



General Assembly

**Substitute Bill No. 6922**

January Session, 2023



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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (4) of subsection (a) of section 12-217 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (4) Notwithstanding any provision of this section; [to the contrary,]

5 (A) [any] Any excess of the deductions provided in this section for  
6 any income year commencing on or after January 1, 1973, over the  
7 gross income for such year or the amount of such excess apportioned  
8 to this state under the provisions of this chapter, shall be an operating  
9 loss of such income year and shall be deductible as an operating loss  
10 carry-over for operating losses incurred prior to income years  
11 commencing January 1, 2000, in each of the five income years  
12 following such loss year; [, and] for operating losses incurred in  
13 income years commencing on or after January 1, 2000, and prior to  
14 January 1, 2015, in each of the twenty income years following such loss  
15 year; [.] and for operating losses incurred in income years commencing  
16 on or after January 1, 2015, in each of the thirty income years following  
17 such loss year; except that:

18 (i) [for] For income years commencing prior to January 1, 2015, the

19 portion of such operating loss [which] that may be deducted as an  
20 operating loss carry-over in any income year following such loss year  
21 shall be limited to the lesser of (I) any net income greater than zero of  
22 such income year following such loss year, or in the case of a company  
23 entitled to apportion its net income under the provisions of this  
24 chapter, the amount of such net income [which] that is apportioned to  
25 this state pursuant thereto, or (II) the excess, if any, of such operating  
26 loss over the total of such net income for each of any prior income  
27 years following such loss year, such net income of each of such prior  
28 income years following such loss year for such purposes being  
29 computed without regard to any operating loss carry-over from such  
30 loss year allowed under this subparagraph and being regarded as not  
31 less than zero, and provided further the operating loss of any income  
32 year shall be deducted in any subsequent year, to the extent available  
33 for such deduction, before the operating loss of any subsequent income  
34 year is deducted; [.]

35 (ii) [for] For income years commencing on or after January 1, 2015,  
36 the portion of such operating loss [which] that may be deducted as an  
37 operating loss carry-over in any income year following such loss year  
38 shall be limited to the lesser of (I) fifty per cent of net income of such  
39 income year following such loss year, or in the case of a company  
40 entitled to apportion its net income under the provisions of this  
41 chapter, fifty per cent of such net income [which] that is apportioned to  
42 this state pursuant thereto, or (II) the excess, if any, of such operating  
43 loss over the operating loss deductions allowable with respect to such  
44 operating loss under this subparagraph for each of any prior income  
45 years following such loss year, such net income of each of such prior  
46 income years following such loss year for such purposes being  
47 computed without regard to any operating loss carry-over from such  
48 loss year allowed under this subparagraph and being regarded as not  
49 less than zero, and provided further the operating loss of any income  
50 year shall be deducted in any subsequent year, to the extent available  
51 for such deduction, before the operating loss of any subsequent income  
52 year is deducted; [.] and

53 (iii) [if] If a combined group so elects, the combined group shall  
54 relinquish fifty per cent of its unused operating losses incurred prior to  
55 the income year commencing on or after January 1, 2015, and before  
56 January 1, 2016, and may utilize the remaining operating loss carry-  
57 over without regard to the limitations prescribed in subparagraph  
58 (A)(ii) of this subdivision. The portion of such operating loss carry-  
59 over that may be deducted shall be limited to the amount required to  
60 reduce a combined group's tax under this chapter, prior to surtax and  
61 prior to the application of credits, to two million five hundred  
62 thousand dollars in any income year commencing on or after January  
63 1, 2015. Only after the combined group's remaining operating loss  
64 carry-over for operating losses incurred prior to income years  
65 commencing January 1, 2015, has been fully utilized, will the  
66 limitations prescribed in subparagraph (A)(ii) of this subdivision  
67 apply. The combined group, or any member thereof, shall make such  
68 election on its return for the income year beginning on or after January  
69 1, 2015, and before January 1, 2016, by the due date for such return,  
70 including any extensions. Only combined groups with unused  
71 operating losses in excess of six billion dollars from income years  
72 beginning prior to January 1, 2013, may make the election prescribed  
73 in this clause; [,] and

74 (B) [any] Any net capital loss, as defined in the Internal Revenue  
75 Code effective and in force on the last day of the income year, for any  
76 income year commencing on or after January 1, 1973, shall be allowed  
77 as a capital loss carry-over to reduce, but not below zero, any net  
78 capital gain, as so defined, in each of the five following income years,  
79 in order of sequence, to the extent not exhausted by the net capital gain  
80 of any of the preceding of such five following income years; [,] and

81 (C) [any] Any net capital losses allowed and carried forward from  
82 prior years to income years beginning on or after January 1, 1973, for  
83 federal income tax purposes by companies entitled to a deduction for  
84 dividends paid under the Internal Revenue Code other than  
85 companies subject to the gross earnings taxes imposed under chapters

86 211 and 212, shall be allowed as a capital loss carry-over.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	12-217(a)(4)
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**FIN**      *Joint Favorable Subst.*