

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 598 Session of 2015

INTRODUCED BY MENSCH, BARTOLOTTA, GREENLEAF, BROWNE, VULAKOVICH, WARD, YAW, GORDNER, VOGEL, STEFANO, FOLMER, BOSCOLA, WHITE, HUTCHINSON, BROOKS, WAGNER AND SCAVELLO, MARCH 6, 2015

SENATOR EICHELBERGER, FINANCE, AS AMENDED, JUNE 27, 2016

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, further providing for
11 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) and July 9, 2013 (P.L.270,
17 No.52), is amended to read:

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

22 * * *

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

2 4. * * *

3 (c) (1) The net loss deduction shall be [the ~~f~~lesser of]: <--

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

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

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

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

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

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

26 (VII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2016,
27 FORTY-FOUR PER CENT OF TAXABLE INCOME; OR

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

1 †(1.1) In no event shall the net loss deduction include more <--
2 than five hundred thousand dollars (\$500,000), in the aggregate,
3 of net losses from taxable years 1988 through 1994.† <--

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

6	Taxable Year	Carryover
7	1981	1 taxable year
8	1982	2 taxable years
9	1983-1987	3 taxable years
10	1988	2 taxable years plus
11		1 taxable year
12		starting with the
13		1995 taxable year
14	1989	1 taxable year plus
15		2 taxable years
16		starting with the
17		1995 taxable year
18	1990-1993	3 taxable years
19		starting with the
20		1995 taxable year
21	1994	1 taxable year
22	1995-1997	10 taxable years
23	1998 and thereafter	20 taxable years

24 (B) The earliest net loss shall be carried over to the
25 earliest taxable year to which it may be carried under this
26 schedule. †The total net loss deduction allowed in any taxable <--
27 year shall not exceed:

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

30 (II) The greater of twelve and one-half per cent of the

1 taxable income as determined under subclause 1 or, if
2 applicable, subclause 2 or three million dollars (\$3,000,000)
3 for taxable years beginning after December 31, 2006.

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

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

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

16 (VI) The greater of thirty per cent of taxable income as
17 determined under subclause 1 or, if applicable, subclause 2 or
18 five million dollars (\$5,000,000) for taxable years beginning
19 after December 31, 2014.†

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20 (VII) FORTY-FOUR PER CENT OF TAXABLE INCOME AS DETERMINED
21 UNDER SUBCLAUSE 1 FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31,
22 2016.

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23 * * *

24 Section 2. The amendment of section 401(3)4(c) of the act
25 shall apply to taxable years beginning after December 31, 2016.

26 Section 3. This act shall take effect immediately.