
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1445 Session of
2019

INTRODUCED BY DALEY, McCLINTON, SAMUELSON, DeLUCA, HARKINS,
FRANKEL, CALTAGIRONE, SCHLOSSBERG, ZABEL, RABB, MILLARD,
HILL-EVANS, HOWARD, KENYATTA, COMMITTA AND DRISCOLL,
MAY 13, 2019

REFERRED TO COMMITTEE ON FINANCE, MAY 13, 2019

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in corporate net income tax, further providing
11 for definitions, for imposition of tax, for reports and
12 payment of tax and for consolidated reports; and, in general
13 provisions, further providing for underpayment of estimated
14 tax.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 401(3)1(a), (b), (t) and (5) of the act
18 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
19 1971, are amended, (3)2(a) (9) (A) is amended by adding a unit,
20 (3)1 and (3)4 are amended by adding phrases and the section is
21 amended by adding clauses to read:

22 Section 401. Definitions.--The following words, terms, and
23 phrases, when used in this article, shall have the meaning

1 ascribed to them in this section, except where the context
2 clearly indicates a different meaning:

3 * * *

4 (3) "Taxable income." 1. (a) In case the entire business
5 of the corporation is transacted within this Commonwealth, for
6 any taxable year which begins on or after January 1, 1971,
7 taxable income for the calendar year or fiscal year as returned
8 to and ascertained by the Federal Government before special
9 deductions provided for in sections 241, 242, 243, 244, 245,
10 246, 247, 248, 249 and 250 of the Internal Revenue Code of 1986
11 (26 U.S.C. §§ 241, 242, 243, 244, 245, 246, 247, 248, 249 and
12 250), or in the case of a corporation participating in the
13 filing of consolidated returns to the Federal Government or that
14 is not required to file a return with the Federal Government,
15 the taxable income which would have been returned to and
16 ascertained by the Federal Government before special deductions
17 provided for in sections 241, 242, 243, 244, 245, 246, 247, 248,
18 249 and 250 of the Internal Revenue Code of 1986 (26 U.S.C. §§
19 241, 242, 243, 244, 245, 246, 247, 248, 249 and 250) if separate
20 returns had been made to the Federal Government for the current
21 and prior taxable years, subject, however, to any correction
22 thereof, for fraud, evasion, or error as finally ascertained by
23 the Federal Government.

24 (b) Additional deductions shall be allowed from taxable
25 income on account of any dividends received from any other
26 corporation but only to the extent that such dividends are
27 included in taxable income as returned to and ascertained by the
28 Federal Government. For tax years beginning on or after January
29 1, 1991, additional deductions shall only be allowed for amounts
30 included, under section 78 of the Internal Revenue Code of 1986

1 (Public Law 99-514, 26 U.S.C. § 78), in taxable income returned
2 to and ascertained by the Federal Government and for the amount
3 of any dividends received from a foreign corporation included in
4 taxable income to the extent such dividends would be deductible
5 in arriving at Federal taxable income if received from a
6 domestic corporation. For taxable years beginning after December
7 31, 2019, the additional deduction with respect to dividends
8 shall not be allowed for dividends between members of a unitary
9 group.

10 * * *

11 (p.1) For taxable years after December 31, 2019, in the case
12 of a corporation that is a member of a unitary business, the
13 term "taxable income" shall mean the combined unitary income of
14 the unitary business, as determined on a water's-edge basis.

15 * * *

16 (t) (1) Except as provided in paragraph (2), (3) or (4) for
17 taxable years beginning after December 31, 2014, and in addition
18 to any authority the department has on the effective date of
19 this paragraph to deny a deduction related to a fraudulent or
20 sham transaction, no deduction shall be allowed for an
21 intangible expense or cost, or an interest expense or cost,
22 paid, accrued or incurred directly or indirectly in connection
23 with one or more transactions with an affiliated entity. In
24 calculating taxable income under this paragraph, when the
25 taxpayer is engaged in one or more transactions with an
26 affiliated entity that was subject to tax in this Commonwealth
27 or another state or possession of the United States on a tax
28 base that included the intangible expense or cost, or the
29 interest expense or cost, paid, accrued or incurred by the
30 taxpayer, the taxpayer shall receive a credit against tax due in

1 this Commonwealth in an amount equal to the apportionment factor
2 of the taxpayer in this Commonwealth multiplied by the greater
3 of the following:

4 (A) the tax liability of the affiliated entity with respect
5 to the portion of its income representing the intangible expense
6 or cost, or the interest expense or cost, paid, accrued or
7 incurred by the taxpayer; or

8 (B) the tax liability that would have been paid by the
9 affiliated entity under subparagraph (A) if that tax liability
10 had not been offset by a credit.

