
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2420 Session of
2020

INTRODUCED BY JONES, SCHWEYER, BERNSTINE, ROWE, RYAN, KEEFER,
GREINER, YOUNGBLOOD, GAYDOS, HANBIDGE, BARRAR, ROTHMAN,
DUNBAR, STRUZZI, STAATS, DRISCOLL, GLEIM, READSHAW AND
DeLUCA, APRIL 20, 2020

REFERRED TO COMMITTEE ON FINANCE, APRIL 20, 2020

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)(2) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
16 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) * * *

4 (2) (A) A net loss for a taxable year may only be carried
5 over pursuant to the following schedule:

6	Taxable Year	Carryover
7	1981	1 taxable year
8	1982	2 taxable years
9	1983-1987	3 taxable years
10	1988	2 taxable years plus
11		1 taxable year
12		starting with the
13		1995 taxable year
14	1989	1 taxable year plus
15		2 taxable years
16		starting with the
17		1995 taxable year
18	1990-1993	3 taxable years
19		starting with the
20		1995 taxable year
21	1994	1 taxable year
22	1995-1997	10 taxable years
23	[1998 and	
24	thereafter]	
25	<u>1998-2019</u>	20 taxable years

26 (A.1) A net loss for taxable year 2020 and thereafter may be
27 carried over indefinitely.

28 (B) The earliest net loss shall be carried over to the
29 earliest taxable year to which it may be carried under this
30 schedule. The total net loss deduction allowed in any taxable

1 year shall not exceed:

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

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

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

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

16 (V) The greater of twenty-five per cent of taxable income as
17 determined under subclause 1 or, if applicable, subclause 2 or
18 four million dollars (\$4,000,000) for taxable years beginning
19 after December 31, 2013.

20 (VI) The greater of thirty per cent of taxable income as
21 determined under subclause 1 or, if applicable, subclause 2 or
22 five million dollars (\$5,000,000) for taxable years beginning
23 after December 31, 2014.

24 (VII) Thirty-five per cent of taxable income as determined
25 under subclause 1 or, if applicable, subclause 2 for taxable
26 years beginning after December 31, 2017.

27 (VIII) Forty per cent of taxable income as determined under
28 subclause 1 or, if applicable, subclause 2 for taxable years
29 beginning after December 31, 2018.

30 * * *

1 Section 2. This act shall take effect in 60 days.