

By the Committee on Finance and Tax; and Senator Gruters

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1                   A bill to be entitled  
2       An act relating to the corporate income tax; amending  
3       s. 220.03, F.S.; adopting the 2022 version of the  
4       Internal Revenue Code for purposes of the state  
5       corporate income tax code; providing for retroactive  
6       operation; amending s. 220.13, F.S.; providing  
7       applicability for adjustments taxpayers must make to  
8       adjusted federal income with respect to bonus  
9       depreciation; revising the adjustments taxpayers must  
10      make to adjusted federal income with respect to  
11      business interest; providing effective dates.

12  
13 Be It Enacted by the Legislature of the State of Florida:

14  
15       Section 1. Effective upon becoming a law and operating  
16      retroactively to January 1, 2022, paragraph (n) of subsection  
17      (1) and paragraph (c) of subsection (2) of section 220.03,  
18      Florida Statutes, are amended to read:

19       220.03 Definitions.—

20       (1) SPECIFIC TERMS.—When used in this code, and when not  
21      otherwise distinctly expressed or manifestly incompatible with  
22      the intent thereof, the following terms shall have the following  
23      meanings:

24       (n) "Internal Revenue Code" means the United States  
25      Internal Revenue Code of 1986, as amended and in effect on  
26      January 1, 2022 ~~2021~~, except as provided in subsection (3).

27       (2) DEFINITIONAL RULES.—When used in this code and neither  
28      otherwise distinctly expressed nor manifestly incompatible with  
29      the intent thereof:

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30 (c) Any term used in this code has the same meaning as when  
31 used in a comparable context in the Internal Revenue Code and  
32 other statutes of the United States relating to federal income  
33 taxes, as such code and statutes are in effect on January 1,  
34 2022 ~~2021~~. However, if subsection (3) is implemented, the  
35 meaning of a term shall be taken at the time the term is applied  
36 under this code.

37 Section 2. Effective January 1, 2023, paragraph (e) of  
38 subsection (1) of section 220.13, Florida Statutes, is amended  
39 to read:

40 220.13 "Adjusted federal income" defined.—

41 (1) The term "adjusted federal income" means an amount  
42 equal to the taxpayer's taxable income as defined in subsection  
43 (2), or such taxable income of more than one taxpayer as  
44 provided in s. 220.131, for the taxable year, adjusted as  
45 follows:

46 (e) *Adjustments related to federal acts.*—Taxpayers shall be  
47 required to make the adjustments prescribed in this paragraph  
48 for Florida tax purposes with respect to certain tax benefits  
49 received pursuant to the Economic Stimulus Act of 2008; the  
50 American Recovery and Reinvestment Act of 2009; the Small  
51 Business Jobs Act of 2010; the Tax Relief, Unemployment  
52 Insurance Reauthorization, and Job Creation Act of 2010; the  
53 American Taxpayer Relief Act of 2012; the Tax Increase  
54 Prevention Act of 2014; the Consolidated Appropriations Act,  
55 2016; the Tax Cuts and Jobs Act of 2017; and the Coronavirus  
56 Aid, Relief, and Economic Security Act of 2020.

57 1.a. There shall be added to such taxable income an amount  
58 equal to 100 percent of any amount deducted for federal income

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59 tax purposes as bonus depreciation for the taxable year pursuant  
60 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as  
61 amended by s. 103 of Pub. L. No. 110-185; s. 1201 of Pub. L. No.  
62 111-5; s. 2022 of Pub. L. No. 111-240; s. 401 of Pub. L. No.  
63 111-312; s. 331 of Pub. L. No. 112-240; s. 125 of Pub. L. No.  
64 113-295; s. 143 of Division Q of Pub. L. No. 114-113; and s.  
65 13201 of Pub. L. No. 115-97, for property placed in service  
66 after December 31, 2007, and before January 1, 2027.

67 b. For the taxable year and for each of the 6 subsequent  
68 taxable years, there shall be subtracted from such taxable  
69 income an amount equal to one-seventh of the amount by which  
70 taxable income was increased pursuant to this subparagraph,  
71 notwithstanding any sale or other disposition of the property  
72 that is the subject of the adjustments and regardless of whether  
73 such property remains in service in the hands of the taxpayer.

74 c. ~~The provisions of~~ Sub-subparagraph b. does ~~de~~ not apply  
75 to amounts by which taxable income was increased pursuant to  
76 this subparagraph for amounts deducted for federal income tax  
77 purposes as bonus depreciation for qualified improvement  
78 property as defined in s. 168(e)(6) of the Internal Revenue Code  
79 of 1986, as amended by s. 13204 of Pub. L. No. 115-97.

80

81 This subparagraph does not apply to property placed in service  
82 in taxable years beginning on or after January 1, 2023.

83 2. There shall be added to such taxable income an amount  
84 equal to 100 percent of any amount in excess of \$128,000  
85 deducted for federal income tax purposes for the taxable year  
86 pursuant to s. 179 of the Internal Revenue Code of 1986, as  
87 amended by s. 102 of Pub. L. No. 110-185; s. 1202 of Pub. L. No.

