

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1537 Session of  
2017

---

INTRODUCED BY EVANKOVICH, MILLARD, BAKER, MUSTIO, BARRAR, GROVE,  
KAUFFMAN, MILNE, CUTLER, TURZAI, LAWRENCE, ZIMMERMAN, IRVIN,  
MARSICO, GREINER, RAPP, BLOOM, DUNBAR, KORTZ, A. HARRIS,  
REESE, WARD, BERNSTINE AND ORTITAY, JUNE 13, 2017

---

REFERRED TO COMMITTEE ON FINANCE, JUNE 13, 2017

---

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 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)(1) of the act of March 4, 1971  
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended  
16 and paragraph (c)(2)(B) is amended by adding a unit 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 \* \* \*

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

2 4. \* \* \*

3 (c) (1) The net loss deduction shall be [the 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, 2017,  
27 forty-four per cent of taxable income; or

28 (B) The 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 \* \* \*

2 (2) \* \* \*

3 (B) The earliest net loss shall be carried over to the  
4 earliest taxable year to which it may be carried under this  
5 schedule. The total net loss deduction allowed in any taxable  
6 year shall not exceed:

7 \* \* \*

8 (VII) Forty-four per cent of taxable income as determined  
9 under subclause 1 for taxable years beginning after December 31,  
10 2017.

11 \* \* \*

12 Section 2. The amendment or addition of section 401(3)4(c)  
13 (1) and (2)(B)(VII) of the act shall only apply to taxable years  
14 following a taxable year in which any of the provisions of  
15 401(3)4(c)(1) are deemed invalid.

16 Section 3. This act shall take effect immediately.