

STATE OF NEW YORK

8631--A

2025-2026 Regular Sessions

IN SENATE

December 22, 2025

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Budget and Revenue in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to the treatment of certain deductions allowable under the internal revenue code in calculating federal adjusted gross income

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph (a) of subdivision 9 of section 208 of the tax
2 law is amended by adding four new subparagraphs 24, 25, 26, and 27 to
3 read as follows:

4 (24) For taxable years beginning on or after January first, two thou-
5 sand twenty-five, in the case of qualified production property described
6 in paragraph two of subsection (n) of section one hundred sixty-eight of
7 the internal revenue code, the amount of any deduction allowed pursuant
8 to subsection (a) of section one hundred sixty-seven of the internal
9 revenue code as if the taxpayer has not made an election pursuant to
10 subsection (n) of section one hundred sixty-eight of the internal reven-
11 ue code.

12 (25) For taxable years beginning on or after January first, two thou-
13 sand twenty-five, the amount of any foreign and domestic research or
14 experimental expenditures, as defined in sections one hundred seventy-
15 four and 174A of the internal revenue code, paid or incurred in each
16 taxable year on and after January first, two thousand twenty-five, amor-
17 tized over a sixty-month period as if the election in subsection (c) of
18 section 174A of the internal revenue code applied to such foreign and
19 domestic research or experimental expenditures.

20 (26) For taxable years beginning on or after January first, two thou-
21 sand twenty-five, the remaining amount of any foreign and domestic

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 research or experimental expenditures, as defined in sections one
2 hundred seventy-four and 174A of the internal revenue code, paid or
3 incurred prior to January first, two thousand twenty-five, determined as
4 if section one hundred seventy-four of the internal revenue code in
5 effect as of January first, two thousand twenty-two, applied to such
6 expenditures.

7 (27) For taxable years beginning on or after January first, two thou-
8 sand twenty-five, in the case of section 179 property as described in
9 subsection (d) of section one hundred seventy-nine of the internal
10 revenue code with respect to such property the amount of any deduction
11 made pursuant to section 179 of the internal revenue code as it shall
12 have been in effect as of January first, two thousand twenty-two.

13 § 2. Paragraph (b) of subdivision 9 of section 208 of the tax law is
14 amended by adding three new subparagraphs 28, 29, and 30 to read as
15 follows:

16 (28) For taxable years beginning on or after January first, two thou-
17 sand twenty-five, in the case of qualified production property described
18 in paragraph two of subsection (n) of section one hundred sixty-eight of
19 the internal revenue code, any amount which the taxpayer claimed as a
20 deduction under subsection (a) of section one hundred sixty-seven of the
21 internal revenue code that included an allowance solely as a result of
22 an election made pursuant to subsection (n) of section one hundred
23 sixty-eight of the internal revenue code.

24 (29) For taxable years beginning on or after January first, two thou-
25 sand twenty-five, any amount claimed as a deduction under sections one
26 hundred seventy-four and 174A of the internal revenue code in effect as
27 of January first, two thousand twenty-five, and any amount claimed as a
28 deduction pursuant to federal Public Law 119-21, title VII, section
29 70302(f)(2)(a), for foreign and domestic research or experimental
30 expenditures, as defined in sections one hundred seventy-four and 174A
31 of the internal revenue code.

32 (30) For taxable years beginning on or after January first, two thou-
33 sand twenty-five, in the case of section 179 property described in
34 subsection (d) of section one hundred seventy-nine of the internal
35 revenue code with respect to such property the amount of the deduction
36 allowable under section one hundred seventy-nine of the internal revenue
37 code.

38 § 3. Subsection (b) of section 612 of the tax law is amended by adding
39 three new paragraphs 44, 45 and 46 to read as follows:

40 (44) For taxable years beginning on or after January first, two thou-
41 sand twenty-five, in the case of qualified production property described
42 in paragraph two of subsection (n) of section one hundred sixty-eight of
43 the internal revenue code, any amount which the taxpayer claimed as a
44 deduction under subsection (a) of section one hundred sixty-seven of the
45 internal revenue code that included an allowance solely as a result of
46 an election made pursuant to subsection (n) of section one hundred
47 sixty-eight of the internal revenue code.

48 (45) For taxable years beginning on or after January first, two thou-
49 sand twenty-five, any amount claimed as a deduction under sections one
50 hundred seventy-four and 174A of the internal revenue code in effect as
51 of January first, two thousand twenty-five, and any amount claimed as a
52 deduction pursuant to federal Public Law 119-21, title VII, section
53 70302(f)(2)(a), for foreign and domestic research or experimental
54 expenditures, as defined in sections one hundred seventy-four and 174A
55 of the internal revenue code.

1 (46) For taxable years beginning after December thirty-first, two
2 thousand twenty-five, in the case of section 179 property described in
3 subsection (d) of section one hundred seventy-nine of the internal
4 revenue code, with respect to such property the amount of the deduction
5 allowable under section one hundred seventy-nine of the internal revenue
6 code.