11 The credit issued under this paragraph shall not exceed the
12 taxpayer's liability in this Commonwealth attributable to the
13 net income taxed as a result of the adjustment required by this
14 paragraph.

15 (2) The adjustment required by paragraph (1) shall not apply
16 to a transaction that did not have as [the] a principal purpose
17 the avoidance of tax due under this article and was done at
18 arm's length rates and terms.

19 (3) The adjustment required by paragraph (1) shall not apply
20 to a transaction between a taxpayer and an affiliated entity
21 domiciled in a foreign nation which has in force a comprehensive
22 income tax treaty with the United States providing for the
23 allocation of all categories of income subject to taxation, or
24 the withholding of tax, on royalties, licenses, fees and
25 interest for the prevention of double taxation of the respective
26 nations' residents and the sharing of information.

27 (4) The adjustment required by paragraph (1) shall not apply
28 to a transaction where an affiliated entity directly or
29 indirectly paid, accrued or incurred a payment to a person who
30 is not an affiliated entity, if the payment is paid, accrued or

1 incurred on the intangible expense or cost, or interest expense
2 or cost, and is equal to or less than the taxpayer's
3 proportional share of the transaction. The taxpayer's
4 proportional share shall be based on relative sales, assets,
5 liabilities or another reasonable method.

6 (5) The adjustment required under paragraph (1) shall not
7 apply to a transaction between the taxpayer and an affiliated
8 entity, where the taxpayer and the affiliated entity file a
9 combined report in this State.

10 2. In case the entire business of any corporation, other
11 than a corporation engaged in doing business as a regulated
12 investment company as defined by the Internal Revenue Code of
13 1986, is not transacted within this Commonwealth, the tax
14 imposed by this article shall be based upon such portion of the
15 taxable income of such corporation for the fiscal or calendar
16 year, as defined in subclause 1 hereof, and may be determined as
17 follows:

18 (a) Division of Income.

19 * * *

20 (9) (A) Except as provided in subparagraph (B):

21 * * *

22 (vi) (a) For taxable years beginning after December 31,
23 2019, all business income of a unitary business shall be
24 apportioned to this State by multiplying the income by the
25 member's sales factor, the numerator of which shall be the
26 member's sales attributable to this State, and the denominator
27 of which shall be the combined sales of all members of the
28 unitary business. In computing the sales of each member for
29 purposes of apportionment, the following sales are excluded from
30 the numerator and denominator:

1 (I) receipts from transactions between or among members of
2 the unitary business that are deferred under 26 CFR 1.1502-13
3 (relating to intercompany transactions) for Federal taxable
4 income purposes; and

5 (II) the taxable income of each member that is excluded from
6 the unitary business pursuant to the definition of water's-edge
7 basis.

8 (b) The Pennsylvania sales of each nontaxable member shall
9 be determined based upon the apportionment rules applicable to
10 the member and shall be aggregated. Each taxable member of the
11 group shall include in its sales factor numerator a portion of
12 the aggregate Pennsylvania sales of nontaxable members based on
13 a ratio, the numerator of which is the taxable member's
14 Pennsylvania sales and the denominator of which is the aggregate
15 Pennsylvania sales of all the taxable members of the group.

16 (c) Nonbusiness income of each member of a unitary business
17 shall be allocated as provided in paragraphs (5) through (8) of
18 phrase (a) of subclause 2 of this definition. A member of the
19 unitary business is subject to tax on its apportioned share of
20 all business income of the unitary business, plus its
21 nonbusiness income or loss allocated to this State, minus the
22 member's net loss deduction.

