

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 694 Session of 2011

INTRODUCED BY COSTA, TARTAGLIONE, HUGHES, FONTANA, SOLOBAY,
GREENLEAF, BOSCOLA, YUDICHAK, BREWSTER, FARNESE, KASUNIC,
FERLO, WOZNIAK, LEACH AND WASHINGTON, APRIL 25, 2011

REFERRED TO FINANCE, APRIL 25, 2011

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), 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 * * *

22 (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, 2010, 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
1981	1 taxable year

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

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

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

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

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

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

5 (V) The greater of twenty-five per cent of taxable income as
6 determined under subclause 1 or, if applicable, subclause 2 or
7 five million dollars (\$5,000,000) for taxable years beginning
8 after December 31, 2010.

9 * * *

10 Section 2. This act shall take effect immediately.