
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 722 Session of
2021

INTRODUCED BY MENSCH, AUMENT, BARTOLOTTA, MARTIN, MASTRIANO,
PHILLIPS-HILL, STEFANO AND J. WARD, MAY 28, 2021

REFERRED TO FINANCE, MAY 28, 2021

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) 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 * * *

22 (3) "Taxable income." * * *

1 4. * * *

2 (c) (1) The net loss deduction shall be [the lesser of]:

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

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

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

13 (IV) For taxable years beginning after December 31, 2009,
14 the greater of twenty 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 (V) For taxable years beginning after December 31, 2013, the
18 greater of twenty-five per cent of taxable income as determined
19 under subclause 1 or, if applicable, subclause 2 or four million
20 dollars (\$4,000,000);

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

25 (VII) For taxable years beginning after December 31, 2017,
26 thirty-five per cent of taxable income as determined under
27 subclause 1 or, if applicable, subclause 2;

28 (VIII) For taxable years beginning after December 31, 2018,
29 [forty] forty-four per cent of taxable income as determined
30 under subclause 1 or, if applicable, subclause 2; or

1 (B) The amount of the net loss or losses which may be
2 carried over to the taxable year or taxable income as determined
3 under subclause 1 or, if applicable, subclause 2.

4 (1.1) In no event shall the net loss deduction include more
5 than five hundred thousand dollars (\$500,000), in the aggregate,
6 of net losses from taxable years 1988 through 1994.

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

9	Taxable Year	Carryover
10	1981	1 taxable year
11	1982	2 taxable years
12	1983-1987	3 taxable years
13	1988	2 taxable years plus
14		1 taxable year
15		starting with the
16		1995 taxable year
17	1989	1 taxable year plus
18		2 taxable years
19		starting with the
20		1995 taxable year
21	1990-1993	3 taxable years
22		starting with the
23		1995 taxable year
24	1994	1 taxable year
25	1995-1997	10 taxable years
26	1998 and thereafter	20 taxable years

27 (B) The earliest net loss shall be carried over to the
28 earliest taxable year to which it may be carried under this
29 schedule. The total net loss deduction allowed in any taxable
30 year shall not exceed:

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

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

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

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

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

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

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

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

29 * * *

30 Section 2. The amendment of section 401(3)4(c) of the act

1 shall apply to taxable years beginning after December 31, 2018.

2 Section 3. This act shall take effect immediately.