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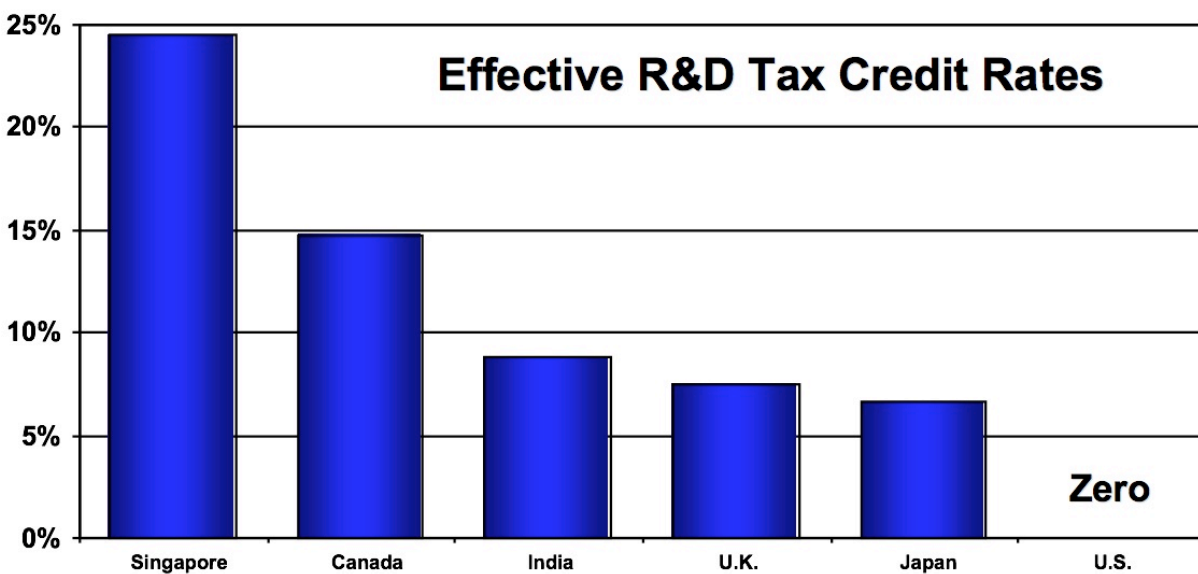
THE HEARTBEAT OF AMERICAN INNOVATION

# Innovation Facts

June 19, 2008

## Singapore 25, United States Zero

***Other Developed Nations Offer Tax Incentives for High-Tech Investment  
While America Allows R&D Tax Credit to Lapse***



Source for non-U.S. effective rates: B. Anthony Billings, *Tax Executive*, July-August 2003, p. 291-315

- According to the Information Technology and Innovation Foundation, most Southeast Asian and European nations offer far more generous tax treatment for privately sponsored research and development (R&D) than does the United States.
- In the late 1980s, America provided the most robust R&D tax credit among developed nations but, by 2004, the United States had fallen to 17th place.
- R&D stimulated by the tax credit is an important anchor for high-wage jobs, as high-tech manufacturing is often located near R&D facilities to speed innovation. The semiconductor industry employs 216,000 people in the United States, including over 50,000 involved in R&D. An enhanced R&D tax credit would secure and expand those jobs.
- Congress has failed to make the R&D tax credit permanent, extending it only temporarily 11 times since 1981 and allowing it to expire three times, including most recently in 2007. The credit is currently expired, discouraging American business from making the research investments that will boost the innovation capacity of the United States.

***The Future of American Innovation Begins with the Permanent Extension and  
Enhancement of the R&D Tax Credit Today***

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