

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Hannah Kane

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act allowing for the deduction of business interest.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Hannah Kane</i>	<i>11th Worcester</i>	<i>1/15/2025</i>

HOUSE No.

[Pin Slip]

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2853 OF 2023-2024.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act allowing for the deduction of business interest.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 62 of the General Laws, as appearing in the 2022
2 Official Edition, is hereby amended by striking out subsection (c) and inserting in place thereof
3 the following subsection: -

4 (c) “Code”, the Internal Revenue Code of the United States, as amended on January 1,
5 2022 and in effect for the taxable year; but Code shall mean the Code as amended and in effect
6 for the taxable year for sections 62(a)(1), 72, 105, 106, 108(f)(5), 139C, 223, 274(m), 274(n),
7 401 through 420, inclusive, 457, 529, 529A, 530, 951, 951A, 959, 961, 3401 and 3405 but
8 excluding sections 402A and 408(q), and provided further that for purposes of determining the
9 amount of business interest deductible under this chapter, the provisions of section 163(j) of the
10 Code shall not apply.

11 SECTION 2. Section 1 of chapter 63 of the General Laws, as appearing in the 2022
12 Official Edition, is hereby amended by striking out the definition of “Code” therein and inserting
13 in place thereof the following definition: -

14 “Code”, the Internal Revenue Code of the United States, as amended and in effect for the
15 taxable year, unless otherwise provided; for section 163(j), Code shall mean the Code as
16 amended and in effect for tax years beginning before January 1, 2018.

17 SECTION 3. Section 30 of said chapter 63, as so appearing, is hereby amended by
18 striking out the first sentence of paragraph 4 and inserting in place thereof the following
19 sentence: -

20 “Net income”, gross income less the deductions, but not credits, allowable under the
21 provisions of the Federal Internal Revenue Code, as amended and in effect for the taxable year;
22 provided, however, that for section 163(j), Code shall mean the Code as amended and in effect
23 for tax years beginning before January 1, 2018, and provided further that any deduction
24 otherwise allowable which is allocable, in whole or in part, to one or more classes of income not
25 included in a corporation’s taxable net income, as determined under subsection (a) of section 38,
26 shall not be allowed.

27 SECTION 4. Section 30 of said chapter 63, as so appearing, is hereby amended by,
28 striking the following words, “; and (viii) the deductions allowed by sections 245A, 250 and
29 965(c) of the Code.”, and inserting in place thereof the following: -

30 (viii) the deductions allowed by sections 245A, 250 and 965(c) of the Code; and

31 (ix) For tax years commencing on or after January 1, 2025, no deduction shall be allowed
32 resulting from a carryforward of disallowed business interest expense under section 163(j) of the
33 Code. The amount of any carryforward of disallowed business interest expense under section
34 163(j) of the Code as of the tax year ending before January 1, 2025, shall be allowed as a
35 deduction in 3 equal parts over 3 consecutive years, beginning with the first tax year
36 commencing on or after January 1, 2025.

37 SECTION 5. This act shall take effect for taxable years beginning on or after January 1,
38 2025.