

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1796 Session of 2019

INTRODUCED BY WHITE, HILL-EVANS, PYLE, BROOKS, HELM, BERNSTINE, DONATUCCI, JOZWIAK, ROEBUCK, GILLEN AND KORTZ, SEPTEMBER 12, 2019

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES, JANUARY 14, 2020

AN ACT

1 Amending the act of May 30, 1984 (P.L.345, No.69), entitled "An
2 act ~~yo~~ TO provide revenue for cities of the first class by <--
3 authorizing and imposing a tax on persons engaging in certain
4 businesses, professions, occupations, trades, vocations and
5 commercial activities therein; providing for its levy and
6 collection at the option of cities of the first class;
7 conferring and imposing powers and duties on cities of the
8 first class and the collector of city taxes in such cities;
9 and prescribing penalties," further providing for
10 definitions.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. The definition of "net operating loss" in section
14 2 of the act of May 30, 1984 (P.L.345, No.69), known as the
15 First Class City Business Tax Reform Act, is amended to read:

16 Section 2. Definitions.

17 The following words and phrases when used in this act shall
18 have the meanings given to them in this section unless the
19 context clearly indicates otherwise:

20 \* \* \*

21 "Net operating loss."

1           (1) In the case of a person conducting its entire  
2 business within a city of the first class, any net losses  
3 incurred from the operation of its business as returned to  
4 and ascertained by the Federal Government prior to giving  
5 effect to the exclusion for dividends received and net  
6 operating loss subject to the same adjustments made  
7 applicable to net income in this section. In the case of a  
8 person conducting its business both within and without a city  
9 of the first class, any net operating loss incurred which is  
10 carried forward to another tax year shall be allocated and  
11 apportioned in the same manner as net income prior to its  
12 being deducted from apportioned and allocated net income in  
13 the subsequent tax year. Apportionment and allocation of net  
14 operating loss shall be based upon allocation and  
15 apportionment factors applicable to the year in which the net  
16 operating loss was incurred.

17           (2) Net operating losses incurred in another tax period  
18 may be carried over for [three] 20 tax years following the  
19 year in which it was incurred. The earliest net loss shall be  
20 carried over to the earliest taxable year to which it may be  
21 carried.

22           \* \* \*

23           Section 2. The amendment of the definition of "net operating  
24 loss" in section 2 of the act shall apply to net operating  
25 losses incurred in the year of enactment of this act and each  
26 tax year thereafter.

27           Section 3. This act shall take effect immediately.