

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1404 Session of
2000

INTRODUCED BY FUMO, O'PAKE, CONTI, TARTAGLIONE, COSTA, DENT,
WOZNIAK, CORMAN AND WAGNER, MARCH 28, 2000

REFERRED TO FINANCE, MARCH 28, 2000

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for the sale or transfer of unused net
11 loss deductions.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 401(3)4 of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
16 by adding a paragraph to read:

17 Section 401. Definitions.--The following words, terms, and
18 phrases, when used in this article, shall have the meaning
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

21 * * *

22 (3) "Taxable income." * * *

1 4.* * *

2 (h) Beginning with losses accruing in calendar year 2000 and
3 each calendar year thereafter or in the fiscal year commencing
4 in 2000 or in each fiscal year thereafter, all net loss
5 deductions may be sold or transferred by a corporation to
6 another corporation to be utilized under the schedule in
7 paragraph (c). Before a sale or transfer of a net loss may be
8 finalized the corporation which has incurred the loss shall
9 apply to the Department of Revenue, on a form provided by the
10 department, for a loss certification. The loss certification
11 will specify the amount of the loss, the calendar year that the
12 loss was incurred and the amount of the outstanding loss not
13 deducted by the corporation for its own use. All of the existing
14 regulations regarding the use of these net losses shall apply to
15 their use after they have been sold or transferred.

16 Section 2. This act shall take effect July 1, 2000.