

Income/Franchise:

Pennsylvania DOR Summarizes Law Changes Involving NOLs, Intercompany Intangible Expense Addback, and Bank Shares Tax

Pennsylvania State Tax Legislative Summary – August 2024, Pa. Dept. of Rev. (8/24). The Pennsylvania Department of Revenue (Department) issued a summary of recently signed legislation, including new law that increases Pennsylvania’s “40% of taxable income” percentage cap for net loss carryover deductions under the state corporate net income tax for taxable years beginning after December 31, 2024 (effectively phasing in an 80% cap for taxable years beginning after 2028), as well as adds an election under Pennsylvania’s intercompany intangible expense “addback” statute [see S.B. 654, signed by gov. 7/11/24, and *State Tax Matters*, Issue 2024-29, for more details on this recently enacted legislation]. Regarding the addback statute changes, the Department explains that i) the new provision is “intended to prevent the same income from being taxed twice,” and ii) it will publish additional guidelines for taxpayers who have already filed their 2023 return. Another summarized law change in the document involves Pennsylvania’s bank shares tax, and it explains that for returns due March 2025 and after, institutions may “deduct all goodwill generated in a merger or acquisition after June 30, 2001, when that goodwill is stated in their Reports of Condition filed with the FDIC.” Please contact us with any questions.

URL:
https://www.revenue.pa.gov/TaxLawPoliciesBulletinsNotices/TaxSummaries/Documents/2024_tax_summary_aug.pdf
URL: https://www.legis.state.pa.us/cfdocs/billinfo/bill_history.cfm?year=2023&ind=0&body=S&type=B&bn=654
URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240719_5.html

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