

(i) adjusted, in the case of an entity using the accrual method of accounting to report federal taxable income, to reflect the amount of taxable income that would have been reported under the cash method of accounting;

(ii) increased by the sum of:

1. cash receipts for the taxable year that are not includable in the gross income of the entity, including capital contributions and loan proceeds;

2. amounts allowable to the entity for the taxable year as deductions for depreciation, amortization, and depletion; and

3. the decrease, if any, in the entity's liability reserve as of the end of the taxable year; and

(iii) decreased by the sum of:

1. cash expenditures for the taxable year that are not deductible in computing the taxable income of the entity, not including distributions to shareholders [or] partners, OR MEMBERS; and

2. the increase, if any, in the entity's liability reserve as of the end of the taxable year.

(3) "Liability reserve" means accrued unpaid liabilities that are not deductible in computing taxable income.

(4) "Nonresident taxable income" means any income described in § 10-210(b)(1) through (4) of this title.

(b) In addition to any other tax imposed under this title, a tax is imposed on each S corporation [and], partnership, AND LIMITED LIABILITY COMPANY that has:

(1) any shareholder [or], partner, OR MEMBER 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, OR MEMBERS that is paid on behalf of the individuals by the S corporation [or], partnership, OR LIMITED LIABILITY COMPANY.

(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; OR