
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2871 Session of
2020

INTRODUCED BY DUNBAR, REESE, MIHALEK, RYAN, CAUSER, PICKETT,
KEEFER, HILL-EVANS, JONES, KAUFFMAN, ROTHMAN, DAVANZO,
READSHAW, MILLARD AND SCHLEGEL CULVER, SEPTEMBER 17, 2020

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 17, 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)(1) and (2) of the act of March
15 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are
16 amended 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 per cent of taxable income as determined under subclause 1
30 or, if applicable, subclause 2; [or]

1 (IX) In addition to the amount provided under unit (VIII),
2 for the taxable year beginning after December 31, 2020, and
3 prior to January 1, 2022, sixty per cent of taxable income as
4 determined under subclause 1 or, if applicable, subclause 2, for
5 net losses incurred for the taxable year beginning after
6 December 31, 2019, and prior to January 1, 2021. In no event
7 shall the net loss deduction exceed one hundred per cent, in the
8 aggregate, of taxable income as determined under subclause 1 or,
9 if applicable, subclause 2 for the taxable year beginning after
10 December 31, 2020, and prior to January 1, 2022; or

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

14 * * *

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

17	Taxable Year	Carryover
18	1981	1 taxable year
19	1982	2 taxable years
20	1983-1987	3 taxable years
21	1988	2 taxable years plus
22		1 taxable year
23		starting with the
24		1995 taxable year
25	1989	1 taxable year plus
26		2 taxable years
27		starting with the
28		1995 taxable year
29	1990-1993	3 taxable years
30		starting with the

1		1995 taxable year
2	1994	1 taxable year
3	1995-1997	10 taxable years
4	1998 and thereafter	20 taxable years

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

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

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

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

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

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

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

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

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

7 (IX) In addition to the amount provided under unit (VIII),
8 for the taxable year beginning after December 31, 2020, and
9 prior to January 1, 2022, sixty per cent of taxable income as
10 determined under subclause 1 or, if applicable, subclause 2, for
11 net losses incurred for the taxable year beginning after
12 December 31, 2019, and prior to January 1, 2021. In no event
13 shall the net loss deduction exceed one hundred per cent, in the
14 aggregate, of taxable income as determined under subclause 1 or,
15 if applicable, subclause 2 for the taxable year beginning after
16 December 31, 2020, and prior to January 1, 2022.

17 * * *

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