

ELIZABETH WARREN
MASSACHUSETTS

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March 5, 2025

Elon Musk
Chief Executive Officer
Tesla
1 Tesla Road
Austin, TX 78725

Dear Mr. Musk:

I write to you today with deep concern about your personal and financial ties to the Trump administration and how you may be exploiting this relationship to slash at least \$2.5 billion from Tesla's tax bill while leaving working families to pick up the tab.

A new analysis released last month by the Institute on Taxation and Economic Policy (ITEP) revealed one example of the tax cuts at play. As part of President Trump's 2017 *Tax Cuts and Jobs Act*, and amid a sea of corporate giveaways, Republicans in Congress decided to end one corporate tax break, known as research and development (R&D) expensing, to help pay for their tax cuts for the ultra-wealthy.¹ R&D expensing allowed companies to deduct the total cost of their R&D expenses immediately, instead of deducting them over time, as is the standard practice in the tax code.² After Republicans phased out this R&D expensing in 2022, companies must now deduct their R&D expenses by amortizing them over a 5-year or 15-year window, resulting in higher taxes.³

Corporations like yours not only want to revert back to immediate expensing for future tax years, arguing that expensing will incentivize more R&D investment.⁴ They want to retroactively apply these tax deductions to investments they already made in the past, amounting to nothing more than a tax handout to massive corporations for past investment decisions.

¹ Thomson Reuters, "The Future of R&D Expensing," Maureen Leddy, October 11, 2024, <https://tax.thomsonreuters.com/news/the-future-of-rd-expensing/>.

² Institute on Taxation and Economic Policy, "The Five Biggest Corporations Represented at Trump's Inauguration Could Save \$75 Billion from One Tax Break Before Congress," Matthew Gardner and Spandan Marasini, February 11, 2025, <https://itep.org/alphabet-amazon-apple-meta-tesla-corporate-tax-cuts-trump-tax-law/>.

³ Bloomberg Tax, "R&D Tax Credits and Deductions," January 26, 2024, <https://pro.bloombergtax.com/insights/federal-tax/rd-tax-credit-and-deducting-rd-expenditures/#:~:text=The%20TCJA%20amended%20I.R.C.,expense%20is%20paid%20or%20incurred.>

⁴ U.S. Chamber of Commerce, "Retroactive Tax Legislation Would Help American Small Businesses," Watson M. McLeish and Sarah Hoyt Corrigan, March 29, 2024, <https://www.uschamber.com/taxes/retroactive-tax-legislation-would-help-american-small-businesses.>

While corporate lobbyists have claimed that the new deduction schedule for R&D expenses “significantly limits businesses’ ability” to invest in R&D,⁵ these claims are false. “There is no evidence that spreading out the cost of R&[D] deductions has any effect on corporations’ decision to invest in research. In fact, since the 5-year R&[D] rules came into effect in 2022, there has been an explosion of new research spending by major corporations.”⁶ When R&D expensing ended, Tesla’s R&D spending shot up over 18 percent that same year—and has increased each year since then.⁷ This spike in investments rebuts the claim that the switch away from R&D expensing had an adverse impact on corporate R&D: “If the new R&[D] rules were having an adverse effect on their capacity to finance research, we would have expected to see the opposite.”⁸

Nevertheless, even as your R&D investments have increased since R&D expensing ended, Tesla has lobbied to bring back this corporate tax break and find other ways to slash your tax bill even lower. You are a member of a number of organizations that are intensely lobbying for the retroactive application and extension of R&D expensing, including the Chamber of Commerce.⁹ Just last year, Alphabet, Amazon, Apple, Meta, and Tesla spent over \$63 million lobbying for tax breaks that include retroactive and immediate R&D expensing.¹⁰ To cozy up with your benefactors, you even donated \$288 million to President Trump’s campaign and personally attended the inauguration, in an attempt to buy favor as President Trump and Congressional Republicans develop their plans to cut taxes for billionaires and billionaire corporations this year.¹¹

It’s no secret why Tesla is throwing millions of dollars into lobbying President Trump and Republicans in Congress at this very moment: the result of your lobbying efforts could net you billions of dollars. According to ITEP’s new analysis, your company stands to gain at least \$2.5 billion from the retroactive application of R&D expensing alone.¹² Retroactively applying R&D expensing in 2022, 2023, and 2024 would leave Tesla’s effective tax rate at negative 22 percent during those three years.¹³ Collectively, Alphabet, Amazon, Apple, Meta, and Tesla are projected to win \$75 billion if Congress awards them retroactive R&D tax expensing¹⁴—nearly double what

⁵ DC Journal, “Congress Must Fix Tax Credits for Small Businesses,” Karen Kerrigan, December 5, 2022, <https://dcjournal.com/congress-must-fix-tax-credits-for-small-businesses/>.

