
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 732 Session of
2021

INTRODUCED BY JONES, SCHWEYER, STAMBAUGH, RYAN, ZIMMERMAN,
MILLARD, GLEIM, BROOKS, STAATS AND KEEFER, MARCH 3, 2021

REFERRED TO COMMITTEE ON FINANCE, MARCH 3, 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 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 * * *

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

1 4. * * *

2 (c) * * *

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

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

25 (A.1) A net loss for taxable years beginning after December
26 31, 2019, may be carried over indefinitely.

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

29 * * *

30 Section 2. This act shall take effect immediately.