

## AMENDMENTS TO HOUSE BILL NO. 2017

Sponsor: REPRESENTATIVE CONKLIN

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1 Amend Bill, page 1, line 11, by inserting after "definitions"  
2 , imposition of tax, reports and payment of tax and consolidated  
3 reports; and, in general provisions, further providing for  
4 underpayment of estimated tax

5 Amend Bill, page 1, lines 14 through 16, by striking out all  
6 of said lines and inserting

7 Section 1. Section 401(3)1(a), (b), (r), (s), (t), 4(c) and  
8 (5) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
9 Reform Code of 1971, amended or added October 30, 2017 (P.L.672,  
10 No.43), are amended and (3)2(a)(9)(A) is amended by adding a  
11 unit, (3)2(a)(16.1) is amended by adding a subclause, (3)1 and  
12 (3)2 are amended by adding clauses and the section is amended by  
13 adding paragraphs to read:

14 Amend Bill, page 2, line 3, by striking out all of said line  
15 and inserting

16 (3) "Taxable income." 1. (a) In case the entire business  
17 of the corporation is transacted within this Commonwealth, for  
18 any taxable year which begins on or after January 1, 1971,  
19 taxable income for the calendar year or fiscal year as returned  
20 to and ascertained by the Federal Government, or in the case of  
21 a corporation participating in the filing of consolidated  
22 returns to the Federal Government or that is not required to  
23 file a return with the Federal Government, the taxable income  
24 which would have been returned to and ascertained by the Federal  
25 Government if separate returns had been made to the Federal  
26 Government for the current and prior taxable years, subject,  
27 however, to any correction thereof, for fraud, evasion, or error  
28 as finally ascertained by the Federal Government.

29 (b) Additional deductions shall be allowed from taxable  
30 income on account of any dividends received from any other  
31 corporation but only to the extent that such dividends are  
32 included in taxable income as returned to and ascertained by the  
33 Federal Government. For tax years beginning on or after January  
34 1, 1991, additional deductions shall only be allowed for amounts  
35 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 tax years beginning after December 31,  
7 2018, the additional deduction with respect to dividends are not  
8 permissible for dividends between members of a unitary group.

9 \* \* \*

10 (p.1) For taxable years after December 31, 2018, in the case  
11 of a corporation that is a member of a unitary business, the  
12 term "taxable income" shall mean the combined unitary income of  
13 the unitary business, as determined on a water's edge basis.

14 \* \* \*

15 Amend Bill, page 3, lines 22 through 26, by striking out all  
16 of said lines and inserting

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

35 (A) the tax liability of the affiliated entity with respect  
36 to the portion of its income representing the intangible expense  
37 or cost, or the interest expense or cost, paid, accrued or  
38 incurred by the taxpayer; or

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

42 The credit issued under this paragraph shall not exceed the  
43 taxpayer's liability in this Commonwealth attributable to the  
44 net income taxed as a result of the adjustment required by this  
45 paragraph.

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

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

9 (4) The adjustment required by paragraph (1) shall not apply  
10 to a transaction where an affiliated entity directly or  
11 indirectly paid, accrued or incurred a payment to a person who  
12 is not an affiliated entity, if the payment is paid, accrued or  
13 incurred on the intangible expense or cost, or interest expense  
14 or cost, and is equal to or less than the taxpayer's  
15 proportional share of the transaction. The taxpayer's  
16 proportional share shall be based on relative sales, assets,  
17 liabilities or another reasonable method.

18 (5) The adjustment required by paragraph (1) shall not apply  
19 to a transaction between the taxpayer and an affiliated entity,  
20 where all the following conditions are met:

21 (i) the taxpayer and the affiliated entity file a combined  
22 report in this State;

23 (ii) the taxpayer's deduction with respect to an intangible  
24 expense or cost, or interest expense or cost, is subject to  
25 paragraph (1); and

26 (iii) the corresponding income recognized by the affiliated  
27 entity with respect to such intangible expense or cost, or  
28 interest expense or cost are eliminated pursuant to the  
29 definition of combined unitary income set forth in section  
30 401(15).

31 2. In case the entire business of any corporation, other  
32 than a corporation engaged in doing business as a regulated  
33 investment company as defined by the Internal Revenue Code of  
34 1986, is not transacted within this Commonwealth, the tax  
35 imposed by this article shall be based upon such portion of the  
36 taxable income of such corporation for the fiscal or calendar  
37 year, as defined in subclause 1 hereof, and may be determined as  
38 follows:

39 (a) Division of Income.

