



# Senate Finance Committee

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## BILL SUMMARY

**Legislation:** Senate Bill 1354, P.N. 1835  
**Sponsor:** Senator Corman  
**Act Amended:** The Tax Reform Code of 1971 ("TRC")  
**Topic:** Authorizing a loss carry forward for individual taxpayers  
**Date:** December 9, 2011

### Summary:

Senate Bill 1354 amends the TRC to provide a new subsection in the Personal Income Tax permitting an individual taxpayer to carry forward loss within a class of income to subsequent tax years. The legislation prohibits the carry forward of a loss after three taxable years. The legislation prohibits the carry forward of loss occurring within the gambling or lottery winnings class of income.

The legislation is effective in 60 days.

### Current Law:

Section 303(a) of the TRC provides the following classes of income in the Personal Income Tax:

1. Compensation.
2. Net profits from the operation of a business, profession, or other activity.
3. Net gains or income from disposition of property.
4. Net gains or income derived from or in the form of rents, royalties, patents and copyrights.
5. Dividends income.
6. Interest income.
7. Gambling and lottery winnings other than prizes of the Pennsylvania State Lottery.
8. Net gains or income derived through estates or trusts.

The Pennsylvania Department of Revenue prohibits the carry forward of any aggregate loss occurring within the above classes of income to a subsequent tax year.