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## OLR Bill Analysis

sHB 6922

### ***AN ACT CONCERNING THE BUSINESS OPERATING LOSS CARRY-OVER PERIOD.***

#### **SUMMARY**

This bill extends, from 20 years to 30 years, the period that corporations may carry forward a net operating loss (NOL) deduction for corporation business tax purposes. (NOL is the amount by which a corporation's total allowable deductions exceed its gross income.) The bill's extended carry forward period applies to NOLs incurred beginning with the 2015 income year.

Existing law, unchanged by the bill, generally limits a corporation's NOL deduction to the lesser of (1) 50% of its pre-NOL net income and (2) the difference between the amount of NOL in the current income year and the amount carried forward from prior years.

EFFECTIVE DATE: Upon passage

#### **BACKGROUND**

##### ***Related Bill***

sSB 981, favorably reported by the Finance, Revenue and Bonding Committee, contains an identical provision.

#### **COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 48 Nay 3 (04/18/2023)