

Assembly Bill No. 2480

CHAPTER 473

An act to add Section 17203 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 12, 1996. Filed
with Secretary of State September 13, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2480, Takasugi. Income taxes: deductions.

The Personal Income Tax Law allows various deductions in computing the income that is subject to the taxes imposed by that law, including certain deductions that are incorporated by reference to specified federal statutes.

This bill would provide that in the case of certain deductions based on federal deductions for health insurance costs of self-employed individuals, qualified retirement contributions, and contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan, specified amounts used for purposes of limiting those deductions in computing federal tax shall also apply for state tax purposes.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 17203 is added to the Revenue and Taxation Code, to read:

17203. For purposes of applying limitations on the deductions described in this section, any reference to "compensation" or "earned income" shall be a reference to the amount required to be used for purposes of limiting the deduction in computing federal income tax for the same taxable year.

(a) The deduction allowed by Section 219 of the Internal Revenue Code.

(b) The deductions allowed by Sections 162 (I) and 404 of the Internal Revenue Code in the case of an individual who is an employee within the meaning of Section 401(c)(1) of the Internal Revenue Code.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

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