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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 598 Session of  
2015

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INTRODUCED BY MENSCH, BARTOLOTTA, GREENLEAF, BROWNE, VULAKOVICH,  
WARD, YAW, GORDNER, VOGEL, STEFANO, FOLMER, BOSCOLA, WHITE,  
HUTCHINSON, BROOKS AND WAGNER, MARCH 6, 2015

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REFERRED TO FINANCE, MARCH 6, 2015

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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, further providing for  
11 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, amended  
16 October 9, 2009 (P.L.451, No.48) and July 9, 2013 (P.L.270,  
17 No.52), is amended to read:

18 Section 401. Definitions.--The following words, terms, and  
19 phrases, when used in this article, shall have the meaning  
20 ascribed to them in this section, except where the context  
21 clearly indicates a different meaning:

22 \* \* \*

1 (3) "Taxable income." \* \* \*

2 4. \* \* \*

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

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

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

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

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

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

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

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

29 [(1.1) In no event shall the net loss deduction include more  
30 than five hundred thousand dollars (\$500,000), in the aggregate,

1 of net losses from taxable years 1988 through 1994.]

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

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

22 (B) The earliest net loss shall be carried over to the  
23 earliest taxable year to which it may be carried under this  
24 schedule. [The total net loss deduction allowed in any taxable  
25 year shall not exceed:

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

28 (II) The greater of twelve and one-half per cent of the  
29 taxable income as determined under subclause 1 or, if  
30 applicable, subclause 2 or three million dollars (\$3,000,000)

1 for taxable years beginning after December 31, 2006.

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

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

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

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

18 \* \* \*

19 Section 2. The amendment of section 401(3)4(c) of the act  
20 shall apply to taxable years beginning after December 31, 2016.

21 Section 3. This act shall take effect immediately.