⁶ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

⁷ Macrotrends, “Tesla Research and Development Expenses 2010-2024 | TSLA,” <https://www.macrotrends.net/stocks/charts/TSLA/tesla/research-development-expenses>.

⁸ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

⁹ U.S. Chamber of Commerce, “Coalition Letter to Congress Urging Immediate Passage of Three Vital, Pro-Growth Tax Policies,” November 2, 2023, <https://www.uschamber.com/taxes/coalition-letter-to-congress-urging-immediate-passage-of-three-pro-growth-tax-policies-vital-to-american-businesses>.

¹⁰ Open Secrets, “Client Profile: Tesla Inc.,” https://www.opensecrets.org/federal-lobbying/clients/issues?cycle=2024&id=D000057516&spec=TAX&specific_issue=Taxes#specific_issue.

¹¹ Washington Post, “Elon Musk donated \$288 million in 2024 election, final tally shows,” Trisha Thadani, Clara Ence Morse, and Maeve Reston, January 31, 2025, <https://www.washingtonpost.com/politics/2025/01/31/elon-musk-trump-donor-2024-election/>.

¹² Institute on Taxation and Economic Policy, “The Five Biggest Corporations Represented at Trump’s Inauguration Could Save \$75 Billion from One Tax Break Before Congress,” Matthew Gardner and Spandan Marasini, February 11, 2025, <https://itep.org/alphabet-amazon-apple-meta-tesla-corporate-tax-cuts-trump-tax-law/>.

¹³ *Id.*

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the federal government spends on child nutrition programs each year and a fantastic return on investment for the millions you have spent lobbying on the tax fight.¹⁵ And this \$75 billion windfall is only one slice of the billions of dollars that you stand to gain from Republican efforts to lower your taxes while raising costs for working families.¹⁶ If Republicans succeed in lowering the corporate tax rate even further, as President Trump has sought, or in handing out other tax giveaways to massive corporations, Tesla would win billions of dollars more.

American taxpayers will shoulder the burden of tax cuts for Tesla, and they deserve answers about your efforts to secure massive tax breaks for billionaire corporations. Accordingly, I ask that you respond to the following questions by March 19, 2025:

1. How much does your company expect to spend on lobbying expenses regarding Republicans' tax legislation in 2025? How much of that spending will be on lobbying for the retroactive application and extension of R&D tax expensing?
2. Please list the trade associations, lobbying coalitions, or similar entities that your company is a part of—or has been a part of in the last five years—that have advocated for tax cuts for your corporation, including the retroactive application and extension of R&D expensing.
3. In the past 12 months, how much money has your company donated, whether directly or through other vehicles for political donations, to federal elected officials who are advocating for tax cuts for your corporation?
4. Exactly how much of the \$2.5 billion in retroactive tax breaks for R&D expensing would you spend on R&D investments?
5. If your company is rewarded with \$2.5 billion in retroactive tax breaks for R&D expensing, how do you expect it will affect Tesla's outlook for stock buybacks and executive compensation?

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator

¹⁵ U.S. Department of Agriculture, "Child Nutrition Programs," <https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs>.

¹⁶ Letter from Senator Warren to President Trump, February 17, 2025, https://www.warren.senate.gov/imo/media/doc/letter_to_trump_on_republican_budget_proposal.pdf.

March 5, 2025

Jeff Bezos
Chief Executive Officer
Amazon Headquarters
410 Terry Avenue
North Seattle, WA 98109

Dear Mr. Bezos:

I write to you today with deep concern about your personal and financial ties to the Trump administration and how you may be exploiting this relationship to slash at least \$22 billion from Amazon's tax bill while leaving working families to pick up the tab.

