

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, ZIMMERMAN, DUSH, GABLER AND ORTITAY, JUNE 26, 2015

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 30, 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 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~~ A SUBPARAGRAPH <--
18 to read:

19 Section 401. Definitions.--The following words, terms, and
20 phrases, when used in this article, shall have the meaning

1 ascribed to them in this section, except where the context  
2 clearly indicates a different meaning:

3 \* \* \*

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

5 4. \* \* \*

6 (c) (1) The net loss deduction shall be ~~the lesser of:~~ <--

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

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

13 (III) For taxable years beginning after December 31, 2008,  
14 the greater of fifteen 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 (IV) For taxable years beginning after December 31, 2009,  
18 the greater of twenty per cent of taxable income as determined  
19 under subclause 1 or, if applicable, subclause 2 or three  
20 million dollars (\$3,000,000);

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

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

29 ~~(VII) For taxable years beginning after December 31, 2016,~~ <--  
30 ~~forty per cent of taxable income as determined under subclause 1~~

1 ~~or, if applicable, subclause 2;~~

2 ~~(VIII) For taxable years beginning after December 31, 2017,~~  
3 ~~fifty per cent of taxable income as determined under subclause 1~~  
4 ~~or, if applicable, subclause 2;~~

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

8 ~~(X) For taxable years beginning after December 31, 2019,~~  
9 ~~eighty per cent of taxable income as determined under subclause~~  
10 ~~1 or, if applicable, subclause 2;~~

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

14 ~~(VII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2016, <--~~  
15 ~~FORTY-FOUR PER CENT OF TAXABLE INCOME AS DETERMINED UNDER~~  
16 ~~SUBCLAUSE 1; OR~~

17 \* \* \*

18 (2) \* \* \*

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

23 \* \* \*

24 ~~(VII) Forty per cent of taxable income as determined under <--~~  
25 ~~subclause 1 or, if applicable, subclause 2 for taxable years~~  
26 ~~beginning after December 31, 2016.~~

27 ~~(VIII) Fifty per cent of taxable income as determined under~~  
28 ~~subclause 1 or, if applicable, subclause 2 for taxable years~~  
29 ~~beginning after December 31, 2017.~~

30 ~~(IX) Sixty per cent of taxable income as determined under~~

1 ~~subclause 1 or, if applicable, subclause 2 for taxable years~~  
2 ~~beginning after December 31, 2018.~~

3 ~~(X) Eighty per cent of taxable income as determined under~~  
4 ~~subclause 1 or, if applicable, subclause 2 for taxable years~~  
5 ~~beginning after December 31, 2019.~~

6 ~~(XI) One hundred percent of taxable income as determined~~  
7 ~~under subclause 1 for taxable years beginning after December 31,~~  
8 ~~2020.~~

9 (VII) FORTY-FOUR PER CENT OF TAXABLE INCOME AS DETERMINED <--  
10 UNDER SUBCLAUSE 1 FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31,  
11 2016.

12 \* \* \*

13 Section 2. The amendment or addition of section 401(3)4(c)  
14 (1) (A) and (2) (B) (VII), ~~(VIII), (IX), (X) and (XI)~~ of the act <--  
15 shall apply to taxable years beginning after December 31, 2015 <--  
16 2016. <--

17 Section 3. This act shall take effect ~~in 60 days~~ <--  
18 IMMEDIATELY. <--