

(III) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF STOCK OWNERSHIP IN ACCORDANCE WITH § 1563(E) OF THE INTERNAL REVENUE CODE.

(B) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 AND 10-306 OF THIS SUBTITLE, THE AMOUNTS UNDER PARAGRAPH (2) OF THIS SUBSECTION ARE ADDED TO THE FEDERAL TAXABLE INCOME OF A CORPORATION TO DETERMINE MARYLAND MODIFIED INCOME.

(2) THE ADDITION UNDER THIS SUBSECTION INCLUDES ANY OTHERWISE DEDUCTIBLE INTEREST EXPENSE OR INTANGIBLE EXPENSE IF THE INTEREST EXPENSE OR INTANGIBLE EXPENSE IS DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED TO, OR IN CONNECTION DIRECTLY OR INDIRECTLY WITH ONE OR MORE DIRECT OR INDIRECT TRANSACTIONS WITH, ONE OR MORE RELATED MEMBERS.

(C) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES NOT APPLY TO ANY PORTION OF THE INTEREST EXPENSE OR INTANGIBLE EXPENSE TO THE EXTENT THAT THE CORPORATION ESTABLISHES BY CLEAR AND CONVINCING EVIDENCE, AS DETERMINED BY THE COMPTROLLER, THAT:

(1) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE INTEREST EXPENSE OR INTANGIBLE EXPENSE BETWEEN THE CORPORATION AND THE RELATED MEMBER DID NOT HAVE AS A PRINCIPAL PURPOSE THE AVOIDANCE OF ANY PORTION OF THE TAX DUE UNDER THIS TITLE;

(2) THE INTEREST EXPENSE OR INTANGIBLE EXPENSE WAS PAID PURSUANT TO ARM'S-LENGTH CONTRACTS AT AN ARM'S-LENGTH RATE OF INTEREST OR PRICE; AND

(3) (I) DURING THE SAME TAXABLE YEAR, THE RELATED MEMBER DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED THE INTEREST EXPENSE OR INTANGIBLE EXPENSE TO A PERSON WHO IS NOT A RELATED MEMBER, ~~THE INTEREST EXPENSE OR INTANGIBLE EXPENSE;~~

(II) 1. THE RELATED MEMBER WAS SUBJECT TO A TAX MEASURED BY ITS NET INCOME OR RECEIPTS IN THIS STATE ~~AND OTHER STATES OR POSSESSIONS OF THE UNITED STATES OR FOREIGN NATIONS, IN OR ANOTHER STATE OR POSSESSION OF THE UNITED STATES, OR IN A FOREIGN NATION THAT HAS ENTERED INTO A COMPREHENSIVE TAX TREATY WITH THE UNITED STATES GOVERNMENT;~~

2. A MEASURE OF THE TAX IMPOSED BY THIS STATE ~~AND OTHER STATES OR POSSESSIONS OF THE UNITED STATES OR FOREIGN NATIONS, BY OR ANOTHER STATE OR POSSESSION OF THE UNITED STATES, OR BY A FOREIGN NATION THAT HAS ENTERED INTO A COMPREHENSIVE TAX TREATY WITH THE UNITED STATES GOVERNMENT~~ INCLUDED THE INTEREST EXPENSE OR INTANGIBLE EXPENSE RECEIVED BY THE RELATED MEMBER FROM THE CORPORATION; AND