

## AMENDMENTS TO SENATE BILL NO. 771

Sponsor: SENATOR MUTH

Printer's No. 1589

1 Amend Bill, page 1, lines 1 through 11, by striking out all  
2 of said lines and inserting

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

17 Amend Bill, page 1, lines 14 through 22; page 2, lines 1  
18 through 22; by striking out all of said lines on said pages and  
19 inserting

20 Section 1. Section 401(3)1(a), (b), (t) and (5) of the act  
21 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of  
22 1971, are amended, (3)2(a)9(A) is amended by adding a unit,  
23 (3)1 and (3)4 are amended by adding phrases and the section is  
24 amended by adding clauses to read:

25 Section 401. Definitions.--The following words, terms, and  
26 phrases, when used in this article, shall have the meaning  
27 ascribed to them in this section, except where the context  
28 clearly indicates a different meaning:

29 \* \* \*

30 (3) "Taxable income." 1. (a) In case the entire business  
31 of the corporation is transacted within this Commonwealth, for  
32 any taxable year which begins on or after January 1, 1971,  
33 taxable income for the calendar year or fiscal year as returned  
34 to and ascertained by the Federal Government before special  
35 deductions provided for in sections 241, 242, 243, 244, 245,

1 246, 247, 248, 249 and 250 of the Internal Revenue Code of 1986  
2 (26 U.S.C. §§ 241, 242, 243, 244, 245, 246, 247, 248, 249 and  
3 250), or in the case of a corporation participating in the  
4 filing of consolidated returns to the Federal Government or that  
5 is not required to file a return with the Federal Government,  
6 the taxable income which would have been returned to and  
7 ascertained by the Federal Government before special deductions  
8 provided for in sections 241, 242, 243, 244, 245, 246, 247, 248,  
9 249 and 250 of the Internal Revenue Code of 1986 (26 U.S.C. §§  
10 241, 242, 243, 244, 245, 246, 247, 248, 249 and 250) if separate  
11 returns had been made to the Federal Government for the current  
12 and prior taxable years, subject, however, to any correction  
13 thereof, for fraud, evasion, or error as finally ascertained by  
14 the Federal Government.

15 (b) Additional deductions shall be allowed from taxable  
16 income on account of any dividends received from any other  
17 corporation but only to the extent that such dividends are  
18 included in taxable income as returned to and ascertained by the  
19 Federal Government. For tax years beginning on or after January  
20 1, 1991, additional deductions shall only be allowed for amounts  
21 included, under section 78 of the Internal Revenue Code of 1986  
22 (Public Law 99-514, 26 U.S.C. § 78), in taxable income returned  
23 to and ascertained by the Federal Government and for the amount  
24 of any dividends received from a foreign corporation included in  
25 taxable income to the extent such dividends would be deductible  
26 in arriving at Federal taxable income if received from a  
27 domestic corporation. For taxable years beginning after December  
28 31, 2021, the additional deduction with respect to dividends  
29 shall not be allowed for dividends between members of a unitary  
30 group.

31 \* \* \*

32 (p.1) For taxable years after December 31, 2022, in the case  
33 of a corporation that is a member of a unitary business, the  
34 term "taxable income" shall mean the combined unitary income of  
35 the unitary business, as determined on a water's-edge basis.

36 \* \* \*

37 (t) (1) Except as provided in paragraph (2), (3) or (4) for  
38 taxable years beginning after December 31, 2014, and in addition  
39 to any authority the department has on the effective date of  
40 this paragraph to deny a deduction related to a fraudulent or  
41 sham transaction, no deduction shall be allowed for an  
42 intangible expense or cost, or an interest expense or cost,  
43 paid, accrued or incurred directly or indirectly in connection  
44 with one or more transactions with an affiliated entity. In  
45 calculating taxable income under this paragraph, when the  
46 taxpayer is engaged in one or more transactions with an  
47 affiliated entity that was subject to tax in this Commonwealth  
48 or another state or possession of the United States on a tax  
49 base that included the intangible expense or cost, or the  
50 interest expense or cost, paid, accrued or incurred by the  
51 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  
31 incurred on the intangible expense or cost, or interest expense  
32 or cost, and is equal to or less than the taxpayer's  
33 proportional share of the transaction. The taxpayer's  
34 proportional share shall be based on relative sales, assets,  
35 liabilities or another reasonable method.

