

(1) ANY SHAREHOLDER OR PARTNER WHO IS A NONRESIDENT OF THE STATE; AND

(2) ANY NONRESIDENT TAXABLE INCOME FOR THE TAXABLE YEAR.

(C) THE TAX IMPOSED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE TREATED AS A TAX IMPOSED ON THE INDIVIDUAL NONRESIDENT SHAREHOLDERS OR PARTNERS THAT IS PAID ON BEHALF OF THE INDIVIDUALS BY THE S CORPORATION OR PARTNERSHIP.

(D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE TAX IMPOSED UNDER SUBSECTION (B) OF THIS SECTION IS 5% OF:

(I) THE SUM OF EACH NONRESIDENT PARTNER'S DISTRIBUTIVE SHARE OF A PARTNERSHIP'S NONRESIDENT TAXABLE INCOME; OR

(II) THE SUM OF EACH NONRESIDENT SHAREHOLDER'S PRO RATA SHARE OF AN S CORPORATION'S NONRESIDENT TAXABLE INCOME.

(2) THE TAX REQUIRED TO BE PAID FOR ANY TAXABLE YEAR ON BEHALF OF NONRESIDENT SHAREHOLDERS OR NONRESIDENT PARTNERS BY AN S CORPORATION OR A PARTNERSHIP MAY NOT EXCEED THE SUM OF ALL OF THE NONRESIDENT SHAREHOLDERS' OR PARTNERS' SHARES OF THE ENTITY'S DISTRIBUTABLE CASH FLOW.

(E) THE COMPTROLLER MAY PROVIDE BY REGULATION FOR:

(1) THE FILING OF COMPOSITE RETURNS BY AN S CORPORATION OR PARTNERSHIP ON BEHALF OF ITS NONRESIDENT SHAREHOLDERS AND PARTNERS; AND

(2) APPLICATION OF OR EXEMPTION FROM THE TAX IMPOSED UNDER SUBSECTION (B) OF THIS SECTION FOR AN S CORPORATION OR PARTNERSHIP:

(I) THAT FILES A COMPOSITE RETURN ON BEHALF OF NONRESIDENT SHAREHOLDERS OR PARTNERS; OR

(II) THE NONRESIDENT SHAREHOLDERS OR PARTNERS OF WHICH ARE TAX EXEMPT OR PASS-THROUGH ENTITIES.

(F) (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.