
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 AND HELM, JANUARY 22, 2018

REFERRED TO COMMITTEE ON FINANCE, JANUARY 22, 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
20 clearly indicates a different meaning:

1 * * *

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

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

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

30 (s) [With] (1) For assets placed in service prior to

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

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

19 * * *

20 Section 2. The amendment of section 401(3)1(r) and (s) of
21 the act shall apply to tax years beginning on or after January
22 1, 2017.

23 Section 3. This act shall take effect immediately.