



This Week in State Tax (TWIST)

June 9, 2025



Alabama: Decoupling from IRC Section 174 Enacted; Retroactive to 2024

Alabama has decoupled from the federal amortization of research expenditures provided in Internal Revenue Code (IRC) section 174. Under the new law, an Alabama taxpayer may immediately deduct “research and experimental expenditures” without regard for the amortization method that took effect for federal purposes in tax year 2022. (Alternatively, a taxpayer may decide to treat the expenditure as a deferred expense as was permitted under the pre-2022 version of section 174.) This provision is retroactive to all tax years beginning on or after January 1, 2024. Please contact [Gregory Aughenbaugh](#) with questions about [H.B. 163](#).

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