

STATE OF NEW YORK

10273

IN ASSEMBLY

February 20, 2026

Introduced by M. of A. R. CARROLL -- read once and referred to the Committee on Ways and Means

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
22 research or experimental expenditures, as defined in sections one
23 hundred seventy-four and 174A of the internal revenue code, paid or
24 incurred prior to January first, two thousand twenty-five, determined as
25 if section one hundred seventy-four of the internal revenue code in
26 effect as of January first, two thousand twenty-two, applied to such
27 expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Y) For taxable years beginning on or after January first, two thousand twenty-five, the amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred in each taxable year on and after January first, two thousand twenty-five, amortized over a sixty-month period as if the election in subsection (c) of section 174A of the internal revenue code applied to such foreign and domestic research or experimental expenditures.

(Z) For taxable years beginning on or after January first, two thousand twenty-five, the remaining amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred prior to January first, two thousand twenty-five, determined as

1 if section one hundred seventy-four of the internal revenue code in
2 effect as of January first, two thousand twenty-two, applied to such
3 expenditures.

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

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

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

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

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

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