
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 346 Session of
2023

INTRODUCED BY ROTHMAN, AUMENT, PENNYCUICK, PHILLIPS-HILL,
GEBHARD, LAUGHLIN, DISANTO, COSTA, BARTOLOTTA, SCHWANK, DUSH
AND J. WARD, MARCH 14, 2023

REFERRED TO FINANCE, MARCH 14, 2023

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 definitions.

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

14 Section 1. Section 401(3)4(c)(1) and (2) of the act of March
15 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are
16 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 * * *

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

1 4. * * *

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

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

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

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

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

17 (V) For taxable years beginning after December 31, 2013, the
18 greater of twenty-five per cent of taxable income as determined
19 under subclause 1 or, if applicable, subclause 2 or four million
20 dollars (\$4,000,000);

21 (VI) For taxable years beginning after December 31, 2014,
22 the greater of thirty per cent of taxable income as determined
23 under subclause 1 or, if applicable, subclause 2 or five million
24 dollars (\$5,000,000);

25 (VII) For taxable years beginning after December 31, 2017,
26 thirty-five per cent of taxable income as determined under
27 subclause 1 or, if applicable, subclause 2;

28 (VIII) For taxable years beginning after December 31, 2018,
29 forty per cent of taxable income as determined under subclause 1
30 or, if applicable, subclause 2; [or]

1 (IX) For taxable years beginning after December 31, 2023,
2 fifty per cent of taxable income as determined under subclause 1
3 or, if applicable, subclause 2;

4 (X) For taxable years beginning after December 31, 2024,
5 sixty per cent of taxable income as determined under subclause 1
6 or, if applicable, subclause 2;

7 (XI) For taxable years beginning after December 31, 2025,
8 seventy per cent of taxable income as determined under subclause
9 1 or, if applicable, subclause 2; or

10 (XII) For taxable years beginning after December 31, 2026,
11 eighty per cent of taxable income as determined under subclause
12 1 or, if applicable, subclause 2; or

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

16 * * *

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

19	Taxable Year	Carryover
20	1981	1 taxable year
21	1982	2 taxable years
22	1983-1987	3 taxable years
23	1988	2 taxable years plus
24		1 taxable year
25		starting with the
26		1995 taxable year
27	1989	1 taxable year plus
28		2 taxable years
29		starting with the
30		1995 taxable year

1	1990-1993	3 taxable years
2		starting with the
3		1995 taxable year
4	1994	1 taxable year
5	1995-1997	10 taxable years
6	1998 and thereafter	20 taxable years

7 (B) The earliest net loss shall be carried over to the
8 earliest taxable year to which it may be carried under this
9 schedule. The total net loss deduction allowed in any taxable
10 year shall not exceed:

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

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

17 (III) The greater of fifteen per cent of the taxable income
18 as determined under subclause 1 or, if applicable, subclause 2
19 or three million dollars (\$3,000,000) for taxable years
20 beginning after December 31, 2008.

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

25 (V) The greater of twenty-five per cent of taxable income as
26 determined under subclause 1 or, if applicable, subclause 2 or
27 four million dollars (\$4,000,000) for taxable years beginning
28 after December 31, 2013.

29 (VI) The greater of thirty per cent of taxable income as
30 determined under subclause 1 or, if applicable, subclause 2 or

1 five million dollars (\$5,000,000) for taxable years beginning
2 after December 31, 2014.

3 (VII) Thirty-five per cent of taxable income as determined
4 under subclause 1 or, if applicable, subclause 2 for taxable
5 years beginning after December 31, 2017.

6 (VIII) Forty per cent of taxable income as determined under
7 subclause 1 or, if applicable, subclause 2 for taxable years
8 beginning after December 31, 2018.

9 (IX) Fifty per cent of taxable income as determined under
10 subclause 1 or, if applicable, subclause 2 for taxable years
11 beginning after December 31, 2023.

12 (X) Sixty per cent of taxable income as determined under
13 subclause 1 or, if applicable, subclause 2 for taxable years
14 beginning after December 31, 2024.

15 (XI) Seventy per cent of taxable income as determined under
16 subclause 1 or, if applicable, subclause 2 for taxable years
17 beginning after December 31, 2025.

18 (XII) Eighty per cent of taxable income as determined under
19 subclause 1 or, if applicable, subclause 2 for taxable years
20 beginning after December 31, 2026.

21 * * *

22 Section 2. This act shall take effect immediately.