

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 2017** Session of
2018

INTRODUCED BY RYAN, BLOOM, CORBIN, CORR, COX, CUTLER, DIAMOND,
DUNBAR, DUSH, EVERETT, GREINER, GROVE, A. HARRIS, PHILLIPS-
HILL, JAMES, JOZWIAK, KAUFER, KLUNK, KNOWLES, MAHER,
METCALFE, B. MILLER, MUSTIO, NELSON, PICKETT, QUIGLEY, RADER,
ROTHMAN, SCHEMEL, SIMMONS, TOPPER, WALSH, WARD, TURZAI,
BERNSTINE, GILLESPIE, HELM, LAWRENCE, STAATS, GILLEN,
WHEELAND, TOOHIL, FRITZ, FARRY AND MOUL, JANUARY 22, 2018

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, FEBRUARY 6, 2018

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in corporate net income tax, further providing
11 for definitions.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 401(3)1(r) and (s) of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are
16 amended to read:

17 Section 401. Definitions.--The following words, terms, and
18 phrases, when used in this article, shall have the meaning
19 ascribed to them in this section, except where the context

1 clearly indicates a different meaning:

2 * * *

3 (3) "Taxable income." 1. * * *

4 (r) [Notwithstanding] (1) For ~~assets~~ PROPERTY placed in <--
5 service prior to September 28, 2017, notwithstanding paragraph
6 (a), if a deduction for depreciation of qualified property was
7 included in taxable income in accordance with paragraph (q), an
8 additional deduction for depreciation of the qualified property
9 shall be allowed from taxable income until the total amount
10 included as taxable income under paragraph (q) has been claimed.
11 The additional deduction shall be equal to the product of taking
12 three sevenths of the amount of the deduction for depreciation
13 of the qualified property allowable under section 167 of the
14 Internal Revenue Code of 1986 (26 U.S.C. § 167), not including
15 the amount of the deduction for depreciation of the qualified
16 property claimed and allowable under section 168(k) of the
17 Internal Revenue Code of 1986 (26 U.S.C. § 168(k)), for the tax
18 year.

19 (2) For ~~assets~~ PROPERTY placed in service on or after <--
20 September 28, 2017, notwithstanding paragraph (a), if a
21 deduction for depreciation of qualified property was included in
22 taxable income in accordance with paragraph (q), an additional
23 deduction for depreciation of the qualified property shall be
24 allowed from taxable income until the total amount included as
25 taxable income under paragraph (q) has been claimed. The
26 additional deduction shall be equal to the depreciation on the
27 qualified property for the taxable year as determined in
28 accordance with sections 167 and 168 of the Internal Revenue
29 Code of 1986 (26 U.S.C. §§ 167 and 168) ~~without regard to,~~ <--
30 EXCEPT THAT section 168(k) of the Internal Revenue Code of 1986

1 (26 U.S.C. § 168(k)) SHALL NOT APPLY. <--

2 (s) [With] (1) For ~~assets~~ PROPERTY placed in service prior <--
3 to September 28, 2017, an additional deduction shall be allowed
4 from taxable income in the earlier of the taxable year in which
5 qualified property is fully depreciated for Federal income tax
6 purposes, or is sold or otherwise disposed of by a taxpayer to
7 the extent the amount of depreciation claimed under section
8 168(k) of the Internal Revenue Code of 1986 (26 U.S.C. §
9 168(k)), on the qualified property and included in taxable
10 income under paragraph (q) has not been recovered through the
11 additional deductions provided under paragraph (r)(1).

12 (2) For ~~assets~~ PROPERTY placed in service ON OR after <--
13 September 28, 2017, with respect to qualified property which is
14 sold or otherwise disposed of during a taxable year by a
15 taxpayer and for which depreciation was included as taxable
16 income under paragraph (q), an additional deduction shall be
17 allowed from taxable income to the extent the amount of
18 depreciation claimed under section 168(k) of the Internal
19 Revenue Code of 1986 (26 U.S.C. § 168(k)) on the qualified
20 property has not been recovered through the additional
21 deductions provided by paragraph [(r)] (r)(2).

22 * * *

23 Section 2. The amendment of section 401(3)1(r) and (s) of
24 the act shall apply to tax years beginning on or after January
25 1, 2017.

26 Section 3. This act shall take effect immediately.