

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1222 Session of 2021

INTRODUCED BY DALEY, SAMUELSON, HANBIDGE, ZABEL, OTTEN, BURGOS, FIEDLER, SANCHEZ AND N. NELSON, APRIL 16, 2021

REFERRED TO COMMITTEE ON FINANCE, APRIL 16, 2021

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
 24 ascribed to them in this section, except where the context

1 clearly indicates a different meaning:

2 * * *

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

23 (b) Additional deductions shall be allowed from taxable
24 income on account of any dividends received from any other
25 corporation but only to the extent that such dividends are
26 included in taxable income as returned to and ascertained by the
27 Federal Government. For tax years beginning on or after January
28 1, 1991, additional deductions shall only be allowed for amounts
29 included, under section 78 of the Internal Revenue Code of 1986
30 (Public Law 99-514, 26 U.S.C. § 78), in taxable income returned

1 to and ascertained by the Federal Government and for the amount
2 of any dividends received from a foreign corporation included in
3 taxable income to the extent such dividends would be deductible
4 in arriving at Federal taxable income if received from a
5 domestic corporation. For taxable years beginning after December
6 31, 2021, the additional deduction with respect to dividends
7 shall not be allowed for dividends between members of a unitary
8 group.

9 * * *

10 (p.1) For taxable years after December 31, 2021, 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 (t) (1) Except as provided in paragraph (2), (3) or (4) for
16 taxable years beginning after December 31, 2014, and in addition
17 to any authority the department has on the effective date of
18 this paragraph to deny a deduction related to a fraudulent or
19 sham transaction, no deduction shall be allowed for an
20 intangible expense or cost, or an interest expense or cost,
21 paid, accrued or incurred directly or indirectly in connection
22 with one or more transactions with an affiliated entity. In
23 calculating taxable income under this paragraph, when the
24 taxpayer is engaged in one or more transactions with an
25 affiliated entity that was subject to tax in this Commonwealth
26 or another state or possession of the United States on a tax
27 base that included the intangible expense or cost, or the
28 interest expense or cost, paid, accrued or incurred by the
29 taxpayer, the taxpayer shall receive a credit against tax due in
30 this Commonwealth in an amount equal to the apportionment factor

1 of the taxpayer in this Commonwealth multiplied by the greater
2 of the following:

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

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

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

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

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

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

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

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

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

17 (a) Division of Income.

18 * * *

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

20 * * *

21 (vi) (a) For taxable years beginning after December 31,
22 2021, all business income of a unitary business shall be
23 apportioned to this State by multiplying the income by the
24 member's sales factor, the numerator of which shall be the
25 member's total sales in this State, and the denominator of which
26 shall be the combined total sales of all members of the unitary
27 business everywhere. In computing the sales of each member for
28 purposes of apportionment, the following sales are excluded from
29 the numerator and denominator:

30 (I) sales from transactions between or among members of the

1 unitary business that are deferred under 26 CFR 1.1502-13
2 (relating to intercompany transactions) for Federal taxable
3 income purposes; and

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

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

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

22 (d) The Secretary of Revenue has the authority to
23 distribute, apportion or allocate gross income, deductions,
24 credits or allowances between and among two or more
25 corporations, persons, entities, members or unitary businesses,
26 whether or not incorporated, whether or not organized in the
27 United States and whether or not affiliated, if:

28 (I) the corporations, persons, entities, members or unitary
29 businesses are owned or controlled directly or indirectly by the
30 same interests within the meaning of section 482 of the Internal

1 Revenue Code (26 U.S.C. § 482); and
2 (II) the Secretary of Revenue determines that the
3 distribution, apportionment or allocation is necessary in order
4 to reflect an arm's length standard within the meaning of 26 CFR
5 1.482-1 (relating to allocation of income and deductions among
6 taxpayers) and to reflect clearly the income of those
7 corporations, persons, entities, members or unitary businesses.

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

11 (f) For taxable years beginning after December 31, 2021, any
12 member of a unitary group that would otherwise apportion its
13 business income under phrase (b), (c), (d) or (e) of subclause 2
14 of this definition shall determine its apportionment formula
15 using a single sales fraction.

16 * * *

17 4. * * *

18 (h) Subject to the limitations of this subclause, any member
19 of a unitary business that has unused net loss from taxable
20 years that began prior to January 1, 2022, or that generates net
21 losses while a member of a unitary business may only take the
22 net loss deduction for taxable years beginning after December
23 31, 2021, to the extent of the member's share of combined
24 unitary income after apportionment and the net losses may not be
25 used by other members of the same unitary business.

