
OLR Bill Analysis

HB 5503

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

SUMMARY

This bill extends, from 20 to 40 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 2023 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: October 1, 2022

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 47 Nay 4 (04/05/2022)