

Deloitte Tax looks at new interim guidance on mandatory capitalization and amortization of research expenditures

The Treasury Department and the Internal Revenue Service on September 8 released Notice 2023-63, in which they provided taxpayers with interim guidance on the requirement to capitalize and amortize specified research and experimental (SRE) expenditures under section 174 and announced their intention to issue proposed regulations consistent with the provisions in the notice.

URL: <https://www.irs.gov/pub/irs-drop/n-23-63.pdf>

The guidance addresses a revenue offset in the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97) that generally requires SRE expenditures under section 174 to be amortized over five years (15 years in the case of foreign expenditures) rather than deducted immediately as under prior law. The TCJA provision took effect beginning in 2022. Although there has been bipartisan support in Congress for retroactively delaying (or even repealing) this change in the treatment of SRE expenses, efforts thus far to get relief enacted into law have been unsuccessful.

URL: <https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.pdf>

Find out more

A new alert from Deloitte Tax LLP discusses key provisions in the notice and addresses state tax considerations and accounting considerations.

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230922_2_suppA.pdf

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