Restore TCJA Provision Allowing Full Expensing for Capital Investments

Starting in 2017, the Tax Cuts and Jobs Act (TCJA) allowed businesses to claim a 100% deduction on certain purchases of machinery and equipment in the year of purchase. This change in policy encouraged companies to make significant capital investments and grow their businesses. However, this expensing benefit began to phase out in 2023 and is set to fully expire in 2027.

Full expensing is a vital mechanism for companies to continue to invest in their businesses, remain competitive, and fuel the U.S. economy. It is especially important for capital-intensive industries such as the business of chemistry. We urge Congress to re-establish and extend full expensing for capital investments as allowed under the TCJA.

Survey Findings

The American Chemistry Council (ACC) **conducted a survey of its member companies in June of 2024** to understand the effects of key provisions of the TCJA on their businesses and the likely impacts if these provisions are repealed or allowed to expire.

U.S. economic growth requires sound tax policies that incentivize capital investment, job creation and global competitiveness of U.S. businesses. Full expensing of capital equipment purchases is one of the key tax policies supporting these goals. **The business of chemistry made nearly $31 billion in capital investments in 2022, including investments in structures and equipment.**

Importance of Full Expensing of Capital Investments to ACC Members

"We are capital intensive, and our new projects can be built anywhere in the world. The TCJA, including the rate and **full expensing, was specifically what caused our company to make a $2 billion investment in U.S. assets in 2020.** It also helped us continue to build U.S. expansions."

"Full expensing of capital equipment **made expenditures for one of our key business units viable**, as compared to non-U.S. investments."

74% of companies say full expensing of capital equipment purchases **has led to increased capital investment in the U.S. by their company**, while 59% say the failure to restore this provision would lead to reduced capital investment in the U.S. by their company.

67% of companies say full expensing of capital equipment purchases **has increased the global competitiveness of their company**, while 63% say the failure to restore this provision would decrease their company's global competitiveness.

52% of companies say full expensing of capital equipment purchases **has led to their company maintaining or expanding U.S. operations**, while 15% say the failure to restore this provision would lead to reduced/offshored U.S. operations by their company.

30% of companies say full expensing of capital equipment purchases **has led their company to increase hiring**, while 22% say the failure to restore this provision would lead to reduced hiring by their company.

33% of companies say full expensing of capital equipment purchases **has led to increased investment in R&D by their company**, while 22% say the failure to restore this provision would lead to reduced investment in R&D by their company.

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