36 (5) The adjustment required under paragraph (1) shall not  
37 apply to a transaction between the taxpayer and an affiliated  
38 entity, where the taxpayer and the affiliated entity file a  
39 combined annual report in this State.

40 2. In case the entire business of any corporation, other  
41 than a corporation engaged in doing business as a regulated  
42 investment company as defined by the Internal Revenue Code of  
43 1986, is not transacted within this Commonwealth, the tax  
44 imposed by this article shall be based upon such portion of the  
45 taxable income of such corporation for the fiscal or calendar  
46 year, as defined in subclause 1 hereof, and may be determined as  
47 follows:

48 (a) Division of Income.

49 \* \* \*

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

51 \* \* \*

1 (vi) (a) For taxable years beginning after December 31,  
2 2022, all business income of a unitary business shall be  
3 apportioned to this State by multiplying the income by the  
4 member's sales factor, the numerator of which shall be the  
5 member's total sales in this State, and the denominator of which  
6 shall be the combined total sales of all members of the unitary  
7 business everywhere. In computing the sales of each member for  
8 purposes of apportionment, the following sales are excluded from  
9 the numerator and denominator:

10 (I) sales from transactions between or among members of the  
11 unitary business that are deferred under 26 CFR 1.1502-13  
12 (relating to intercompany transactions) for Federal taxable  
13 income purposes; and

14 (II) the sales of each member that are excluded from the  
15 unitary business pursuant to the definition of water's-edge  
16 basis.

17 (b) The Pennsylvania sales of each nontaxable member shall  
18 be determined based upon the apportionment rules applicable to  
19 the member and shall be aggregated. Each taxable member of the  
20 group shall include in its sales factor numerator a portion of  
21 the aggregate Pennsylvania sales of nontaxable members based on  
22 a ratio, the numerator of which is the taxable member's  
23 Pennsylvania sales and the denominator of which is the aggregate  
24 Pennsylvania sales of all the taxable members of the group.

25 (c) Nonbusiness income of each member of a unitary business  
26 shall be allocated as provided in paragraphs (5) through (8) of  
27 phrase (a) of subclause 2 of this definition. A member of the  
28 unitary business is subject to tax on its apportioned share of  
29 all business income of the unitary business, plus its  
30 nonbusiness income or loss allocated to this State, minus the  
31 member's net loss deduction.

32 (d) The Secretary of Revenue has the authority to  
33 distribute, apportion or allocate gross income, deductions,  
34 credits or allowances between and among two or more  
35 corporations, persons, entities, members or unitary businesses,  
36 whether or not incorporated, whether or not organized in the  
37 United States and whether or not affiliated, if:

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

42 (II) the Secretary of Revenue determines that the  
43 distribution, apportionment or allocation is necessary in order  
44 to reflect an arm's length standard within the meaning of 26 CFR  
45 1.482-1 (relating to allocation of income and deductions among  
46 taxpayers) and to reflect clearly the income of those  
47 corporations, persons, entities, members or unitary businesses.

48 (e) The Secretary of Revenue shall apply the administrative  
49 and judicial interpretations of section 482 of the Internal  
50 Revenue Code (26 U.S.C. § 482) in administering this section.

51 (f) For taxable years beginning after December 31, 2022, any

1 member of a unitary group that would otherwise apportion its  
2 business income under phrase (b), (c), (d) or (e) of subclause 2  
3 of this definition shall determine its apportionment formula  
4 using a single sales fraction.

5 \* \* \*

6 4. \* \* \*

7 (h) Subject to the limitations of this subclause, any member  
8 of a unitary business that has unused net loss from taxable  
9 years that began prior to January 1, 2023, or that generates net  
10 losses while a member of a unitary business may only take the  
11 net loss deduction for taxable years beginning after December  
12 31, 2021, to the extent of the member's share of combined  
13 unitary income after apportionment and the net losses may not be  
14 used by other members of the same unitary business.

15 (i) Any net loss realized for a taxable year unused by a  
16 corporation which subsequently becomes a member of another  
17 unitary business, may only be used by that corporation.

18 \* \* \*

19 (5) "Taxable year." [The taxable year which the  
20 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. With regard to the tax imposed by Article IV of this  
24 act (relating to the Corporate Net Income Tax), the terms  
25 "annual year," "fiscal year," "annual or fiscal year," "tax  
26 year" and "tax period" shall be the same as the corporation's  
27 taxable year, as defined in this paragraph.]

28 1. Except as set forth in subclause 2, the taxable year  
29 which the corporation, or any consolidated group with which the  
30 corporation participates in the filing of consolidated returns,  
31 actually uses in reporting taxable income to the Federal  
32 Government, or which the corporation would have used in  
33 reporting taxable income to the Federal Government had it been  
34 required to report its taxable income to the Federal Government.  
35 With regard to the tax imposed by Article IV, the terms "annual  
36 year," "fiscal year," "annual or fiscal year," "tax year" and  
37 "tax period" shall be the same as the corporation's taxable  
38 year, as defined in this subclause or subclause 2.

39 2. All members of a unitary business shall have a common  
40 taxable year for purposes of computing tax due under this  
41 article. The taxable year for such purposes is the common  
42 taxable year adopted, in a manner prescribed by the department,  
43 by all members of the unitary business. The common taxable year  
44 must be used by all members of the unitary business in the year  
45 of adoption and all future years unless otherwise permitted by  
46 the department.

47 \* \* \*

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

49 (A) Andorra.

50 (B) Anguilla.

51 (C) Antigua and Barbuda.

1 (D) Aruba.  
2 (E) The Bahamas.  
3 (F) Bahrain.  
4 (G) Barbados.  
5 (H) Belize.  
6 (I) Bermuda.  
7 (J) The British Virgin Islands.  
8 (K) The Cayman Islands.  
9 (L) The Cook Islands.  
10 (M) Cyprus.  
11 (N) Dominica.  
12 (O) Gibraltar.  
13 (P) Grenada.  
14 (Q) Guernsey-Sark-Alderney.  
15 (R) The Isle of Man.  
16 (S) Jersey.  
17 (T) Liberia.  
18 (U) Liechtenstein.  
19 (V) Luxembourg.  
20 (W) Malta.  
21 (X) The Marshall Islands.  
22 (Y) Mauritius.  
23 (Z) Monaco.  
24 (AA) Montserrat.  
25 (BB) Nauru.  
26 (CC) Netherlands Antilles.  
27 (DD) Niue.  
28 (EE) Panama.  
29 (FF) Samoa.  
30 (GG) San Marino.  
31 (HH) Seychelles.  
32 (II) St. Kitts and Nevis.  
33 (JJ) St. Lucia.  
34 (KK) St. Vincent and the Grenadines.  
35 (LL) Turks and Caicos Islands.  
36 (MM) Vanuatu.  
37 (NN) A jurisdiction that is identified as a tax haven by the  
38 Organization for Economic Co-operation and Development.  
39 (12) "Unitary business." A single economic enterprise that  
40 is made up of separate parts of a single corporation, of a  
41 commonly controlled group of corporations, or both, that are  
42 sufficiently interdependent, integrated and interrelated through  
43 their activities so as to provide a synergy and mutual benefit  
44 that produces a sharing or exchange of value among them and a  
45 flow of value to the separate parts. A unitary business includes  
46 all those parts and corporations that are included in a unitary  
47 business under the Constitution of the United States.  
48 (13) "Water's-edge basis." A system of reporting that  
49 includes the income and apportionment factors of certain members  
50 of a unitary business, described as follows:  
51 (A) Any member incorporated in the United States or formed

1 under the laws of any state of the United States, the District  
2 of Columbia, any territory or possession of the United States or  
3 the Commonwealth of Puerto Rico.

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

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

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

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

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

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

22 (iii) An export trade corporation as described in sections  
23 970 and 971 of the Internal Revenue Code of 1986 (26 U.S.C. §§  
24 970 and 971).

25 (D) Any member not described in subparagraph (A), (B) or (C)  
26 shall include the portion of the member's taxable income derived  
27 from or attributable to sources within the United States, as  
28 determined under the Internal Revenue Code of 1986 (26 U.S.C. §  
29 1 et seq.) without regard to Federal treaties, and its  
30 apportionment factors related thereto.

