

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, DeLUCA,
ROZZI, FRANKEL, THOMAS, COX, TOMLINSON AND MASSER,
APRIL 20, 2020

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, SEPTEMBER 2, 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:

1 * * *

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

3 4. * * *

4 (c) * * *

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

Taxable Year	Carryover
1981	1 taxable year
1982	2 taxable years
1983-1987	3 taxable years
1988	2 taxable years plus
	1 taxable year
	starting with the
	1995 taxable year
1989	1 taxable year plus
	2 taxable years
	starting with the
	1995 taxable year
1990-1993	3 taxable years
	starting with the
	1995 taxable year
1994	1 taxable year
1995-1997	10 taxable years
[1998 and	
thereafter]	
<u>1998-2019</u>	20 taxable years

27 ~~(A.1) A net loss for taxable year 2020 and thereafter may be~~ <--
 28 ~~carried over indefinitely. YEARS BEGINNING AFTER DECEMBER 31,~~ <--
 29 ~~2019, MAY BE CARRIED OVER INDEFINITELY.~~

30 (B) The earliest net loss shall be carried over to the

1 earliest taxable year to which it may be carried under this
2 schedule. The total net loss deduction allowed in any taxable
3 year shall not exceed:

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

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

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

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

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

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

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

29 (VIII) Forty per cent of taxable income as determined under
30 subclause 1 or, if applicable, subclause 2 for taxable years

1 beginning after December 31, 2018.

2 * * *

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