

Income/Franchise:

Alabama: New Law Retroactively Decouples from TCJA's IRC §174 R&D Deduction Changes

H.B. 163, signed by gov. 5/14/25. Effective immediately, and applicable retroactively for tax years beginning on or after January 1, 2024, research and experimental expenditures for Alabama corporate income tax purposes "shall not follow the provisions of 26 USC § 174, as amended by the Tax Cuts and Jobs Act (TCJA), P.L. 115-97." As such, for taxable years beginning on or after January 1, 2024, Alabama taxpayers now "shall have the option to currently deduct research and experimental expenditures or treat the expenditures as deferred expenses in the same manner as provided in 26 USC § 174 prior to tax year 2022." Please contact us with any questions.

URL: <https://arc-sos.state.al.us/cgi/actdetail.mbr/detail?year=2025&act=%20400&page=bill>

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