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88 111-5; s. 2021 of Pub. L. No. 111-240; s. 402 of Pub. L. No.  
89 111-312; s. 315 of Pub. L. No. 112-240; and s. 127 of Pub. L.  
90 No. 113-295, for taxable years beginning after December 31,  
91 2007, and before January 1, 2015. For the taxable year and for  
92 each of the 6 subsequent taxable years, there shall be  
93 subtracted from such taxable income one-seventh of the amount by  
94 which taxable income was increased pursuant to this  
95 subparagraph, notwithstanding any sale or other disposition of  
96 the property that is the subject of the adjustments and  
97 regardless of whether such property remains in service in the  
98 hands of the taxpayer.

99 3. There shall be added to such taxable income an amount  
100 equal to the amount of deferred income not included in such  
101 taxable income pursuant to s. 108(i)(1) of the Internal Revenue  
102 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There  
103 shall be subtracted from such taxable income an amount equal to  
104 the amount of deferred income included in such taxable income  
105 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,  
106 as amended by s. 1231 of Pub. L. No. 111-5.

107 4. For taxable years beginning on or after January 1, 2023,  
108 there shall be added to such taxable income an amount equal to  
109 the amount of business interest taken as a deduction for federal  
110 tax purposes subject to the limitation provided in s. 163(j) of  
111 the Internal Revenue Code. There shall be subtracted from such  
112 taxable income the amount of business interest paid or accrued  
113 within the taxable year which would have been deductible at the  
114 federal level consistent with s. 163 of the Internal Revenue  
115 Code as it existed and applied immediately before the enactment  
116 of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97 ~~For~~

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117 ~~taxable years beginning after December 31, 2018, and before~~  
118 ~~January 1, 2021, there shall be added to such taxable income an~~  
119 ~~amount equal to the excess, if any, of:~~

120 ~~a. One hundred percent of any amount deducted for federal~~  
121 ~~income tax purposes as business interest expense for the taxable~~  
122 ~~year pursuant to s. 163(j) of the Internal Revenue Code of 1986,~~  
123 ~~as amended by s. 2306 of Pub. L. No. 116-136; over~~

124 ~~b. One hundred percent of the amount that would be~~  
125 ~~deductible for federal income tax purposes as business interest~~  
126 ~~expense for the taxable year if calculated pursuant to s. 163(j)~~  
127 ~~of the Internal Revenue Code of 1986, as amended by s. 13301 of~~  
128 ~~Pub. L. No. 115-97.~~

129  
130 ~~Any expense added back pursuant to this subparagraph shall be~~  
131 ~~treated as a disallowed business expense carryforward from prior~~  
132 ~~years for the year or years following the addition, until such~~  
133 ~~time as the expense has been used.~~

134 5. With respect to qualified improvement property as  
135 defined in s. 168(e)(6) of the Internal Revenue Code of 1986, as  
136 amended by s. 13204 of Pub. L. No. 115-97, that was placed in  
137 service on or after January 1, 2018:

138 a. There shall be added to such taxable income an amount  
139 equal to 100 percent of any amount deducted for federal income  
140 tax purposes under s. 167(a) of the Internal Revenue Code of  
141 1986. There shall be subtracted an amount equal to the amount of  
142 depreciation that would have been deductible pursuant to s.  
143 167(a) of the Internal Revenue Code of 1986 in effect on January  
144 1, 2020, and without regard to s. 2307 of Pub. L. No. 116-136,  
145 notwithstanding any sale or other disposition of the property

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146 that is the subject of the adjustments and regardless of whether  
147 such property remains in service in the hands of the taxpayer.

148 b. The department may adopt rules necessary to administer  
149 the provisions of this subparagraph, including rules, forms, and  
150 guidelines for computing depreciation on qualified improvement  
151 property, as defined in s. 168(e)(6) of the Internal Revenue  
152 Code of 1986.

153 6. For taxable years beginning after December 31, 2020, and  
154 before January 1, 2026, the changes made to the Internal Revenue  
155 Code by Pub. L. No. 116-260, Division EE, Title I, s. 116 and  
156 Title II, s. 210 shall not apply to this chapter. Taxable income  
157 under this section shall be calculated as though changes made by  
158 those sections were not made to the Internal Revenue Code. The  
159 Department of Revenue may adopt rules necessary to administer  
160 the provisions of this subparagraph, including rules, forms, and  
161 guidelines for treatment of expenses and depreciation related to  
162 these changes.

163 7. Subtractions available under this paragraph may be  
164 transferred to the surviving or acquiring entity following a  
165 merger or acquisition and used in the same manner and with the  
166 same limitations as specified by this paragraph.

167 8. The additions and subtractions specified in this  
168 paragraph are intended to adjust taxable income for Florida tax  
169 purposes, and, notwithstanding any other provision of this code,  
170 such additions and subtractions shall be permitted to change a  
171 taxpayer's net operating loss for Florida tax purposes.

172 Section 3. Except as otherwise expressly provided in this  
173 act, this act shall take effect upon becoming a law.