A new analysis released last month by the Institute on Taxation and Economic Policy (ITEP) revealed one example of the tax cuts at play. As part of President Trump's 2017 *Tax Cuts and Jobs Act*, and amid a sea of corporate giveaways, Republicans in Congress decided to end one corporate tax break, known as research and development (R&D) expensing, to help pay for their tax cuts for the ultra-wealthy.¹ R&D expensing allowed companies to deduct the total cost of their R&D expenses immediately, instead of deducting them over time, as is the standard practice in the tax code.² After Republicans phased out this R&D expensing in 2022, companies must now deduct their R&D expenses by amortizing them over a 5-year or 15-year window, resulting in higher taxes.³

Corporations like yours not only want to revert back to immediate expensing for future tax years, arguing that expensing will incentivize more R&D investment.⁴ They want to retroactively apply these tax deductions to investments they already made in the past, amounting to nothing more than a tax handout to massive corporations for past investment decisions.

While corporate lobbyists have claimed that the new deduction schedule for R&D expenses "significantly limits businesses' ability" to invest in R&D,⁵ these claims are false. "There is no

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⁴ U.S. Chamber of Commerce, "Retroactive Tax Legislation Would Help American Small Businesses," Watson M. McLeish and Sarah Hoyt Corrigan, March 29, 2024, <https://www.uschamber.com/taxes/retroactive-tax-legislation-would-help-american-small-businesses.>

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evidence that spreading out the cost of R&[D] deductions has any effect on corporations' decision to invest in research. In fact, since the 5-year R&[D] rules came into effect in 2022, there has been an explosion of new research spending by major corporations.”⁶ When R&D expensing ended, Amazon’s R&D spending shot up over 30 percent that same year—and has increased each year since then.⁷ This spike in investments rebuts the claim that the switch away from R&D expensing had an adverse impact on corporate R&D: “If the new R&[D] rules were having an adverse effect on their capacity to finance research, we would have expected to see the opposite.”⁸

Nevertheless, even as your R&D investments have increased since R&D expensing ended, Amazon has lobbied to bring back this corporate tax break and find other ways to slash your tax bill even lower. You are a member of a number of organizations that are intensely lobbying for the retroactive application and extension of R&D expensing, including the Chamber of Commerce⁹ and the Business Roundtable.¹⁰ Amazon was also on the leadership of the R&D Coalition, a lobbying organization that wants to expand the R&D deduction.¹¹ Just last year, Alphabet, Amazon, Apple, Meta, and Tesla spent over \$63 million lobbying for tax breaks that include retroactive and immediate R&D expensing.¹² To cozy up with your benefactors, you even donated \$1 million to President Trump’s inauguration fund and personally attended the inauguration, in an attempt to buy favor as President Trump and Congressional Republicans develop their plans to cut taxes for billionaires and billionaire corporations this year.¹³ On January 17th, I wrote a letter to you asking a series of questions about the nature of your donation.¹⁴

It’s no secret why Amazon is throwing millions of dollars into lobbying President Trump and Republicans in Congress at this very moment: the result of your lobbying efforts could net you billions of dollars. According to ITEP’s new analysis, your company stands to gain at least \$22 billion from the retroactive application of R&D expensing alone.¹⁵ Retroactively applying R&D expensing in 2022, 2023, and 2024 would leave Amazon’s effective tax rate at negative four percent during those three years.¹⁶ Collectively, Alphabet, Amazon, Apple, Meta, and Tesla are

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⁷ *Id.*; Macrotrends, “Amazon Research and Development Expenses 2010-2024 | AMZN,” <https://www.macrotrends.net/stocks/charts/AMZN/amazon/research-development-expenses>.

⁸ *Id.*

⁹ U.S. Chamber of Commerce, “Coalition Letter to Congress Urging Immediate Passage of Three Vital, Pro-Growth Tax Policies,” November 2, 2023, <https://www.uschamber.com/taxes/coalition-letter-to-congress-urging-immediate-passage-of-three-pro-growth-tax-policies-vital-to-american-businesses>.

¹⁰ Business Roundtable, “Business Roundtable Letter on Restoring and Extending the Pro-Growth Provisions of TCJA,” October 15, 2024, <https://www.businessroundtable.org/business-roundtable-letter-on-restoring-and-extending-the-pro-growth-provisions-of-tcja>; Business Roundtable, “Members,” <https://www.businessroundtable.org/about-us/members>.

¹¹ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

¹² Open Secrets, “Client Profile: Amazon.com,” https://www.opensecrets.org/federal-lobbying/clients/issues?cycle=2024&id=D000023883&spec=TAX&specific_issue=Taxes#specific_issue.

¹³ Letter from Senator Warren to Big Tech CEOs, January 17, 2025, https://www.warren.senate.gov/imo/media/doc/letters_on_big_tech_donations_to_trump_inaugural_fund.pdf.

¹⁴ *Id.*

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projected to win \$75 billion if Congress awards them retroactive R&D tax expensing¹⁷—nearly double what the federal government spends on child nutrition programs each year and a fantastic return on investment for the millions you have spent lobbying on the tax fight.¹⁸ And this \$75 billion windfall is only one slice of the billions of dollars that you stand to gain from Republican efforts to lower your taxes while raising costs for working families.¹⁹ If Republicans succeed in lowering the corporate tax rate even further, as President Trump has sought, or in handing out other tax giveaways to massive corporations, Amazon would win billions of dollars more.

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Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator

¹⁷ *Id.*

¹⁸ U.S. Department of Agriculture, "Child Nutrition Programs," <https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs>.

¹⁹ Letter from Senator Warren to President Trump, February 17, 2025, https://www.warren.senate.gov/imo/media/doc/letter_to_trump_on_republican_budget_proposal.pdf.

March 5, 2025

Mark Zuckerberg
Chief Executive Officer
Meta Headquarters
1 Hacker Way
Menlo Park, CA 64025

Dear Mr. Zuckerberg:

I write to you today with deep concern about your personal and financial ties to the Trump administration and how you may be exploiting this relationship to slash at least \$15 billion from Meta's tax bill while leaving working families to pick up the tab.

A new analysis released last month by the Institute on Taxation and Economic Policy (ITEP) revealed one example of the tax cuts at play. As part of President Trump's 2017 *Tax Cuts and Jobs Act*, and amid a sea of corporate giveaways, Republicans in Congress decided to end one corporate tax break, known as research and development (R&D) expensing, to help pay for their tax cuts for the ultra-wealthy.¹ R&D expensing allowed companies to deduct the total cost of their R&D expenses immediately, instead of deducting them over time, as is the standard practice in the tax code.² After Republicans phased out this R&D expensing in 2022, companies must now deduct their R&D expenses by amortizing them over a 5-year or 15-year window, resulting in higher taxes.³

Corporations like yours not only want to revert back to immediate expensing for future tax years, arguing that expensing will incentivize more R&D investment.⁴ They want to retroactively apply these tax deductions to investments they already made in the past, amounting to nothing more than a tax handout to massive corporations for past investment decisions.

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evidence that spreading out the cost of R&[D] deductions has any effect on corporations' decision to invest in research. In fact, since the 5-year R&[D] rules came into effect in 2022, there has been an explosion of new research spending by major corporations."⁶ When R&D expensing ended, Meta's R&D spending shot up over 43 percent that same year—and has increased each year since then.⁷ This spike in investments rebuts the claim that the switch away from R&D expensing had an adverse impact on corporate R&D: "If the new R&[D] rules were having an adverse effect on their capacity to finance research, we would have expected to see the opposite."⁸

Nevertheless, even as your R&D investments have increased since R&D expensing ended, Meta has lobbied to bring back this corporate tax break and find other ways to slash your tax bill even lower. You are a member of a number of organizations that are intensely lobbying for the retroactive application and extension of R&D expensing, including the Chamber of Commerce⁹ and the Business Roundtable.¹⁰ Just last year, Alphabet, Amazon, Apple, Meta, and Tesla spent over \$63 million lobbying for tax breaks that include retroactive and immediate R&D expensing.¹¹ To cozy up with your benefactors, you even donated \$1 million to President Trump's inauguration fund and personally attended the inauguration, in an attempt to buy favor as President Trump and Congressional Republicans develop their plans to cut taxes for billionaires and billionaire corporations this year.¹² On January 17th, I wrote a letter to you asking a series of questions about the nature of your donation.¹³

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⁸ *Id.*

⁹ U.S. Chamber of Commerce, "Coalition Letter to Congress Urging Immediate Passage of Three Vital, Pro-Growth Tax Policies," November 2, 2023, <https://www.uschamber.com/taxes/coalition-letter-to-congress-urging-immediate-passage-of-three-pro-growth-tax-policies-vital-to-american-businesses>.

