INSTITUT FÜR ARBEITSMARKT- UND BERUFSFORSCHUNG
Die Forschungseinrichtung der Bundesagentur für Arbeit

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zur Arbeitsmarkt- und Berufsforschung

Einladung
22|2019

R&D TAX CREDITS: MECHANISMS OF PRIVATE AND PUBLIC VALUE

DATUM:
24.10.2019

UHRZEIT:
13:00 Uhr

ORT:
Regensburger Str. 100
Sitzungssaal E10
90478 Nürnberg

Referent
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While R&D tax credits appear to increase R&D expenditures, how they change search strategies and impact private and public value creation remains less clear. We develop a simple model that predicts a stronger focus on exploitation, due to increased opportunity costs and the need to generate profit in order to take the credit. We empirically validate greater exploitation for firms in states that offered credits, and illustrate further implications including increased defensive patenting, decreased new market entry, an increase in valuation, and increased markups and profit margins. Technologically close industry peers exhibit a decrease in valuation. We provide evidence that the subsequent introduction of R&D tax credits in other states had qualitatively similar, although quantitatively smaller, effects. Our results indicate that although R&D tax credits create value, they also have unintended consequences.