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Pa. Gov. Pitches 40% Corp. Tax Cut, Closing Del. Loophole

Law360

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Jennifer Karpchuk is quoted in a *Law360* article on Governor Tom Wolf's plan to cut Pennsylvania's tax rate on corporations by 40 percent over the next five years and close the Delaware loophole by shifting to combined reporting. The proposed plan for the 2020-21 fiscal year would cut the state's corporate net income tax rate from 9.99% to 5.99% by 2025 and, in exchange, Pennsylvania would switch to combined reporting. Wolf claims combined reporting would prevent companies from moving profits to subsidiaries in neighboring Delaware, which doesn't tax corporations based on income derived from other states. Jennifer noted that "switching to combined reporting has been a contentious issue in the state for years, and that revenue estimates for making the switch are notoriously unreliable."

"Additionally, businesses would face increased compliance costs from having to determine which affiliated companies should be included in the unitary group and what Pennsylvania's share of that income would be," she continued. "The state Department of Revenue would also incur more costs through additional rulemaking, and the jobs of its auditors would become more complex."

To read the full article, [click here](#).