

ENTITY members by [an S corporation, a partnership, or a limited liability company] A PASS-THROUGH ENTITY may not exceed the sum of all of the nonresident [shareholders', partners', or] AND NONRESIDENT ENTITY members' shares of the PASS-THROUGH entity's distributable cash flow.

(E) (1) (I) THE TAX IMPOSED UNDER SUBSECTION (B) OF THIS SECTION DOES NOT APPLY WITH RESPECT TO THE DISTRIBUTIVE SHARE OR PRO-RATA SHARE OF A MEMBER THAT IS ITSELF A PASS-THROUGH ENTITY FORMED UNDER THE LAWS OF THE STATE OR QUALIFIED BY OR REGISTERED WITH THE DEPARTMENT OF ASSESSMENTS AND TAXATION TO DO BUSINESS IN THE STATE.

(2) (II) A MEMBER OF A PASS-THROUGH ENTITY THAT IS ITSELF A PASS-THROUGH ENTITY AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL COMPLY WITH THE PROVISIONS OF THIS SECTION WITH RESPECT TO ANY OF ITS MEMBERS THAT ARE NONRESIDENTS OR NONRESIDENT ENTITIES.

(2) THE TAX IMPOSED UNDER SUBSECTION (B) OF THIS SECTION DOES NOT APPLY WITH RESPECT TO THE DIRECT OR INDIRECT DISTRIBUTIVE SHARE OR PRO RATA SHARE OF A MEMBER THAT IS A REAL ESTATE INVESTMENT TRUST AS DEFINED BY § 856 OF THE INTERNAL REVENUE CODE.

[(e)] (F) The Comptroller may provide by regulation for:

(1) the filing of composite returns by [an S corporation, partnership, or limited liability company] A PASS-THROUGH ENTITY on behalf of its nonresident [shareholders, partners, and] AND NONRESIDENT ENTITY members; and

(2) application of or exemption from the tax imposed under subsection (b) of this section for [an S corporation, partnership, or limited liability company] A PASS-THROUGH ENTITY:

(i) that files a composite return on behalf of nonresident [shareholders, partners, or] AND NONRESIDENT ENTITY members; or

(ii) the nonresident [shareholders, partners, or] OR NONRESIDENT ENTITY members of which are tax exempt [or pass-through entities].

[(f)] (G) (1) Subject to paragraph (2) of this subsection, if a partnership fails to pay the tax when due the tax may be collected from the partners under the law applicable to debts of the partnership, with the partnership and partners having rights of contribution against any nonresident partner on whose behalf the tax is paid.

(2) Unless it is established by the Comptroller that the partner participated in a pattern of distributions to one or more partners with the intention of defeating the partnership liability for the tax imposed under subsection (b) of this section, any partner otherwise liable under paragraph (1) of this subsection shall be liable for the tax imposed on the partnership only to the extent of distributions from the partnership to that partner after the tax was due to be paid by the partnership.