

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1416 Session of 2015

INTRODUCED BY EVANKOVICH, BARBIN, BARRAR, BENNINGHOFF, BLOOM, BURNS, COX, CUTLER, DeLUCA, GALLOWAY, GERGELY, GIBBONS, GILLEN, GREINER, GROVE, A. HARRIS, IRVIN, KAUFFMAN, KORTZ, LAWRENCE, MALONEY, MARSHALL, MARSICO, McNEILL, MILNE, RAPP, REGAN, TRUITT, TURZAI, WARNER AND ZIMMERMAN, JUNE 26, 2015

REFERRED TO COMMITTEE ON FINANCE, JUNE 26, 2015

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)(A) of the act of March 4,  
 15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,  
 16 amended July 9, 2013 (P.L.270, No.52), is amended and clause  
 17 (3)4(c)(2)(B) is amended by adding subparagraphs 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:

1 \* \* \*

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

3 4. \* \* \*

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

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

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

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

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

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

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

27 (VII) For taxable years beginning after December 31, 2016,  
28 forty per cent of taxable income as determined under subclause 1  
29 or, if applicable, subclause 2;

30 (VIII) For taxable years beginning after December 31, 2017,

1 fifty per cent of taxable income as determined under subclause 1  
2 or, if applicable, subclause 2;

3 (IX) For taxable years beginning after December 31, 2018,  
4 sixty per cent of taxable income as determined under subclause 1  
5 or, if applicable, subclause 2;

6 (X) For taxable years beginning after December 31, 2019,  
7 eighty per cent of taxable income as determined under subclause  
8 1 or, if applicable, subclause 2;

9 (XI) For taxable years beginning after December 31, 2020,  
10 one hundred per cent of taxable income as determined under  
11 subclause 1; or

12 \* \* \*

13 (2) \* \* \*

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

18 \* \* \*

19 (VII) Forty per cent of taxable income as determined under  
20 subclause 1 or, if applicable, subclause 2 for taxable years  
21 beginning after December 31, 2016.

22 (VIII) Fifty per cent of taxable income as determined under  
23 subclause 1 or, if applicable, subclause 2 for taxable years  
24 beginning after December 31, 2017.

25 (IX) Sixty per cent of taxable income as determined under  
26 subclause 1 or, if applicable, subclause 2 for taxable years  
27 beginning after December 31, 2018.

28 (X) Eighty per cent of taxable income as determined under  
29 subclause 1 or, if applicable, subclause 2 for taxable years  
30 beginning after December 31, 2019.

1     (XI) One hundred percent of taxable income as determined  
2     under subclause 1 for taxable years beginning after December 31,  
3     2020.

4           \* \* \*

5     Section 2. The amendment or addition of section 401(3)4(c)  
6     (1) (A) and (2) (B) (VII), (VIII), (IX), (X) and (XI) of the act  
7     shall apply to taxable years beginning after December 31, 2015.

8     Section 3. This act shall take effect in 60 days.