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¹¹ Open Secrets, "Client Profile: Meta," https://www.opensecrets.org/federal-lobbying/clients/issues?cycle=2024&id=D000033563&spec=TAX&specific_issue=Taxes#specific_issue.

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Sincerely,



Elizabeth Warren
United States Senator

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March 5, 2025

Tim Cook
Chief Executive Officer
Apple Inc.
1 Apple Park Way
Cupertino, CA 95014

Dear Mr. Cook:

I write to you today with deep concern about your personal and financial ties to the Trump administration and how you may be exploiting this relationship to slash at least \$10 billion from Apple's tax bill while leaving working families to pick up the tab.

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⁴ U.S. Chamber of Commerce, "Retroactive Tax Legislation Would Help American Small Businesses," Watson M. McLeish and Sarah Hoyt Corrigan, March 29, 2024, <https://www.uschamber.com/taxes/retroactive-tax-legislation-would-help-american-small-businesses.>

⁵ DC Journal, "Congress Must Fix Tax Credits for Small Businesses," Karen Kerrigan, December 5, 2022, <https://dcjournal.com/congress-must-fix-tax-credits-for-small-businesses/>.

to invest in research. In fact, since the 5-year R&[D] rules came into effect in 2022, there has been an explosion of new research spending by major corporations.”⁶ When R&D expensing ended, Apple’s R&D spending shot up nearly 20 percent that same year—and has increased each year since then.⁷ This spike in investments rebuts the claim that the switch away from R&D expensing had an adverse impact on corporate R&D: “If the new R&[D] rules were having an adverse effect on their capacity to finance research, we would have expected to see the opposite.”⁸

Nevertheless, even as your R&D investments have increased since R&D expensing ended, Apple has lobbied to bring back this corporate tax break and find other ways to slash your tax bill even lower. You are a member of a number of organizations that are intensely lobbying for the retroactive application and extension of R&D expensing, including the Chamber of Commerce⁹ and the Business Roundtable.¹⁰ Just last year, Alphabet, Amazon, Apple, Meta, and Tesla spent over \$63 million lobbying for tax breaks that include retroactive and immediate R&D expensing.¹¹ To cozy up with your benefactors, you even donated \$1 million to President Trump’s inauguration fund and personally attended the inauguration, in an attempt to buy favor as President Trump and Congressional Republicans develop their plans to cut taxes for billionaires and billionaire corporations this year.¹² On January 17th, I wrote a letter to you asking a series of questions about the nature of your donation.¹³

It’s no secret why Apple is throwing millions of dollars into lobbying President Trump and Republicans in Congress at this very moment: the result of your lobbying efforts could net you billions of dollars. According to ITEP’s new analysis, your company stands to gain at least \$10 billion from the retroactive application of R&D expensing alone.¹⁴ Retroactively applying R&D expensing in 2022, 2023, and 2024 would leave Apple’s effective tax rate at nine percent during those three years.¹⁵ Collectively, Alphabet, Amazon, Apple, Meta, and Tesla are projected to win \$75 billion if Congress awards them retroactive R&D tax expensing¹⁶—nearly double what the federal government spends on child nutrition programs each year and a fantastic return on

⁶ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

⁷ Statista, “Apple Inc’s expenditure on research and development from 2007 to 2024,” <https://www.statista.com/statistics/273006/apple-expenses-for-research-and-development/>; Macrotrends, “Apple Research and Development Expenses 2010-2024 | AAPL,” <https://www.macrotrends.net/stocks/charts/AAPL/apple/research-development-expenses>.

⁸ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

⁹ U.S. Chamber of Commerce, “Coalition Letter to Congress Urging Immediate Passage of Three Vital, Pro-Growth Tax Policies,” November 2, 2023, <https://www.uschamber.com/taxes/coalition-letter-to-congress-urging-immediate-passage-of-three-pro-growth-tax-policies-vital-to-american-businesses>.

¹⁰ Business Roundtable, “Business Roundtable Letter on Restoring and Extending the Pro-Growth Provisions of TCJA,” October 15, 2024, <https://www.businessroundtable.org/business-roundtable-letter-on-restoring-and-extending-the-pro-growth-provisions-of-tcja>; Business Roundtable, “Members,” <https://www.businessroundtable.org/about-us/members>.

