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An act to amend Section 24443 of, and to add Section 17288 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 17288 is added to the Revenue and Taxation Code, to read:

17288. (a) The amendments made by Section 13304(a), (b), and (c) of the Tax Cuts and Jobs Act (Public Law 115-97) to Section 274 of the Internal Revenue Code, relating to the disallowance of certain entertainment, etc., expenses, shall apply, except as otherwise provided.

(b) The amendments made by Section 13304(d) of the Tax Cuts and Jobs Act (Public Law 115-97) to Section 274 of the Internal Revenue Code, relating to the disallowance of certain entertainment, etc., expenses, shall apply to amounts paid or incurred after December 31, 2025.

SEC. 2. Section 24443 of the Revenue and Taxation Code is amended to read:

24443. (a) Section 274 of the Internal Revenue Code, relating to the disallowance of certain entertainment, gift, travel, etc., expenses, shall apply, except as otherwise provided.

(b) The amendments made by Section 13304(a), (b), and (c) of the Tax Cuts and Jobs Act (Public Law 115-97) to Section 274 of the Internal Revenue Code, relating to the disallowance of certain entertainment, etc., expenses, shall apply, except as otherwise provided.

(c) The amendments made by Section 13304(d) of the Tax Cuts and Jobs Act (Public Law 115-97) to Section 274 of the Internal Revenue Code, relating to the disallowance of certain entertainment, etc., expenses, shall apply to amounts paid or incurred after December 31, 2025.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Income taxes: deduction: entertainment and food and beverage expenses.

The Personal Income Tax Law and the Corporation Tax Law, in modified conformity with federal income tax laws, allow various deductions from gross income in computing adjusted gross income under those laws, including a deduction, that is 50% of entertainment and food and beverage expenses directly related to the active conduct of the taxpayer's trade or business, unless an exception applies.

This bill would conform to federal income tax law, as amended by the Tax Cuts and Jobs Act, by disallowing or limiting, on or after specified dates, the amount taxpayers may deduct for these entertainment and food and beverage expenses.

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