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

29 * * *

30 (5) "Taxable year." [The taxable year which the

1 corporation, or any consolidated group with which the
2 corporation participates in the filing of consolidated returns,
3 actually uses in reporting taxable income to the Federal
4 Government. With regard to the tax imposed by Article IV of this
5 act (relating to the Corporate Net Income Tax), the terms
6 "annual year," "fiscal year," "annual or fiscal year," "tax
7 year" and "tax period" shall be the same as the corporation's
8 taxable year, as defined in this paragraph.]

9 1. Except as set forth in subclause 2, the taxable year
10 which the corporation, or any consolidated group with which the
11 corporation participates in the filing of consolidated returns,
12 actually uses in reporting taxable income to the Federal
13 Government, or which the corporation would have used in
14 reporting taxable income to the Federal Government had it been
15 required to report its taxable income to the Federal Government.
16 With regard to the tax imposed by Article IV, the terms "annual
17 year," "fiscal year," "annual or fiscal year," "tax year" and
18 "tax period" shall be the same as the corporation's taxable
19 year, as defined in this subclause or subclause 2.

20 2. All members of a unitary business shall have a common
21 taxable year for purposes of computing tax due under this
22 article. The taxable year for such purposes is the common
23 taxable year adopted, in a manner prescribed by the department,
24 by all members of the unitary business. The common taxable year
25 must be used by all members of the unitary business in the year
26 of adoption and all future years unless otherwise permitted by
27 the department.

28 * * *

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

30 (A) Andorra.

- 1 (B) Anguilla.
- 2 (C) Antigua and Barbuda.
- 3 (D) Aruba.
- 4 (E) The Bahamas.
- 5 (F) Bahrain.
- 6 (G) Barbados.
- 7 (H) Belize.
- 8 (I) Bermuda.
- 9 (J) The British Virgin Islands.
- 10 (K) The Cayman Islands.
- 11 (L) The Cook Islands.
- 12 (M) Cyprus.
- 13 (N) Dominica.
- 14 (O) Gibraltar.
- 15 (P) Grenada.
- 16 (Q) Guernsey-Sark-Alderney.
- 17 (R) The Isle of Man.
- 18 (S) Jersey.
- 19 (T) Liberia.
- 20 (U) Liechtenstein.
- 21 (V) Luxembourg.
- 22 (W) Malta.
- 23 (X) The Marshall Islands.
- 24 (Y) Mauritius.
- 25 (Z) Monaco.
- 26 (AA) Montserrat.
- 27 (BB) Nauru.
- 28 (CC) Netherlands Antilles.
- 29 (DD) Niue.
- 30 (EE) Panama.

1 (FF) Samoa.
2 (GG) San Marino.
3 (HH) Seychelles.
4 (II) St. Kitts and Nevis.
5 (JJ) St. Lucia.
6 (KK) St. Vincent and the Grenadines.
7 (LL) Turks and Caicos Islands.
8 (MM) Vanuatu.
9 (NN) A jurisdiction that is identified as a tax haven by the

10 Organization for Economic Co-operation and Development.

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

20 (13) "Water's-edge basis." A system of reporting that
21 includes the income and apportionment factors of certain members
22 of a unitary business, described as follows:

23 (A) Any member incorporated in the United States or formed
24 under the laws of any state of the United States, the District
25 of Columbia, any territory or possession of the United States or
26 the Commonwealth of Puerto Rico.

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

30 (i) For purposes of determining whether at least twenty per

1 cent of a member's sales factor is within the United States, the
2 calculation must be performed on a stand-alone basis. Sales
3 shall be gross figures without eliminations for transactions
4 with other members of any unitary business.

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

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

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

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

15 (iii) An export trade corporation as described in sections
16 970 and 971 of the Internal Revenue Code of 1986 (26 U.S.C. §§
17 970 and 971).

18 (D) Any member not described in subparagraph (A), (B) or (C)
19 shall include the portion of the member's taxable income derived
20 from or attributable to sources within the United States, as
21 determined under the Internal Revenue Code of 1986 (26 U.S.C. §
22 1 et seq.) without regard to Federal treaties, and its
23 apportionment factors related thereto.

24 (E) Any member that is a "controlled foreign corporation" as
25 defined in section 957 of the Internal Revenue Code of 1986 (26
26 U.S.C. § 957), to the extent the income of that member is income
27 defined in section 952 of the Internal Revenue Code of 1986 (26
28 U.S.C. § 952) as Subpart F income, not excluding lower-tier
29 subsidiaries' distributions of such income which were previously
30 taxed, determined without regard to Federal treaties, and the

1 apportionment factors related to that income; any item of income
2 received by a controlled foreign corporation and the
3 apportionment factors related to such income shall be excluded
4 if the corporation establishes to the satisfaction of the
5 Secretary of Revenue that such income was subject to an
6 effective rate of income tax imposed by a foreign country
7 greater than ninety per cent of the maximum rate of tax
8 specified in section 11 of the Internal Revenue Code of 1986 (26
9 U.S.C. § 11). The effective rate of income tax determination
10 shall be based upon the methodology set forth under 26 CFR
11 1.954-1 (relating to foreign base company income).

