

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 333 Session of 2021

INTRODUCED BY E. NELSON, COX, GROVE, KAUFFMAN, STAMBAUGH, PICKETT, SMITH, GLEIM, STAATS, DUNBAR, R. MACKENZIE, THOMAS, KEEFER, ROWE, WHEELAND, OBERLANDER, MERCURI AND RYAN, APRIL 7, 2021

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, JANUARY 25, 2022

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 personal income tax, further providing for
11 classes of income.

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

14 ~~Section 1. Section 303(a.3) of the act of March 4, 1971~~ <--
15 ~~(P.L.6, No.2), known as the Tax Reform Code of 1971, is amended~~
16 ~~to read:~~

17 SECTION 1. SECTION 303(A.3) OF THE ACT OF MARCH 4, 1971 <--
18 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, IS AMENDED
19 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

20 Section 303. Classes of Income.--* * *
21 ~~(a.3) The cost of property commonly referred to as Section~~ <--

1 ~~179 Property may be treated as a deductible expense only to the~~
2 ~~extent allowable under [the version of section 179 of the~~
3 ~~Internal Revenue Code in effect at the time the property is~~
4 ~~placed in service or under] section 179 of the Internal Revenue~~
5 ~~Code of 1986 (26 U.S.C. § 179), [whichever is earlier] as~~
6 ~~amended. The basis of Section 179 Property shall be reduced, but~~
7 ~~not below zero, for costs treated as a deductible expense. The~~
8 ~~amount of the reduction shall be the amount deducted on a return~~
9 ~~and not disallowed, regardless of whether the deduction results~~
10 ~~in a reduction of income.~~

11 * * *

12 [(A.3) THE COST OF PROPERTY COMMONLY REFERRED TO AS SECTION <--
13 179 PROPERTY MAY BE TREATED AS A DEDUCTIBLE EXPENSE ONLY TO THE
14 EXTENT ALLOWABLE UNDER THE VERSION OF SECTION 179 OF THE
15 INTERNAL REVENUE CODE IN EFFECT AT THE TIME THE PROPERTY IS
16 PLACED IN SERVICE OR UNDER SECTION 179 OF THE INTERNAL REVENUE
17 CODE OF 1986 (26 U.S.C. § 179), WHICHEVER IS EARLIER. THE BASIS
18 OF SECTION 179 PROPERTY SHALL BE REDUCED, BUT NOT BELOW ZERO,
19 FOR COSTS TREATED AS A DEDUCTIBLE EXPENSE. THE AMOUNT OF THE
20 REDUCTION SHALL BE THE AMOUNT DEDUCTED ON A RETURN AND NOT
21 DISALLOWED, REGARDLESS OF WHETHER THE DEDUCTION RESULTS IN A
22 REDUCTION OF INCOME.]

23 * * *

24 (A.11) THE COST OF PROPERTY COMMONLY REFERRED TO AS SECTION
25 179 PROPERTY MAY BE TREATED AS A DEDUCTIBLE EXPENSE ONLY TO THE
26 EXTENT ALLOWABLE UNDER SECTION 179 OF THE INTERNAL REVENUE CODE
27 OF 1986 (26 U.S.C. § 179) IN EFFECT ON THE EFFECTIVE DATE OF
28 THIS SUBSECTION. THE BASIS OF SECTION 179 PROPERTY SHALL BE
29 REDUCED, BUT NOT BELOW ZERO, FOR COSTS TREATED AS A DEDUCTIBLE
30 EXPENSE. THE AMOUNT OF THE REDUCTION SHALL BE THE AMOUNT

1 DEDUCTED ON A RETURN AND NOT DISALLOWED, REGARDLESS OF WHETHER
2 THE DEDUCTION RESULTS IN A REDUCTION OF INCOME.

3 * * *

4 Section 2. ~~The amendment of section 303(a.3) of the~~ THIS act <--
5 shall apply to property placed in service in tax years beginning
6 after December 31, 2020.

7 Section 3. This act shall take effect immediately.