40 \* \* \*

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

42 \* \* \*

43 (vi) (a) For taxable years beginning after December 31,  
44 2018, all business income of a unitary business shall be  
45 apportioned to this State by multiplying the income by the  
46 member's sales factor, the numerator of which shall be the  
47 member's sales attributable to this State, and the denominator  
48 of which shall be the combined sales of all members of the  
49 unitary business. In computing the sales of each member for  
50 purposes of apportionment, the following sales are excluded from  
51 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); and

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

7 (b) Nonbusiness income of each member of a unitary business  
8 shall be allocated as provided in paragraphs (5) through (8) of  
9 phrase (a) of subclause 2 of the definition of "taxable income."  
10 A member of the unitary business is subject to tax on its  
11 apportioned share of all business income of the unitary  
12 business, plus its nonbusiness income or loss allocated to this  
13 Commonwealth, minus the member's net loss deduction.

14 (c) The Secretary of Revenue has the authority and  
15 responsibility to make adjustments to ensure that a corporation  
16 does not incur an unfair penalty nor realize an unfair benefit  
17 because it is required to compute its combined business income  
18 as provided herein. Fairness shall be measured by whether the  
19 corporation's income allocated and apportioned to this  
20 Commonwealth fairly reflects the corporation's share of the  
21 unitary business conducted in this Commonwealth in the taxable  
22 year.

23 \* \* \*

24 (16.1) \* \* \*

25 (D) Sales from the licensing of intangible property are in  
26 this State if a licensee utilized the property in this State. If  
27 the property was used both inside and outside this State, the  
28 sale is in this State in proportion to the utilization of the  
29 intangible property in this State to the utilization of the  
30 intangible property everywhere.

31 \* \* \*

32 (f) For taxable years beginning after December 31, 2018, any  
33 member of a unitary group that would otherwise apportion its  
34 business income under section 401(3)2(b), (c), (d) or (e) shall  
35 determine its apportionment formula using a single sales  
36 fraction, as prescribed by the department.

37 \* \* \*

38 4. \* \* \*

39 (c) (1) The net loss deduction shall be the lesser of:

40 (A) (I) For taxable years beginning before January 1, 2007,  
41 two million dollars (\$2,000,000);

42 (II) For taxable years beginning after December 31, 2006,  
43 the greater of twelve and one-half per cent of taxable income as  
44 determined under subclause 1 or, if applicable, subclause 2 or  
45 three million dollars (\$3,000,000);

46 (III) For taxable years beginning after December 31, 2008,  
47 the greater of fifteen per cent of taxable income as determined  
48 under subclause 1 or, if applicable, subclause 2 or three  
49 million dollars (\$3,000,000);

50 (IV) For taxable years beginning after December 31, 2009,  
51 the greater of twenty per cent of taxable income as determined

1 under subclause 1 or, if applicable, subclause 2 or three  
2 million dollars (\$3,000,000);

3 (V) For taxable years beginning after December 31, 2013, the  
4 greater of twenty-five per cent of taxable income as determined  
5 under subclause 1 or, if applicable, subclause 2 or four million  
6 dollars (\$4,000,000);

7 (VI) For taxable years beginning after December 31, 2014,  
8 the greater of thirty per cent of taxable income as determined  
9 under subclause 1 or, if applicable, subclause 2 or five million  
10 dollars (\$5,000,000);

11 (VII) For taxable years beginning after December 31, 2017,  
12 thirty-five per cent of taxable income as determined under  
13 subclause 1 or, if applicable, subclause 2;

14 (VIII) For taxable years beginning after December 31, 2018,  
15 forty per cent of taxable income as determined under subclause 1  
16 or, if applicable, subclause 2; or

17 (B) The amount of the net loss or losses which may be  
18 carried over to the taxable year or taxable income as determined  
19 under subclause 1 or, if applicable, subclause 2.

20 (1.1) In no event shall the net loss deduction include more  
21 than five hundred thousand dollars (\$500,000), in the aggregate,  
22 of net losses from taxable years 1988 through 1994.