¹¹ Open Secrets, “Client Profile: Apple Inc,” https://www.opensecrets.org/federal-lobbying/clients/issues?cycle=2024&id=D000021754&spec=TAX&specific_issue=Taxes#specific_issue.

¹² Letter from Senator Warren to Big Tech CEOs, January 17, 2025, https://www.warren.senate.gov/imo/media/doc/letters_on_big_tech_donations_to_trump_inaugural_fund.pdf.

¹³ *Id.*

¹⁴ Institute on Taxation and Economic Policy, “The Five Biggest Corporations Represented at Trump’s Inauguration Could Save \$75 Billion from One Tax Break Before Congress,” Matthew Gardner and Spandan Marasini, February 11, 2025, <https://itep.org/alphabet-amazon-apple-meta-tesla-corporate-tax-cuts-trump-tax-law/>.

¹⁵ *Id.*

¹⁶ *Id.*

investment for the millions you have spent lobbying on the tax fight.¹⁷ And this \$75 billion windfall is only one slice of the billions of dollars that you stand to gain from Republican efforts to lower your taxes while raising costs for working families.¹⁸ If Republicans succeed in lowering the corporate tax rate even further, as President Trump has sought, or in handing out other tax giveaways to massive corporations, Apple would win billions of dollars more.

American taxpayers will shoulder the burden of tax cuts for Apple, and they deserve answers about your efforts to secure massive tax breaks for billionaire corporations. Accordingly, I ask that you respond to the following questions by March 19, 2025:

1. How much does your company expect to spend on lobbying expenses regarding Republicans' tax legislation in 2025? How much of that spending will be on lobbying for the retroactive application and extension of R&D tax expensing?
2. Please list the trade associations, lobbying coalitions, or similar entities that your company is a part of—or has been a part of in the last five years—that have advocated for tax cuts for your corporation, including the retroactive application and extension of R&D expensing.
3. In the past 12 months, how much money has your company donated, whether directly or through other vehicles for political donations, to federal elected officials who are advocating for tax cuts for your corporation?
4. Exactly how much of the \$10 billion in retroactive tax breaks for R&D expensing would you spend on R&D investments?
5. If your company is rewarded with \$10 billion in retroactive tax breaks for R&D expensing, how do you expect it will affect Apple's outlook for stock buybacks and executive compensation?

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator

¹⁷ U.S. Department of Agriculture, "Child Nutrition Programs," <https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs>.

¹⁸ Letter from Senator Warren to President Trump, February 17, 2025, https://www.warren.senate.gov/imo/media/doc/letter_to_trump_on_republican_budget_proposal.pdf.

March 5, 2025

Sundar Pichai
Chief Executive Officer
Alphabet Headquarters
1600 Amphitheater Parkway
Mountain View, CA 64043

Dear Mr. Pichai:

I write to you today with deep concern about your personal and financial ties to the Trump administration and how you may be exploiting this relationship to slash at least \$24 billion from Alphabet's tax bill while leaving working families to pick up the tab.

A new analysis released last month by the Institute on Taxation and Economic Policy (ITEP) revealed one example of the tax cuts at play. As part of President Trump's 2017 *Tax Cuts and Jobs Act*, and amid a sea of corporate giveaways, Republicans in Congress decided to end one corporate tax break, known as research and development (R&D) expensing, to help pay for their tax cuts for the ultra-wealthy.¹ R&D expensing allowed companies to deduct the total cost of their R&D expenses immediately, instead of deducting them over time, as is the standard practice in the tax code.² After Republicans phased out this R&D expensing in 2022, companies must now deduct their R&D expenses by amortizing them over a 5-year or 15-year window, resulting in higher taxes.³

Corporations like yours not only want to revert back to immediate expensing for future tax years, arguing that expensing will incentivize more R&D investment.⁴ They want to retroactively apply these tax deductions to investments they already made in the past, amounting to nothing more than a tax handout to massive corporations for past investment decisions.

While corporate lobbyists have claimed that the new deduction schedule for R&D expenses "significantly limits businesses' ability" to invest in R&D,⁵ these claims are false. "There is no

¹ Thomson Reuters, "The Future of R&D Expensing," Maureen Leddy, October 11, 2024, <https://tax.thomsonreuters.com/news/the-future-of-rd-expensing/>.