31 (E) Any member that is a "controlled foreign corporation" as  
32 defined in section 957 of the Internal Revenue Code of 1986 (26  
33 U.S.C. § 957), to the extent the income of that member is income  
34 defined in section 952 of the Internal Revenue Code of 1986 (26  
35 U.S.C. § 952) as Subpart F income, not excluding lower-tier  
36 subsidiaries' distributions of such income which were previously  
37 taxed, determined without regard to Federal treaties, and the  
38 apportionment factors related to that income; any item of income  
39 received by a controlled foreign corporation and the  
40 apportionment factors related to such income shall be excluded  
41 if the corporation establishes to the satisfaction of the  
42 Secretary of Revenue that such income was subject to an  
43 effective rate of income tax imposed by a foreign country  
44 greater than ninety per cent of the maximum rate of tax  
45 specified in section 11 of the Internal Revenue Code of 1986 (26  
46 U.S.C. § 11). The effective rate of income tax determination  
47 shall be based upon the methodology set forth under 26 CFR  
48 1.954-1 (relating to foreign base company income).

49 (F) Any member that is incorporated in or is doing business  
50 in a tax haven. The income and apportionment factors of a member  
51 doing business in a tax haven shall be excluded if the member

1 establishes to the satisfaction of the Secretary of Revenue that  
2 the member's income was subject to an effective rate of income  
3 tax imposed by a country greater than ninety per cent of the  
4 maximum rate of tax specified in section 11 of the Internal  
5 Revenue Code of 1986 (26 U.S.C. § 11).

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

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

16 (A) Income from an intercompany transaction between members  
17 of a unitary business shall be deferred in a manner similar to  
18 26 CFR 1.1502-13 (relating to intercompany transactions) for  
19 Federal taxable income purposes.

20 (B) Dividends paid by one member of a unitary business to  
21 another.

22 (C) Income of the following members is not included in the  
23 determination of combined unitary income:

24 (i) any member subject to taxation under Article VII, VIII,  
25 IX or XV;

26 (ii) any member specified in the definition of "institution"  
27 in section 701.5 that would be subject to taxation under Article  
28 VII, were it doing business in this State, as defined in section  
29 701.5;

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

33 (iv) any member specified as an insurance company,  
34 association or exchange in Article IX that would be subject to  
35 taxation under Article IX, were it transacting insurance  
36 business in this State;

37 (v) any member specified in the definition of "institution"  
38 in section 1501 that would be subject to taxation under Article  
39 XV, were it located, as defined in section 1501, in this State;  
40 or

41 (vi) any member that is a small corporation as defined in  
42 section 301(s.2) except to the extent of such small  
43 corporation's net recognized built-in gain to the extent of and  
44 as determined for Federal income tax purposes under section  
45 1374(d)(2) of the Internal Revenue Code of 1986 (Public Law 99-  
46 514, U.S.C. § 1374(d)(2)).

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

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

51 Section 402. Imposition of Tax.--\* \* \*



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

5 Taxable Year	6 Tax Rate
7 January 1, 1995, [and 8 each taxable year 9 thereafter] through 10 <u>December 31, 2022</u>	11 9.99%
12 <u>January 1, 2023,</u> 13 <u>through December 31,</u> 14 <u>2023</u>	15 8.99%
16 <u>January 1, 2024,</u> 17 <u>through December 31,</u> 18 <u>2024</u>	19 8.29%
20 <u>January 1, 2025,</u> 21 <u>through December 31,</u> 22 <u>2025</u>	23 7.49%
24 <u>January 1, 2026,</u> 25 <u>through December 31,</u> 26 <u>2026</u>	27 6.99%
28 <u>January 1, 2027, and</u> 29 <u>each taxable year</u> 30 <u>thereafter</u>	31 5.99%

32 \* \* \*

33 Section 3. Section 403 of the act is amended by adding  
34 subsections to read:

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

36 (a.1) (1) Each corporation that is a member of a unitary  
37 business that consists of two or more corporations, unless  
38 excluded by the provisions of this article, shall file as part  
39 of a combined annual report. The member of the unitary business  
40 shall designate one member that is subject to tax under this  
41 article to file the combined annual report and to act as agent  
42 on behalf of all other members of the unitary business. Each  
43 corporation that is a member of a unitary business is liable for  
44 its tax liability under this article. The agent is also liable  
45 for the aggregate amount of the unitary business' tax liability  
46 pursuant to this article.