23 (2) (A) A net loss for a taxable year may only be carried  
24 over pursuant to the following schedule:

25 Taxable Year	26 Carryover
26 1981	1 taxable year
27 1982	2 taxable years
28 1983-1987	3 taxable years
29 1988	2 taxable years plus
30	1 taxable year
31	starting with the
32	1995 taxable year
33 1989	1 taxable year plus
34	2 taxable years
35	starting with the
36	1995 taxable year
37 1990-1993	3 taxable years
38	starting with the
39	1995 taxable year
40 1994	1 taxable year
41 1995-1997	10 taxable years
42 1998 and thereafter	20 taxable years

43 (B) The earliest net loss shall be carried over to the  
44 earliest taxable year to which it may be carried under this  
45 schedule. The total net loss deduction allowed in any taxable  
46 year shall not exceed:

47 (I) Two million dollars (\$2,000,000) for taxable years  
48 beginning before January 1, 2007.

49 (II) The greater of twelve and one-half per cent of the  
50 taxable income as determined under subclause 1 or, if  
51 applicable, subclause 2 or three million dollars (\$3,000,000)

1 for taxable years beginning after December 31, 2006.

2 (III) The greater of fifteen per cent of the taxable income  
3 as determined under subclause 1 or, if applicable, subclause 2  
4 or three million dollars (\$3,000,000) for taxable years  
5 beginning after December 31, 2008.

6 (IV) The greater of twenty per cent of the taxable income as  
7 determined under subclause 1 or, if applicable, subclause 2 or  
8 three million dollars (\$3,000,000) for taxable years beginning  
9 after December 31, 2009.

10 (V) The greater of twenty-five per cent of taxable income as  
11 determined under subclause 1 or, if applicable, subclause 2 or  
12 four million dollars (\$4,000,000) for taxable years beginning  
13 after December 31, 2013.

14 (VI) The greater of thirty per cent of taxable income as  
15 determined under subclause 1 or, if applicable, subclause 2 or  
16 five million dollars (\$5,000,000) for taxable years beginning  
17 after December 31, 2014.

18 (VII) Thirty-five per cent of taxable income as determined  
19 under subclause 1 or, if applicable, subclause 2 for taxable  
20 years beginning after December 31, 2017.

21 (VIII) Forty per cent of taxable income as determined under  
22 subclause 1 or, if applicable, subclause 2 for taxable years  
23 beginning after December 31, 2018.

24 (3) Any member of a unitary business that has unused net  
25 loss from taxable years that began prior to January 1, 2019, or  
26 that generate net losses while a member of a unitary business  
27 may only use the net loss for taxable years beginning after  
28 December 31, 2018, and only to the extent of the member's  
29 apportionable share of combined business income and may not be  
30 used by other members of the same unitary business.

31 (4) Any net loss realized for a taxable year that begins  
32 after December 31, 2018, unused by a corporation which  
33 subsequently becomes a member of another unitary business, may  
34 only be used by that corporation.

35 \* \* \*

36 (5) "Taxable year." [The] 1. Except as set forth in  
37 subclause 2, the taxable year which the corporation, or any  
38 consolidated group with which the corporation participates in  
39 the filing of consolidated returns, actually uses in reporting  
40 taxable income to the Federal Government[.], or which the  
41 corporation would have used in reporting taxable income to the  
42 Federal Government had it been required to report its taxable  
43 income to the Federal Government. With regard to the tax imposed  
44 by Article IV of this act (relating to the Corporate Net Income  
45 Tax), the terms "annual year," "fiscal year," "annual or fiscal  
46 year," "tax year" and "tax period" shall be the same as the  
47 corporation's taxable year, as defined in this [paragraph]  
48 subclause or subclause 2.

49 2. All members of a unitary business shall have a common  
50 taxable year for purposes of computing tax due under this  
51 article. The taxable year for such purposes is the common

1 taxable year adopted, in a manner prescribed by the department,  
2 by all members of a unitary business. The common taxable year  
3 must be used by all members of the unitary business in the year  
4 of adoption and all future years unless otherwise permitted by  
5 the department.

6 \* \* \*

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

8 (A) A jurisdiction that at the beginning of a taxable year  
9 is a tax haven as identified by the Organization for Economic  
10 Co-operation and Development.

11 (B) Bermuda.

12 (C) The Cayman Islands.

13 (D) The Bailiwick of Jersey.

14 (E) The Grand Duchy of Luxembourg.

15 (12) "Unitary business." A single economic enterprise that  
16 is made up of separate parts of a single corporation, of a  
17 commonly controlled group of corporations, or both, that are  
18 sufficiently interdependent, integrated and interrelated through  
19 their activities so as to provide a synergy and mutual benefit  
20 that produces a sharing or exchange of value among them and a  
21 significant flow of value to the separate parts. A unitary  
22 business includes all those parts and corporations that are  
23 included in a unitary business under the Constitution of the  
24 United States.

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

28 (i) Any member incorporated in the United States or formed  
29 under the laws of any state of the United States, the District  
30 of Columbia, any territory or possession of the United States or  
31 the Commonwealth of Puerto Rico.

32 (ii) Any member, regardless of the place incorporated or  
33 formed, if at least twenty per cent of the member's sales factor  
34 is within the United States.

35 (iii) Any member which is one of the following:

36 (A) Domestic international sales corporation as described in  
37 sections 991, 992, 993 and 994 of the Internal Revenue Code of  
38 1986 (Public Law 99-514, 26 U.S.C. §§ 991, 992, 993 and 994).

39 (B) Export trade corporation, as described in sections 970  
40 and 971 of the Internal Revenue Code of 1986.

41 (iv) Any member not described in subparagraphs (i), (ii) and  
42 (iii) shall include the portion of the member's business income  
43 derived from or attributable to sources within the United  
44 States, as determined under the Internal Revenue Code of 1986  
45 without regard to Federal treaties and its apportionment factors  
46 related thereto.

47 (v) Any member that is a "controlled foreign corporation" as  
48 defined in section 957 of the Internal Revenue Code of 1986, to  
49 the extent the business income of that member is income defined  
50 in section 952 of the Internal Revenue Code of 1986, Subpart F  
51 income, not excluding lower-tier subsidiaries' distributions of

1 such income which were previously taxed, determined without  
2 regard to Federal treaties and the apportionment factors related  
3 to that income; any item of income received by a controlled  
4 foreign corporation and the apportionment factors related to  
5 such income shall be excluded if the corporation establishes to  
6 the satisfaction of the Secretary of Revenue that such income  
7 was subject to an effective rate of income tax imposed by a  
8 foreign country greater than ninety per cent of the maximum rate  
9 of tax specified in section 11 of the Internal Revenue Code of  
10 1986. The effective rate of income tax determination shall be  
11 based upon the methodology set forth under 26 CFR 1.954-1  
12 (relating to foreign base company income).

13 (vi) Any member that is not described in subparagraph (i),  
14 (ii), (iii), (iv) or (v) and that is doing business in a tax  
15 haven. The business income of the combined unitary income and  
16 apportionment factors of a corporation doing business in a tax  
17 haven shall be excluded if the corporation establishes to the  
18 satisfaction of the Secretary of Revenue that the member's  
19 income was subject to an effective rate of income tax imposed by  
20 a country greater than ninety per cent of the maximum rate of  
21 tax specified in section 11 of the Internal Revenue Code of  
22 1986.

23 (14) "Commonly controlled group." For a corporation, the  
24 corporation is a member of a group of two or more corporations  
25 and more than fifty per cent of the voting stock or controlling  
26 interest of each member of the group is directly or indirectly  
27 owned by a common owner or by common owners, either corporate or  
28 noncorporate, or by one or more of the member corporations of  
29 the group.

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

33 (i) Income from an intercompany transaction between members  
34 of a unitary business shall be deferred in a manner similar to  
35 26 CFR 1.1502-13 (relating to intercompany transactions).

36 (ii) Dividends paid by one member of a unitary business to  
37 another to the extent those dividends are included in business  
38 income of the payee corporation.

39 (iii) Income of the following corporations is not included  
40 in the determination of combined business income:

41 (A) any entity subject to taxation under Article VII, VIII,  
42 IX or XV;

43 (B) any entity specified in the definition of "institution"  
44 in section 701.5 that would be subject to taxation under Article  
45 VII, were it doing business in this State, as defined in section  
46 701.5;

47 (C) any entity commonly known as a title insurance company  
48 that would be subject to taxation under Article VIII, were it  
49 incorporated in this State;

50 (D) any entity specified as an insurance company,  
51 association or exchange in Article IX that would be subject to



1 taxation under Article IX, were it transacting insurance  
2 business in this State;

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

7 (F) any entity that is a small corporation as defined in  
8 section 301(s.2).

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

12 Section 2. Section 402 of the act is amended to read:

13 Section 402. Imposition of Tax.--(a) A corporation shall be  
14 subject to and shall pay an excise tax for exercising, whether  
15 in its own name or through any person, association, business  
16 trust, corporation, joint venture, limited liability company,  
17 limited partnership, partnership or other entity, any of the  
18 following privileges:

19 (1) Doing business in this Commonwealth.

20 (2) Carrying on activities in this Commonwealth, including  
21 solicitation which is not protected activity under the act of  
22 September 14, 1959 (Public Law 86-272, 15 U.S.C. § 381 et seq.).

23 (3) Having capital or property employed or used in this  
24 Commonwealth.

25 (4) Owning property in this Commonwealth.

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

Taxable Year	Tax Rate
January 1, 1995, [and each taxable year thereafter] <u>through</u> <u>December 31, 2019</u>	9.99%
<u>January 1, 2020,</u> <u>through December</u> <u>31, 2020</u>	..... <u>9.49%</u>
<u>January 1, 2021,</u> <u>through December</u> <u>31, 2021</u>	..... <u>8.99%</u>
<u>January 1, 2022,</u> <u>through December</u> <u>31, 2022</u>	..... <u>8.49%</u>
<u>January 1, 2023, and</u> <u>each taxable year</u> <u>thereafter</u>	..... <u>7.99%</u>

47 (c) An entity subject to taxation under Article VII, VIII,  
48 IX or XV shall not be subject to the tax imposed by this  
49 article.

50 Section 3. Section 403 of the act is amended by adding  
51 subsections to read:

1 Section 403. Reports and Payment of Tax.--\* \* \*

2 (a.1) (1) Each corporation that is a member of a unitary  
3 business that consists of two or more corporations, unless  
4 excluded by the provisions of this article, shall file as part  
5 of a combined annual report. The corporations of the unitary  
6 business shall designate one member that is subject to tax under  
7 this article to file the combined annual report and to act as  
8 agent on behalf of all other members of the unitary business.  
9 Each corporation that is a member of a unitary business is  
10 liable for its tax liability under this article. The agent is  
11 also liable for the aggregate amount of the unitary business'  
12 tax liability pursuant to this article.

13 (2) The oath or affirmation of the designated member's  
14 president, vice president or other principal officer and of the  
15 member's treasurer or assistant treasurer shall constitute the  
16 oath or affirmation of each corporation that is a member of that  
17 unitary business.

18 (3) The designated member shall transmit to the department  
19 upon a form prescribed by the department an annual combined  
20 report under oath or affirmation of the member's president, vice  
21 president or other principal officer and of the member's  
22 treasurer or assistant treasurer.

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

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

26 (ii) All necessary data, both in the aggregate and for each  
27 corporation of the unitary business, that sets forth the  
28 determination of tax liability for each corporation of the  
29 unitary business.

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

31 (a.2) A corporation that is a member of a unitary business  
32 of two or more corporations must determine the corporation's  
33 business income and apportionment factors on a water's-edge  
34 basis.

35 \* \* \*

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

37 Section 404. Consolidated Reports.--The department shall not  
38 permit any corporation owning or controlling, directly or  
39 indirectly, any of the voting capital stock of another  
40 corporation or of other corporations, subject to the provisions  
41 of this article, to make a consolidated report[, showing the  
42 combined net income].

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

45 Section 3003.3. Underpayment of Estimated Tax.--\* \* \*

46 (d) Notwithstanding the provisions of [the preceding  
47 subsections,] this section, other than as set forth in  
48 subsection (d.1), interest with respect to any underpayment of  
49 any installment of estimated tax shall not be imposed if the  
50 total amount of all payments of estimated tax made on or before  
51 the last date prescribed for the payment of such installment

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

38 (d.1) With respect to any underpayment of an installment of  
39 estimated corporate net income tax for any tax year that begins  
40 in taxable year 2019 or 2020 by a corporation required to file a  
41 combined report pursuant to section 403(a.1)(1), interest shall  
42 not be imposed if the total amount of all payments of estimated  
43 corporate net income tax made on or before the last date  
44 prescribed for the payment of such installment equals or exceeds  
45 the amount which would have been required to be paid on or  
46 before such date if the estimated tax were an amount equal to  
47 the combined tax shown on the reports of all the members of the  
48 unitary business for the safe harbor base year computed at the  
49 rate applicable to the taxable year.

50 Section 6. The following shall apply:

51 (a) Except as provided in subsection (b), the amendment of

1 sections 401, 402, 403, 404 and 3003.3 of the act shall apply to  
2 taxable years beginning after December 31, 2018.

3 (b) The amendments of section 401(3)1(r) and (s) and 4 of  
4 the act shall apply to taxable years beginning after December  
5 31, 2017.

6 Section 7. This act shall take effect July 1, 2018, or  
7 immediately, whichever is later.