

IMPOSED--BY--THIS-SECTION-IF-ON-THE-LAST-DAY-OF-THE-CORPORATION'S
TAXABLE-YEAR-THE-CORPORATION-HAS-ANY--SHAREHOLDERS--WHO--ARE--NOT
MARYLAND-RESIDENTS,--AS-DEFINED-IN-§-279(i)-OF-THIS-ARTICLE-

(iii)--THE---PERCENTAGE---OF--THE--INCOME--OF--A
CORPORATION--THAT--IS--SUBJECT--TO--THE--TAX--UNDER--ITEM--(ii)--OF--THIS
PARAGRAPH--SHALL--EQUAL--THE--PERCENTAGE--OF--THE--STOCK--OF--THE
CORPORATION--OWNED--ON--THE--LAST--DAY--OF--THE--CORPORATION'S--TAXABLE
YEAR--BY--SHAREHOLDERS--WHO--ARE--NOT--MARYLAND-RESIDENTS,--AS-DEFINED
IN-§-279(i)-OF-THIS-ARTICLE-

290.

(C) FOR THE PURPOSES OF SUBSECTION (A) OF THIS SECTION, THE STATE SHALL DEEM ANY INCOME OR FRANCHISE TAX TAXES OR TAXES BASED ON INCOME PAID TO ANOTHER STATE BY A SMALL BUSINESS CORPORATION THAT HAS ELECTED TO BE TAXED IN ACCORDANCE WITH THE PROVISIONS OF SUBCHAPTER--"S"--OF AS AN "S" CORPORATION UNDER THE INTERNAL REVENUE CODE AS PAID ON A PRO RATA BASIS BY THE SHAREHOLDERS OF THE CORPORATION.

312.

(A-2) (1) AN "S" CORPORATION AS DEFINED IN THE INTERNAL REVENUE CODE SHALL WITHHOLD AND PAY OVER TO THE COMPTROLLER A TAX FOR EACH NONRESIDENT SHAREHOLDER.

(2) THE TAX WITHHELD SHALL BE AT THE RATE OF 5 PERCENT OF EACH ITEM OF NET INCOME INCLUDABLE IN THE NONRESIDENT SHAREHOLDER'S DISTRIBUTIVE SHARE OF "S" CORPORATION INCOME BASED UPON THE SHAREHOLDER'S PRO RATA SHARE OF "S" CORPORATION INCOME ATTRIBUTABLE TO BUSINESS CARRIED ON IN MARYLAND.

(3) THE RETURN AND REMITTANCE SHALL BE MADE TO THE COMPTROLLER ON OR BEFORE THE LAST DAY OF THE "S" CORPORATION TAXABLE YEAR.

(g) The taxes so withheld and paid by the employer OR "S" CORPORATION to the Comptroller shall constitute payments on account of the income tax which is levied and imposed elsewhere in this subtitle, and shall be allowed as a credit against the total tax due on the individual's income tax return for that taxable year. Any amount withheld which is in excess of the total amount of tax, interest and penalties due from that individual under the provisions of this subtitle, shall be refunded to the individual in the manner provided in this article. Any amount of tax due, in excess of that withheld and/or remitted by way of declaration of estimated tax, is due and payable in full at the time fixed herein for filing a return.

(h) (4) Any employer OR "S" CORPORATION who negligently shall fail either to withhold the required tax or to pay it to the Comptroller as specified, or both, shall be held personally and individually liable for all moneys so involved, and if the employer is a corporate entity, the personal liability shall