23 (d) The Secretary of Revenue has the authority and
24 responsibility to make adjustments to ensure that a corporation
25 does not incur an unfair penalty nor realize an unfair benefit
26 because it is required to compute its combined business income
27 as provided herein. Fairness shall be measured by whether the
28 corporation's income allocated and apportioned to this State
29 fairly reflects the corporation's share of the unitary business
30 conducted in this State in the taxable year.

1 (e) The Secretary of Revenue has the authority to
2 distribute, apportion or allocate gross income, deductions,
3 credits or allowances between and among two or more
4 corporations, persons, entities, members or unitary businesses,
5 whether or not incorporated, whether or not organized in the
6 United States and whether or not affiliated, if:

7 (I) the corporations, persons, entities, members or unitary
8 businesses are owned or controlled directly or indirectly by the
9 same interests within the meaning of section 482 of the Internal
10 Revenue Code (26 U.S.C. § 482); and

11 (II) the Secretary of Revenue determines that the
12 distribution, apportionment or allocation is necessary in order
13 to reflect an arm's length standard within the meaning of 26 CFR
14 1.482-1 (relating to allocation of income and deductions among
15 taxpayers) and to reflect clearly the income of those
16 corporations, persons, entities, members or unitary businesses.

17 (f) The Secretary of Revenue shall apply the administrative
18 and judicial interpretations of section 482 of the Internal
19 Revenue Code (26 U.S.C. § 482) in administering this section.

20 (g) For taxable years beginning after December 31, 2019, any
21 member of a unitary group that would otherwise apportion its
22 business income under phrase (b), (c), (d) or (e) of subclause 2
23 of this definition shall determine its apportionment formula
24 using a single sales fraction.

25 * * *

26 4. * * *

27 (h) Subject to the limitations of this subclause, any member
28 of a unitary business that has unused net loss from taxable
29 years that began prior to January 1, 2020, or that generates net
30 losses while a member of a unitary business may only take the

1 net loss deduction for taxable years beginning after December
2 31, 2019, and only to the extent of the member's share of
3 combined unitary income after the apportionment and may not be
4 used by other members of the same unitary business.

5 (i) Any net loss realized for a taxable year that begins
6 after December 31, 2019, unused by a corporation which
7 subsequently becomes a member of another unitary business, may
8 only be used by that corporation.

9 * * *

10 (5) "Taxable year." [The taxable year which the
11 corporation, or any consolidated group with which the
12 corporation participates in the filing of consolidated returns,
13 actually uses in reporting taxable income to the Federal
14 Government. With regard to the tax imposed by Article IV of this
15 act (relating to the Corporate Net Income Tax), the terms
16 "annual year," "fiscal year," "annual or fiscal year," "tax
17 year" and "tax period" shall be the same as the corporation's
18 taxable year, as defined in this paragraph.]

19 1. Except as set forth in subclause 2, the taxable year
20 which the corporation, or any consolidated group with which the
21 corporation participates in the filing of consolidated returns,
22 actually uses in reporting taxable income to the Federal
23 Government, or which the corporation would have used in
24 reporting taxable income to the Federal Government had it been
25 required to report its taxable income to the Federal Government.
26 With regard to the tax imposed by Article IV, the terms "annual
27 year," "fiscal year," "annual or fiscal year," "tax year" and
28 "tax period" shall be the same as the corporation's taxable
29 year, as defined in this subclause or subclause 2.

30 2. All members of a unitary business shall have a common

1 taxable year for purposes of computing tax due under this
2 article. The taxable year for such purposes is the common
3 taxable year adopted, in a manner prescribed by the department,
4 by all members of the unitary business. The common taxable year
5 must be used by all members of the unitary business in the year
6 of adoption and all future years unless otherwise permitted by
7 the department.

8 * * *

9 (11) "Tax haven." Means any of the following:

- 10 (A) Andorra.
11 (B) Anguilla.
12 (C) Antigua and Barbuda.
13 (D) Aruba.
14 (E) The Bahamas.
15 (F) Bahrain.
16 (G) Barbados.
17 (H) Belize.
18 (I) Bermuda.
19 (J) The British Virgin Islands.
20 (K) The Cayman Islands.
21 (L) The Cook Islands.
22 (M) Cyprus.
23 (N) Dominica.
24 (O) Gibraltar.
25 (P) Grenada.
26 (Q) Guernsey-Sark-Alderney.
27 (R) The Isle of Man.
28 (S) Jersey.
29 (T) Liberia.
30 (U) Liechtenstein.