² Institute on Taxation and Economic Policy, "The Five Biggest Corporations Represented at Trump's Inauguration Could Save \$75 Billion from One Tax Break Before Congress," Matthew Gardner and Spandan Marasini, February 11, 2025, <https://itep.org/alphabet-amazon-apple-meta-tesla-corporate-tax-cuts-trump-tax-law/>.

³ Bloomberg Tax, "R&D Tax Credits and Deductions," January 26, 2024, <https://pro.bloombergtax.com/insights/federal-tax/rd-tax-credit-and-deducting-rd-expenditures/#:~:text=The%20TCJA%20amended%20I.R.C.,expense%20is%20paid%20or%20incurred.>

⁴ U.S. Chamber of Commerce, "Retroactive Tax Legislation Would Help American Small Businesses," Watson M. McLeish and Sarah Hoyt Corrigan, March 29, 2024, <https://www.uschamber.com/taxes/retroactive-tax-legislation-would-help-american-small-businesses.>

⁵ DC Journal, "Congress Must Fix Tax Credits for Small Businesses," Karen Kerrigan, December 5, 2022, <https://dcjournal.com/congress-must-fix-tax-credits-for-small-businesses/>.

evidence that spreading out the cost of R&[D] deductions has any effect on corporations' decision to invest in research. In fact, since the 5-year R&[D] rules came into effect in 2022, there has been an explosion of new research spending by major corporations.”⁶ When R&D expensing ended, Alphabet's R&D spending shot up over 25 percent that same year—and has increased each year since then.⁷ This spike in investments rebuts the claim that the switch away from R&D expensing had an adverse impact on corporate R&D: “If the new R&[D] rules were having an adverse effect on their capacity to finance research, we would have expected to see the opposite.”⁸

Nevertheless, even as your R&D investments have increased since R&D expensing ended, Alphabet has lobbied to bring back this corporate tax break and find other ways to slash your tax bill even lower. You are a member of a number of organizations that are intensely lobbying for the retroactive application and extension of R&D expensing, including the Chamber of Commerce⁹ and the Business Roundtable.¹⁰ Just last year, Alphabet, Amazon, Apple, Meta, and Tesla spent over \$63 million lobbying for tax breaks that include retroactive and immediate R&D expensing.¹¹ To cozy up with your benefactors, you even donated \$1 million to President Trump's inauguration fund and personally attended the inauguration, in an attempt to buy favor as President Trump and Congressional Republicans develop their plans to cut taxes for billionaires and billionaire corporations this year.¹² On January 17th, I wrote a letter to you asking a series of questions about the nature of your donation.¹³

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⁶ Americans for Tax Fairness, “The Research Expensing Tax Deduction vs. The Research Tax Credit,” June 12, 2023, <https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/>.

⁷ *Id.*; Macrotrends, “Alphabet Research and Development Expenses 2010-2024 | GOOGL,” <https://www.macrotrends.net/stocks/charts/GOOGL/alphabet/research-development-expenses>.

⁸ *Id.*

⁹ U.S. Chamber of Commerce, “Coalition Letter to Congress Urging Immediate Passage of Three Vital, Pro-Growth Tax Policies,” November 2, 2023, <https://www.uschamber.com/taxes/coalition-letter-to-congress-urging-immediate-passage-of-three-pro-growth-tax-policies-vital-to-american-businesses>.

¹⁰ Business Roundtable, “Business Roundtable Letter on Restoring and Extending the Pro-Growth Provisions of TCJA,” October 15, 2024, <https://www.businessroundtable.org/business-roundtable-letter-on-restoring-and-extending-the-pro-growth-provisions-of-tcja>; Business Roundtable, “Members,” <https://www.businessroundtable.org/about-us/members>.

¹¹ Open Secrets, “Client Profile: Alphabet Inc,” https://www.opensecrets.org/federal-lobbying/clients/issues?cycle=2024&id=D000067823&spec=TAX&specific_issue=Taxes#specific_issue.

¹² Letter from Senator Warren to Big Tech CEOs, January 17, 2025, https://www.warren.senate.gov/imo/media/doc/letters_on_big_tech_donations_to_trump_inaugural_fund.pdf.

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