "super deduction" credit of more than 200 percent for R&D expenses.

### About MEMA and the Vehicle Supplier Industry



MEMA is the leading national trade association representing motor vehicle parts manufacturers, which is the largest sector of manufacturing jobs in the United States.

Vehicle suppliers:

- **Directly employ 907,000 people**, making the industry the largest sector of manufacturing jobs in the United States.
- Operate in **all 50 states**.
- Direct, indirect, and induced vehicle supplier employment accounts for **4.8 million U.S. jobs** and contributes **2.5 percent** to the U.S. GDP.

### MEMA Staff Contact

Bill Frymoyer,  
Vice President, Public Policy  
[bfrymoyer@memma.org](mailto:bfrymoyer@memma.org)