7 § 4. Subsection (c) of section 612 of the tax law is amended by adding
8 four new paragraphs 48, 49, 50, and 51 to read as follows:

9 (48) For taxable years beginning on or after January first, two thou-
10 sand twenty-five, in the case of qualified production property described
11 in paragraph two of subsection (n) of section one hundred sixty-eight of
12 the internal revenue code, the amount of any deduction allowed pursuant
13 to subsection (a) of section one hundred sixty-seven of the internal
14 revenue code as if the taxpayer has not made an election pursuant to
15 subsection (n) of section one hundred sixty-eight of the internal reven-
16 ue code.

17 (49) For taxable years beginning on or after January first, two thou-
18 sand twenty-five, the amount of any foreign and domestic research or
19 experimental expenditures, as defined in sections one hundred seventy-
20 four and 174A of the internal revenue code, paid or incurred in each
21 taxable year on and after January first, two thousand twenty-five, amor-
22 tized over a sixty-month period as if the election in subsection (c) of
23 section 174A of the internal revenue code applied to such foreign and
24 domestic research or experimental expenditures.

25 (50) For taxable years beginning on or after January first, two thou-
26 sand twenty-five, the remaining amount of any foreign and domestic
27 research or experimental expenditures, as defined in sections one
28 hundred seventy-four and 174A of the internal revenue code, paid or
29 incurred prior to January first, two thousand twenty-five, determined as
30 if section one hundred seventy-four of the internal revenue code in
31 effect as of January first, two thousand twenty-two, applied to such
32 expenditures.

33 (51) For taxable years beginning on or after January first, two thou-
34 sand twenty-five, in the case of section 179 property as described in
35 subsection (d) of section one hundred seventy-nine of the internal
36 revenue code with respect to such property the amount of any deduction
37 made pursuant to section 179 of the internal revenue code as it shall
38 have been in effect as of January first, two thousand twenty-two.

39 § 5. Paragraph 1 of subdivision (b) of section 1503 of the tax law is
40 amended by adding four new subparagraphs (X), (Y), (Z), and (AA) to read
41 as follows:

42 (X) For taxable years beginning on or after January first, two thou-
43 sand twenty-five, in the case of qualified production property described
44 in paragraph two of subsection (n) of section one hundred sixty-eight of
45 the internal revenue code, the amount of any deduction allowed pursuant
46 to subsection (a) of section one hundred sixty-seven of the internal
47 revenue code as if the taxpayer has not made an election pursuant to
48 subsection (n) of section one hundred sixty-eight of the internal reven-
49 ue code.

50 (Y) For taxable years beginning on or after January first, two thou-
51 sand twenty-five, the amount of any foreign and domestic research or
52 experimental expenditures, as defined in sections one hundred seventy-
53 four and 174A of the internal revenue code, paid or incurred in each
54 taxable year on and after January first, two thousand twenty-five, amor-
55 tized over a sixty-month period as if the election in subsection (c) of

1 section 174A of the internal revenue code applied to such foreign and
2 domestic research or experimental expenditures.

3 (Z) For taxable years beginning on or after January first, two thou-
4 sand twenty-five, the remaining amount of any foreign and domestic
5 research or experimental expenditures, as defined in sections one
6 hundred seventy-four and 174A of the internal revenue code, paid or
7 incurred prior to January first, two thousand twenty-five, determined as
8 if section one hundred seventy-four of the internal revenue code in
9 effect as of January first, two thousand twenty-two, applied to such
10 expenditures.

11 (AA) For taxable years beginning on or after January first, two thou-
12 sand twenty-five, in the case of section 179 property as described in
13 subsection (d) of section one hundred seventy-nine of the internal
14 revenue code with respect to such property the amount of any deduction
15 made pursuant to section 179 of the internal revenue code as it shall
16 have been in effect as of January first, two thousand twenty-two.

17 § 6. Paragraph 2 of subdivision (b) of section 1503 of the tax law is
18 amended by adding three new subparagraphs (AA), (BB), and (CC) to read
19 as follows:

20 (AA) For taxable years beginning on or after January first, two thou-
21 sand twenty-five, in the case of qualified production property described
22 in paragraph two of subsection (n) of section one hundred sixty-eight of
23 the internal revenue code, any amount which the taxpayer claimed as a
24 deduction under subsection (a) of section one hundred sixty-seven of the
25 internal revenue code that included an allowance solely as a result of
26 an election made pursuant to subsection (n) of section one hundred
27 sixty-eight of the internal revenue code.

28 (BB) For taxable years beginning on or after January first, two thou-
29 sand twenty-five, any amount claimed as a deduction under sections one
30 hundred seventy-four and 174A of the internal revenue code in effect as
31 of January first, two thousand twenty-five, and any amount claimed as a
32 deduction pursuant to federal Public Law 119-21, title VII, section
33 70302(f)(2)(a), for foreign and domestic research or experimental
34 expenditures, as defined in sections one hundred seventy-four and 174A
35 of the internal revenue code.

36 (CC) For taxable years beginning on or after January first, two thou-
37 sand twenty-five, in the case of section 179 property described in
38 subsection (d) of section one hundred seventy-nine of the internal
39 revenue code with respect to such property the amount of the deduction
40 allowable under section one hundred seventy-nine of the internal revenue
41 code.

42 § 7. This act shall take effect immediately and shall apply to taxable
43 years beginning on or after January 1, 2025.