1 (V) Luxembourg.
2 (W) Malta.
3 (X) The Marshall Islands.
4 (Y) Mauritius.
5 (Z) Monaco.
6 (AA) Montserrat.
7 (BB) Nauru.
8 (CC) Netherlands Antilles.
9 (DD) Niue.
10 (EE) Panama.
11 (FF) Samoa.
12 (GG) San Marino.
13 (HH) Seychelles.
14 (II) St. Kitts and Nevis.
15 (JJ) St. Lucia.
16 (KK) St. Vincent and the Grenadines.
17 (LL) Turks and Caicos Islands.
18 (MM) Vanuatu.
19 (NN) A jurisdiction that is identified as a tax haven by the
20 Organization for Economic Co-operation and Development.
21 (12) "Unitary business." A single economic enterprise that
22 is made up of separate parts of a single corporation, of a
23 commonly controlled group of corporations, or both, that are
24 sufficiently interdependent, integrated and interrelated through
25 their activities so as to provide a synergy and mutual benefit
26 that produces a sharing or exchange of value among them and a
27 significant flow of value to the separate parts. A unitary
28 business includes all those parts and corporations that are
29 included in a unitary business under the Constitution of the
30 United States.

1 (13) "Water's-edge basis." A system of reporting that
2 includes the business income and apportionment factors of
3 certain entities of a unitary business, described as follows:

4 (A) Any member incorporated in the United States or formed
5 under the laws of any state of the United States, the District
6 of Columbia, any territory or possession of the United States or
7 the Commonwealth of Puerto Rico.

8 (B) Any member, regardless of the place incorporated or
9 formed, if at least twenty per cent of the member's sales factor
10 is within the United States, and the following shall apply:

11 (i) For purposes of determining whether at least twenty per
12 cent of a member's sales factor is within the United States, the
13 calculation must be performed on a stand-alone basis. Sales
14 shall be gross figures without eliminations for transactions
15 with members of any unitary business.

16 (ii) Whether sales are within the United States is based on
17 the sales factor sourcing rules contained in section 401(3).

18 (C) Any member which is one of the following:

19 (i) A domestic international sales corporation as described
20 in sections 991, 992, 993 and 994 of the Internal Revenue Code
21 of 1986 (26 U.S.C. §§ 991, 992, 993 and 994).

22 (ii) A foreign sales corporation as described in former
23 sections 921, 922, 923, 924, 925, 926 and 927 of the Internal
24 Revenue Code of 1986 (26 U.S.C. §§ 921, 922, 923, 924, 925, 926
25 and 927).

26 (iii) An export trade corporation as described in sections
27 970 and 971 of the Internal Revenue Code of 1986 (26 U.S.C. §§
28 970 and 971).

29 (D) Any member not described in subparagraph (A), (B) or (C)
30 shall include the portion of the member's business income

1 derived from or attributable to sources within the United
2 States, as determined under the Internal Revenue Code of 1986
3 (26 U.S.C. § 1 et seq.) without regard to Federal treaties, and
4 its apportionment factors related thereto.

5 (E) Any member that is a "controlled foreign corporation" as
6 defined in section 957 of the Internal Revenue Code of 1986 (26
7 U.S.C. § 957), to the extent the business income of that member
8 is income defined in section 952 of the Internal Revenue Code of
9 1986 (26 U.S.C. § 952) as Subpart F income, not excluding lower-
10 tier subsidiaries' distributions of such income which were
11 previously taxed, determined without regard to Federal treaties,
12 and the apportionment factors related to that income; any item
13 of income received by a controlled foreign corporation and the
14 apportionment factors related to such income shall be excluded
15 if the corporation establishes to the satisfaction of the
16 Secretary of Revenue that such income was subject to an
17 effective rate of income tax imposed by a foreign country
18 greater than ninety per cent of the maximum rate of tax
19 specified in section 11 of the Internal Revenue Code of 1986 (26
20 U.S.C. § 11). The effective rate of income tax determination
21 shall be based upon the methodology set forth under 26 CFR
22 1.954-1 (relating to foreign base company income).

