

(i) excluding the oil percentage depletion allowance claimed under § 613 or § 613A of the Internal Revenue Code; and

(ii) adding the amount allowed to be subtracted as an adjustment for net capital gains under [§ 10-207(p)] § 10-207(I) of this subtitle.

(b) Each shareholder of an S corporation shall report the shareholder's pro rata share of the tax preference items of the corporation.

(c) (1) A nonresident shall include as tax preference items only those items that are based on income taxable in the State.

(2) If the tax preference items are based on income derived both in and out of the State, the nonresident [is allowed] SHALL INCLUDE only a fraction:

(i) the numerator of which is the dollar amount of the tax preference items based on income taxable in the State; and

(ii) the denominator of which is the total dollar amount of the tax preference items.

10-305.

(a) To the extent excluded from federal taxable income, the amounts under this section are added to the federal taxable income of a corporation to determine Maryland modified income.

(d) The addition under subsection (a) of this section includes the additions required for an individual under:

(1) [§ 10-205(b)] § 10-204(B) of this title (Dividends and interest from another state or local obligation);

(2) [§ 10-205(c)(2)] § 10-204(C)(2) of this title (Federal tax exempt income); and

(3) [§ 10-205(e)] § 10-204(E) of this title (Oil percentage depletion allowance).

10-306.

(a) In addition to the modification under § 10-305 of this subtitle, the amounts under this section are added to the federal taxable income of a corporation to determine Maryland modified income.

(b) The addition under subsection (a) of this section includes the additions required for an individual under: