

such state, the amount of income tax payable by him under this subtitle shall be reduced by the amount of the income tax so paid by him to such other state upon his producing to the Comptroller satisfactory evidence of the fact of such payment; but application of such credit shall not operate to reduce the tax payable under this subtitle to an amount less than would have been payable if the income subjected to tax in such other state were ignored. The credit provided for by this section shall not be granted to a taxpayer when the laws of such other state allow a credit to such taxpayer substantially similar to that granted by § 291 hereof.

(b) Notwithstanding the foregoing, with respect to the taxable year 1974 and each taxable year thereafter, the credit provided for by this section operates to reduce only the State income tax payable under this subtitle and does not operate to reduce any local income tax imposed under § 283 of this article.

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

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(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'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.