

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 324 Session of  
2021

---

INTRODUCED BY WHITE, STAATS, THOMAS, NEILSON, GAYDOS, LAWRENCE  
AND ROWE, JANUARY 28, 2021

---

REFERRED TO COMMITTEE ON FINANCE, JANUARY 28, 2021

---

AN ACT

1 Amending the act of May 30, 1984 (P.L.345, No.69), entitled "An  
2 act to provide revenue for cities of the first class by  
3 authorizing and imposing a tax on persons engaging in certain  
4 businesses, professions, occupations, trades, vocations and  
5 commercial activities therein; providing for its levy and  
6 collection at the option of cities of the first class;  
7 conferring and imposing powers and duties on cities of the  
8 first class and the collector of city taxes in such cities;  
9 and prescribing penalties," further providing for  
10 definitions.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. The definition of "net operating loss" in section  
14 2 of the act of May 30, 1984 (P.L.345, No.69), known as the  
15 First Class City Business Tax Reform Act, is amended to read:

16 Section 2. Definitions.

17 The following words and phrases when used in this act shall  
18 have the meanings given to them in this section unless the  
19 context clearly indicates otherwise:

20 \* \* \*

21 "Net operating loss."

22 (1) In the case of a person conducting its entire

1 business within a city of the first class, any net losses  
2 incurred from the operation of its business as returned to  
3 and ascertained by the Federal Government prior to giving  
4 effect to the exclusion for dividends received and net  
5 operating loss subject to the same adjustments made  
6 applicable to net income in this section. In the case of a  
7 person conducting its business both within and without a city  
8 of the first class, any net operating loss incurred which is  
9 carried forward to another tax year shall be allocated and  
10 apportioned in the same manner as net income prior to its  
11 being deducted from apportioned and allocated net income in  
12 the subsequent tax year. Apportionment and allocation of net  
13 operating loss shall be based upon allocation and  
14 apportionment factors applicable to the year in which the net  
15 operating loss was incurred.

16 (2) Net operating losses incurred in another tax period  
17 may be carried over for [three] 20 tax years following the  
18 year in which it was incurred. The earliest net loss shall be  
19 carried over to the earliest taxable year to which it may be  
20 carried.

21 \* \* \*

22 Section 2. The amendment of the definition of "net operating  
23 loss" in section 2 of the act shall apply to net operating  
24 losses incurred in the year of enactment of this act and each  
25 tax year thereafter.

26 Section 3. This act shall take effect immediately.