

PAYMENT, IS SUBJECT TO THE ADDITION MODIFICATION UNDER SUBSECTION (B) OF THIS SECTION OR A SIMILAR ADDITION MODIFICATION OF ANOTHER STATE FOR INTANGIBLE EXPENSES OR INTEREST EXPENSES PAID TO RELATED MEMBERS.

(2) THE SUBTRACTION MODIFICATION UNDER THIS SUBSECTION IS NOT ALLOWED TO THE EXTENT THAT:

(I) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE INTEREST EXPENSE OR INTANGIBLE EXPENSE HAD AS A PRINCIPAL PURPOSE THE AVOIDANCE OF STATE INCOME TAXES;

(II) THE INTEREST EXPENSE OR INTANGIBLE EXPENSE WAS NOT PAID PURSUANT TO ARM'S-LENGTH CONTRACTS AT AN ARM'S-LENGTH RATE OF INTEREST OR PRICE; OR

(III) THE AGGREGATE EFFECTIVE TAX RATE IMPOSED ON THE AMOUNTS RECEIVED BY THE RECIPIENT EXCEEDS THE AGGREGATE EFFECTIVE TAX RATE IMPOSED ON THE INCOME OF THE PAYOR CORPORATION.

~~(D)~~ ~~(E)~~ (G) THIS SECTION MAY NOT BE CONSTRUED:

(1) TO REQUIRE A CORPORATION TO INCLUDE IN OR ADD TO ITS NET INCOME MORE THAN ONCE ANY AMOUNT OF INTEREST EXPENSE OR INTANGIBLE EXPENSE THAT THE CORPORATION PAYS, ACCRUES, OR INCURS TO A RELATED MEMBER; OR

(2) TO LIMIT OR NEGATE ANY OTHER AUTHORITY PROVIDED TO THE COMPTROLLER UNDER THIS ARTICLE, INCLUDING:

(I) THE AUTHORITY TO MAKE ADJUSTMENTS UNDER § 10-109 OR § 10-402(D) OF THIS TITLE; OR

(II) THE AUTHORITY TO ENTER INTO AGREEMENTS AND COMPROMISES OTHERWISE ALLOWED BY LAW.

~~(E)~~ ~~(G)~~ (H) THE COMPTROLLER SHALL ADOPT ANY REGULATIONS THAT ARE NECESSARY OR APPROPRIATE TO IMPLEMENT THIS SECTION.

~~10-725.~~

~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:~~

~~(2) "PAYEE CORPORATION" MEANS A CORPORATION PERSON THAT HAS RECEIVED PAYMENTS OF ROYALTIES, INTEREST, OR SIMILAR INCOME FROM INTANGIBLES FROM A RELATED MEMBER.~~

~~(3) "RELATED MEMBER" HAS THE SAME MEANING AS SET FORTH IN § 10-306.1 OF THIS TITLE.~~