

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 233 Session of 2013

INTRODUCED BY COSTA, WASHINGTON, BREWSTER, KASUNIC, TEPLITZ,  
YUDICHAK, GREENLEAF, FONTANA, VULAKOVICH, SMITH, FERLO,  
HUTCHINSON, SOLOBAY, BLAKE, BROWNE, TARTAGLIONE AND FARNESE,  
FEBRUARY 6, 2013

REFERRED TO FINANCE, FEBRUARY 6, 2013

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," in corporate net income tax, further providing  
11 for the definition of "taxable income."

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

14 Section 1. Section 401(3)4(c) of the act of March 4, 1971  
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended  
16 October 9, 2009 (P.L.451, No.48), is amended 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 \* \* \*

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

4. \* \* \*

(c) (1) The net loss deduction shall be the lesser of:

(A) (I) For taxable years beginning before January 1, 2007,  
two million dollars (\$2,000,000);

(II) For taxable years beginning after December 31, 2006,  
the greater of twelve and one-half per cent of taxable income as  
determined under subclause 1 or, if applicable, subclause 2 or  
three million dollars (\$3,000,000);

(III) For taxable years beginning after December 31, 2008,  
the greater of fifteen per cent of taxable income as determined  
under subclause 1 or, if applicable, subclause 2 or three  
million dollars (\$3,000,000);

(IV) For taxable years beginning after December 31, 2009,  
the greater of twenty per cent of taxable income as determined  
under subclause 1 or, if applicable, subclause 2 or three  
million dollars (\$3,000,000); [or]

(V) For taxable years beginning after December 31, 2012, the  
greater of twenty-five per cent of taxable income as determined  
under subclause 1 or, if applicable, subclause 2 or five million  
dollars (\$5,000,000); or

(B) The amount of the net loss or losses which may be  
carried over to the taxable year or taxable income as determined  
under subclause 1 or, if applicable, subclause 2.

(1.1) In no event shall the net loss deduction include more  
than five hundred thousand dollars (\$500,000), in the aggregate,  
of net losses from taxable years 1988 through 1994.

(2) (A) A net loss for a taxable year may only be carried  
over pursuant to the following schedule:

Taxable Year

Carryover

1	1981	1 taxable year
2	1982	2 taxable years
3	1983-1987	3 taxable years
4	1988	2 taxable years plus 1
5		taxable year starting
6		with the 1995 taxable
7		year
8	1989	1 taxable year plus 2
9		taxable years starting
10		with the 1995 taxable
11		year
12	1990-1993	3 taxable years starting
13		with the 1995 taxable
14		year
15	1994	1 taxable year
16	1995-1997	10 taxable years
17	1998 and thereafter	20 taxable years

18 (B) The earliest net loss shall be carried over to the  
19 earliest taxable year to which it may be carried under this  
20 schedule. The total net loss deduction allowed in any taxable  
21 year shall not exceed:

22 (I) Two million dollars (\$2,000,000) for taxable years  
23 beginning before January 1, 2007.

24 (II) The greater of twelve and one-half per cent of the  
25 taxable income as determined under subclause 1 or, if  
26 applicable, subclause 2 or three million dollars (\$3,000,000)  
27 for taxable years beginning after December 31, 2006.

28 (III) The greater of fifteen per cent of the taxable income  
29 as determined under subclause 1 or, if applicable, subclause 2  
30 or three million dollars (\$3,000,000) for taxable years

1 beginning after December 31, 2008.

2 (IV) The greater of twenty per cent of the taxable income as  
3 determined under subclause 1 or, if applicable, subclause 2 or  
4 three million dollars (\$3,000,000) for taxable years beginning  
5 after December 31, 2009.

6 (V) The greater of twenty-five per cent of taxable income as  
7 determined under subclause 1 or, if applicable, subclause 2 or  
8 five million dollars (\$5,000,000) for taxable years beginning  
9 after December 31, 2012.

10 \* \* \*

11 Section 2. This act shall take effect immediately.