12 (F) Any member that is incorporated in or is doing business
13 in a tax haven. The income and apportionment factors of a member
14 doing business in a tax haven shall be excluded if the member
15 establishes to the satisfaction of the Secretary of Revenue that
16 the member's income was subject to an effective rate of income
17 tax imposed by a country greater than ninety per cent of the
18 maximum rate of tax specified in section 11 of the Internal
19 Revenue Code of 1986 (26 U.S.C. § 11).

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

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

30 (A) Income from an intercompany transaction between members

1 of a unitary business shall be deferred in a manner similar to
2 26 CFR 1.1502-13 (relating to intercompany transactions) for
3 Federal taxable income purposes.

4 (B) Dividends paid by one member of a unitary business to
5 another.

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

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

10 (ii) any member specified in the definition of "institution"
11 in section 701.5 that would be subject to taxation under Article
12 VII, were it doing business in this State, as defined in section
13 701.5;

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

17 (iv) any member specified as an insurance company,
18 association or exchange in Article IX that would be subject to
19 taxation under Article IX, were it transacting insurance
20 business in this State;

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

25 (vi) any member that is a small corporation as defined in
26 section 301(s.2) except to the extent of such small
27 corporation's net recognized built-in gain to the extent of and
28 as determined for Federal income tax purposes under section
29 1374(d) (2) of the Internal Revenue Code of 1986 (Public Law 99-
30 514, U.S.C. § 1374(d) (2)).

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

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

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

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

10	Taxable Year	Tax Rate
11	January 1, 1995, [and	
12	each taxable year	
13	thereafter] through	
14	<u>December 31, 2021</u>	<u>9.99%</u>
15	<u>January 1, 2022,</u>	
16	<u>through December</u>	
17	<u>31, 2022</u>	<u>8.99%</u>
18	<u>January 1, 2023,</u>	
19	<u>through December</u>	
20	<u>31, 2023</u>	<u>8.29%</u>
21	<u>January 1, 2024,</u>	
22	<u>through December</u>	
23	<u>31, 2024</u>	<u>7.49%</u>
24	<u>January 1, 2025,</u>	
25	<u>through December</u>	
26	<u>31, 2025</u>	<u>6.99%</u>
27	<u>January 1, 2026, and</u>	
28	<u>each taxable year</u>	
29	<u>thereafter</u>	<u>5.99%</u>
30	* * *	

1 Section 3. Section 403 of the act is amended by adding
2 subsections to read:

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

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

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

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

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

27 (i) All members included in the unitary business.

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

1 business.

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

3 (a.2) A member of a unitary business of two or more

4 corporations must determine the member's income and

5 apportionment factors on a water's-edge basis.

6 * * *

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

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

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

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

17 (d) Notwithstanding the provisions of [the preceding
18 subsections,] this section, other than as set forth in
19 subsection (d.1), interest with respect to any underpayment of
20 any installment of estimated tax shall not be imposed if the
21 total amount of all payments of estimated tax made on or before
22 the last date prescribed for the payment of such installment
23 equals or exceeds the amount which would have been required to
24 be paid on or before such date if the estimated tax were an
25 amount equal to the tax computed at the rates applicable to the
26 taxable year, including any minimum tax imposed, but otherwise
27 on the basis of the facts shown on the report of the taxpayer
28 for, and the law applicable to, the safe harbor base year,
29 adjusted for any changes to sections 401, 601, 602 and 1101
30 enacted for the taxable year, if a report showing a liability

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

30 (d.1) With respect to any underpayment of an installment of

1 estimated corporate net income tax for any tax year that begins
2 in taxable year 2022 or 2023 by a corporation required to file a
3 combined annual report pursuant to section 403(a.1)(1), interest
4 shall not be imposed if the total amount of all payments of
5 estimated corporate net income tax made on or before the last
6 date prescribed for the payment of such installment equals or
7 exceeds the amount which would have been required to be paid on
8 or before such date if the estimated tax were an amount equal to
9 the combined tax shown on the reports of all the members of the
10 unitary business for the safe harbor base year computed at the
11 rate applicable to the taxable year.

12 Section 6. The amendment of sections 401, 402, 403, 404 and
13 3003.3 of the act shall apply to taxable years beginning after
14 December 31, 2021.

15 Section 7. This act shall take effect July 1, 2021, or
16 immediately, whichever is later.