47 (2) The oath or affirmation of the designated member's  
48 president, vice president, treasurer, assistant treasurer or  
49 other authorized officer shall constitute the oath or  
50 affirmation of each corporation that is a member of that unitary  
51 business.

52 (3) The designated member shall transmit to the department  
53 upon a form prescribed by the department a combined annual  
54 report under oath or affirmation of the member's president, vice  
55 president, treasurer, assistant treasurer or other authorized  
56 officer.

57 (4) In addition to the information required in subsection  
58 (a), the combined annual report shall set forth:

- 1 (i) All members included in the unitary business.  
2 (ii) All necessary data, both in the aggregate and for each  
3 member of the unitary business, that sets forth the  
4 determination of tax liability for each member of the unitary  
5 business.  
6 (iii) Any other information that the department may require.  
7 (a.2) A member of a unitary business of two or more  
8 corporations must determine the member's income and  
9 apportionment factors on a water's-edge basis.

10 \* \* \*

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

12 Section 404. Consolidated Reports.--The department shall not  
13 permit any corporation owning or controlling, directly or  
14 indirectly, any of the voting capital stock of another  
15 corporation or of other corporations, subject to the provisions  
16 of this article, to make a consolidated report[, showing the  
17 combined net income].

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

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

21 (d) Notwithstanding the provisions of [the preceding  
22 subsections,] this section, other than as set forth in  
23 subsection (d.1), interest with respect to any underpayment of  
24 any installment of estimated tax shall not be imposed if the  
25 total amount of all payments of estimated tax made on or before  
26 the last date prescribed for the payment of such installment  
27 equals or exceeds the amount which would have been required to  
28 be paid on or before such date if the estimated tax were an  
29 amount equal to the tax computed at the rates applicable to the  
30 taxable year, including any minimum tax imposed, but otherwise  
31 on the basis of the facts shown on the report of the taxpayer  
32 for, and the law applicable to, the safe harbor base year,  
33 adjusted for any changes to sections 401, 601, 602 and 1101  
34 enacted for the taxable year, if a report showing a liability  
35 for tax was filed by the taxpayer for the safe harbor base year.  
36 If the total amount of all payments of estimated tax made on or  
37 before the last date prescribed for the payment of such  
38 installment does not equal or exceed the amount required to be  
39 paid per the preceding sentence, but such amount is paid after  
40 the date the installment was required to be paid, then the  
41 period of underpayment shall run from the date the installment  
42 was required to be paid to the date the amount required to be  
43 paid per the preceding sentence is paid. Provided, that if the  
44 total tax for the safe harbor base year exceeds the tax shown on  
45 such report by ten per cent or more, the total tax adjusted to  
46 reflect the current tax rate shall be used for purposes of this  
47 subsection. In the event that the total tax for the safe harbor  
48 base year exceeds the tax shown on the report by ten per cent or  
49 more, interest resulting from the utilization of such total tax  
50 in the application of the provisions of this subsection shall  
51 not be imposed if, within forty-five days of the mailing date of

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

13 (d.1) With respect to any underpayment of an installment of  
14 estimated corporate net income tax for any tax year that begins  
15 in taxable year 2023 or 2024 by a corporation required to file a  
16 combined annual report pursuant to section 403(a.1)(1), interest  
17 shall not be imposed if the total amount of all payments of  
18 estimated corporate net income tax made on or before the last  
19 date prescribed for the payment of such installment equals or  
20 exceeds the amount which would have been required to be paid on  
21 or before such date if the estimated tax were an amount equal to  
22 the combined tax shown on the reports of all the members of the  
23 unitary business for the safe harbor base year computed at the  
24 rate applicable to the taxable year.

25 Section 6. The amendment of sections 401, 402, 403, 404 and  
26 3003.3 of the act shall apply to taxable years beginning after  
27 December 31, 2022.

28 Section 7. This act shall take effect July 1, 2022, or  
29 immediately, whichever is later.