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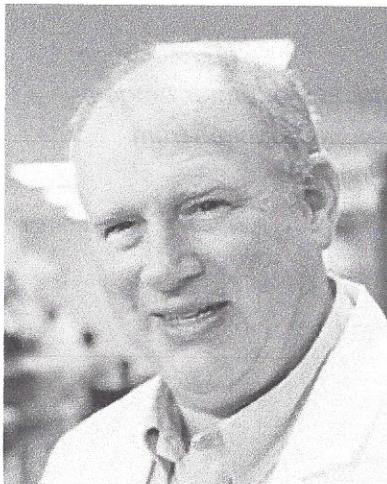
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Startups need cash, not tax breaks, to thrive

By Greg Cauchon
Special to the Acorn



Cauchon

The struggle to bring our economy back from the Great Recession is well underway, and there are some encouraging signs. But this recovery has been slower, harder and more uneven than any in our history. Many call it a [Wall Street](#) recovery that hasn't yet reached [Main Street](#).

Start-up tech businesses form the core of our innovation-driven economy. Unfortunately, many never get off the ground, and of those that do, too many fail shortly thereafter. A lack of funding is the reason that's most often cited when they do.

So why hasn't the government provided more help?

Many might argue that government *is* helping. After all, hardly a week goes by that it doesn't

trumpet some new tax credit for small businesses. But the truth is that tax credits are pretty much useless to start-up businesses.

Most tech startups face at least a year or two of research and development before they have a product to sell. During that time, while they're spending their investment capital, they have little if any income.

Taxes are levied on profits, after all of the expenses are deducted. For that reason, start-up tech firms rarely have any tax liability in their first few years. With no tax liability, tax credits are of no use to them.

So what can be done to get these startups off the ground?

Where's the story?



3 Points Mentioned