23 (vi) Any member that is not described in subparagraph (A),
24 (B), (C), (D) or (E) and that is incorporated in or is doing
25 business in a tax haven. The business income of the combined
26 unitary income and apportionment factors of a corporation doing
27 business in a tax haven shall be excluded if the corporation
28 establishes to the satisfaction of the Secretary of Revenue that
29 the member's income was subject to an effective rate of income
30 tax imposed by a country greater than ninety per cent of the

1 maximum rate of tax specified in section 11 of the Internal
2 Revenue Code of 1986 (26 U.S.C. § 11).

3 (14) "Commonly controlled group." For a corporation, the
4 corporation is a member of a group of two or more corporations
5 and more than fifty per cent of the voting stock or controlling
6 interest of each member of the group is directly or indirectly
7 owned by a common owner or by common owners, either corporate or
8 noncorporate, or by one or more of the member corporations of
9 the group.

10 (15) "Combined unitary income." The aggregate taxable
11 income or loss of all members of a unitary business, subject to
12 apportionment, except:

13 (A) Income from an intercompany transaction between members
14 of a unitary business shall be deferred in a manner similar to
15 26 CFR 1.1502-13 (relating to intercompany transactions) for
16 Federal taxable income purposes.

17 (B) Dividends paid by one member of a unitary business to
18 another to the extent those dividends are included in business
19 income of the payee corporation.

20 (C) Income of the following corporations is not included in
21 the determination of combined business income:

22 (i) any entity subject to taxation under Article VII, VIII,
23 IX or XV;

24 (ii) any entity specified in the definition of "institution"
25 in section 701.5 that would be subject to taxation under Article
26 VII, were it doing business in this State, as defined in section
27 701.5;

28 (iii) any entity commonly known as a title insurance company
29 that would be subject to taxation under Article VIII, were it
30 incorporated in this State;

1 (iv) any entity specified as an insurance company,
2 association or exchange in Article IX that would be subject to
3 taxation under Article IX, were it transacting insurance
4 business in this State;

5 (v) any entity specified in the definition of "institution"
6 in section 1501 that would be subject to taxation under Article
7 XV, were it located, as defined in section 1501, in this State;
8 or

9 (vi) any entity that is a small corporation as defined in
10 section 301(s.2).

11 (16) "Member." A corporation that is a member of a unitary
12 business. The term does not include a corporation listed in
13 clause (15) (C).

14 Section 2. Section 402(b) of the act is amended to read:

15 Section 402. Imposition of Tax.--* * *

16 (b) The annual rate of tax on corporate net income imposed
17 by subsection (a) for taxable years beginning for the calendar
18 year or fiscal year on or after the dates set forth shall be as
19 follows:

Taxable Year	Tax Rate
January 1, 1995, [and each taxable year thereafter] through December 31, 2019	9.99%
January 1, 2020, through December 31, 2020	8.99%
January 1, 2021, through December 31, 2021	8.29%

1 January 1, 2022,
2 through December
3 31, 2022 7.49%

4 January 1, 2023,
5 through December
6 31, 2023 6.99%

7 January 1, 2024, and
8 each taxable year
9 thereafter 5.99%

10 * * *

11 Section 3. Section 403 of the act is amended by adding
12 subsections to read:

13 Section 403. Reports and Payment of Tax.--* * *

14 (a.1) (1) Each corporation that is a member of a unitary
15 business that consists of two or more corporations, unless
16 excluded by the provisions of this article, shall file as part
17 of a combined annual report. The corporations of the unitary
18 business shall designate one member that is subject to tax under
19 this article to file the combined annual report and to act as
20 agent on behalf of all other members of the unitary business.
21 Each corporation that is a member of a unitary business is
22 liable for its tax liability under this article. The agent is
23 also liable for the aggregate amount of the unitary business'
24 tax liability pursuant to this article.

25 (2) The oath or affirmation of the designated member's
26 president, vice president or other principal officer and of the
27 member's treasurer or assistant treasurer shall constitute the
28 oath or affirmation of each corporation that is a member of that
29 unitary business.

30 (3) The designated member shall transmit to the department

1 upon a form prescribed by the department an annual combined
2 report under oath or affirmation of the member's president, vice
3 president or other principal officer and of the member's
4 treasurer or assistant treasurer.

