



Innovation Promotion Act of 2015

Requests for Feedback

Rep. Boustany and Rep. Neal request detailed feedback on the discussion draft and how it affects specific taxpayers. While the scope of feedback requested should be interpreted broadly to include issues identified both in the text itself and outside of the text (e.g., what does the draft fail to include?), we are particularly interested in receiving feedback on the questions below:

1. The proposal includes a broad definition of “qualified property” for purposes of determining qualified gross receipts. Is that the appropriate scope of intellectual property that should qualify for the deduction?
2. To what extent should gross receipts from services that are directly related to a product that uses qualified property be included in the determination of qualified gross receipts?
3. The proposal limits the deduction to the extent to which tentative innovation profit relate to the taxpayer’s research activities conducted in the United States. Are there other costs or expenditures that relate to innovation and that therefore should be included in the numerator? Can those costs be defined in a manner that limits potential abuse?
4. What would be the appropriate approach in determining the expenses properly allocable to innovation profits? Should the proposal just include authority for the Secretary to adopt allocation rules or is more specific guidance necessary?
5. Are there modifications to the deduction for innovation box profits that can be made to minimize the compliance burdens on taxpayers and improve its administrability?
6. How should the deduction for innovation profits be coordinated with the R&D credit under section 41 and the manufacturing deduction under sections 199?
7. Are there particular transition rules that would be necessary to implement the deduction for innovation box profits and the special rules for transfers of intangible property from controlled foreign corporations to United States shareholders?
8. Does this legislation help your company remain competitive in the global marketplace, relative to your foreign counterparts? If not, please explain in as much detail as possible.