

§5199-A. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

1. Allowable credits. "Allowable credits" means the total amount of any payments with regard to a taxpayer that have been or will be paid to the bureau prior to the date the payment against which the total amount of any payments is to be used as a credit is due and that are available to offset any estimated tax liability under section 5199-H.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

2. Distributive share of income. "Distributive share of income" means, with regard to a qualified member that is a resident individual or resident estate or trust, the net of the portion of income, gain, loss and deduction for the taxable year from the pass-through entity, including guaranteed payments, entering into the qualified member's federal adjusted gross income in the case of a resident individual or federal taxable income in the case of a resident estate or trust. "Distributive share of income" means, with regard to a qualified member that is a nonresident individual or nonresident estate or trust, the net of the portion of income, gain, loss and deduction derived from or connected with sources in this State, as provided by section 5142, for the taxable year from the pass-through entity, including guaranteed payments, entering into the qualified member's federal adjusted gross income in the case of a nonresident individual or federal taxable income in the case of a nonresident estate or trust. If the qualified member is a trust, residency is determined by the residency status of the trust and not by the residency status of the beneficiaries of the trust. For purposes of this subchapter, the distributive share of income for a qualified member is zero if the amount determined in accordance with this subsection is zero or less.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

3. Distributive share of tax. "Distributive share of tax" means the tax paid by an electing pass-through entity pursuant to section 5199-C multiplied by a fraction, the numerator of which is equal to the qualified member's distributive share of income and the denominator of which is equal to the pass-through entity taxable income.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

4. Electing pass-through entity. "Electing pass-through entity" means a pass-through entity that has elected for the taxable year to be subject to the tax imposed by this subchapter.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

5. Estimated tax. "Estimated tax" means the total amount of tax that an electing pass-through entity estimates will be due for a taxable year under this subchapter, excluding the estimated tax liability under section 5199-D, less any allowable credits for that taxable year.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

6. Pass-through entity. "Pass-through entity" means:

A. A partnership as defined in the Code, Section 7701(a)(2), excluding a publicly traded partnership as defined in the Code, Section 7704(b); and [PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

B. An entity classified as an S corporation under the Code for federal income tax purposes. [PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

"Pass-through entity" does not include an entity subject to tax under chapter 819.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

7. Pass-through entity taxable income. "Pass-through entity taxable income" means the aggregate total of distributive share of income of all qualified members for the taxable year increased by the amount of the tax imposed on the pass-through entity by this subchapter and by the amount of

the tax imposed on the pass-through entity by another state of the United States, a political subdivision of any such state or the District of Columbia that is substantially the same as the tax imposed under this subchapter.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

8. Period of underpayment. "Period of underpayment" means the period of time from the date an estimated tax installment under section 5199-H is due until the underpayment is satisfied or until the tax return to which the estimated tax installment applies is due, whichever is less.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

9. Qualified member. "Qualified member" means an individual, trust or estate that is a direct owner, partner or shareholder in an electing pass-through entity, except that "qualified member" does not include an organization exempt from tax under the Code, Section 501. For purposes of this subsection, "direct owner" includes a qualified member whose ownership in the electing pass-through entity is held through an entity that is disregarded under the Code for federal income tax purposes.

[PL 2025, c. 650, Pt. N, §3 (NEW); PL 2025, c. 650, Pt. N, §8 (AFF).]

SECTION HISTORY

PL 2025, c. 650, Pt. N, §3 (NEW). PL 2025, c. 650, Pt. N, §8 (AFF).

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