5 (4) In addition to the information required in subsection
6 (a), the report shall set forth:

7 (i) All corporations included in the unitary business.

8 (ii) All necessary data, both in the aggregate and for each
9 corporation of the unitary business, that sets forth the
10 determination of tax liability for each corporation of the
11 unitary business.

12 (iii) Any other information that the department may require.

13 (a.2) A corporation that is a member of a unitary business
14 of two or more corporations must determine the corporation's
15 business income and apportionment factors on a water's-edge
16 basis.

17 * * *

18 Section 4. Section 404 of the act is amended to read:

19 Section 404. Consolidated Reports.--The department shall not
20 permit any corporation owning or controlling, directly or
21 indirectly, any of the voting capital stock of another
22 corporation or of other corporations, subject to the provisions
23 of this article, to make a consolidated report[, showing the
24 combined net income].

25 Section 5. Section 3003.3(d) of the act is amended and the
26 section is amended by adding a subsection to read:

27 Section 3003.3. Underpayment of Estimated Tax.--* * *

28 (d) Notwithstanding the provisions of [the preceding
29 subsections,] this section, other than as set forth in
30 subsection (d.1), interest with respect to any underpayment of

1 any installment of estimated tax shall not be imposed if the
2 total amount of all payments of estimated tax made on or before
3 the last date prescribed for the payment of such installment
4 equals or exceeds the amount which would have been required to
5 be paid on or before such date if the estimated tax were an
6 amount equal to the tax computed at the rates applicable to the
7 taxable year, including any minimum tax imposed, but otherwise
8 on the basis of the facts shown on the report of the taxpayer
9 for, and the law applicable to, the safe harbor base year,
10 adjusted for any changes to sections 401, 601, 602 and 1101
11 enacted for the taxable year, if a report showing a liability
12 for tax was filed by the taxpayer for the safe harbor base year.
13 If the total amount of all payments of estimated tax made on or
14 before the last date prescribed for the payment of such
15 installment does not equal or exceed the amount required to be
16 paid per the preceding sentence, but such amount is paid after
17 the date the installment was required to be paid, then the
18 period of underpayment shall run from the date the installment
19 was required to be paid to the date the amount required to be
20 paid per the preceding sentence is paid. Provided, that if the
21 total tax for the safe harbor base year exceeds the tax shown on
22 such report by ten per cent or more, the total tax adjusted to
23 reflect the current tax rate shall be used for purposes of this
24 subsection. In the event that the total tax for the safe harbor
25 base year exceeds the tax shown on the report by ten per cent or
26 more, interest resulting from the utilization of such total tax
27 in the application of the provisions of this subsection shall
28 not be imposed if, within forty-five days of the mailing date of
29 each assessment, payments are made such that the total amount of
30 all payments of estimated tax equals or exceeds the amount which

1 would have been required to be paid on or before such date if
2 the estimated tax were an amount equal to the total tax adjusted
3 to reflect the current tax rate. In any case in which the
4 taxable year for which an underpayment of estimated tax may
5 exist is a short taxable year, in determining the tax shown on
6 the report or the total tax for the safe harbor base year, the
7 tax will be reduced by multiplying it by the ratio of the number
8 of installment payments made in the short taxable year to the
9 number of installment payments required to be made for the full
10 taxable year.

11 (d.1) With respect to any underpayment of an installment of
12 estimated corporate net income tax for any tax year that begins
13 in taxable year 2020 or 2021 by a corporation required to file a
14 combined report pursuant to section 403(a.1)(1), interest shall
15 not be imposed if the total amount of all payments of estimated
16 corporate net income tax made on or before the last date
17 prescribed for the payment of such installment equals or exceeds
18 the amount which would have been required to be paid on or
19 before such date if the estimated tax were an amount equal to
20 the combined tax shown on the reports of all the members of the
21 unitary business for the safe harbor base year computed at the
22 rate applicable to the taxable year.

23 Section 6. The amendment of sections 401, 402, 403, 404 and
24 3003.3 of the act shall apply to taxable years beginning after
25 December 31, 2018.

26 Section 7. This act shall take effect July 1, 2019, or
27 immediately, whichever is later.