

251½ relating to the manner of assessment of income of common trust funds.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new section be and the same is hereby enacted to follow immediately after Section 3 (e) of Article 81 of the Annotated Code of Maryland (1943 Supplement), title "Revenue and Taxes", sub-title "Rules of Construction", to be known as Section 3 (f) and to read as follows:

3. (f) A "Common trust fund", as the same is defined in Section 62A of Article 11, shall not be considered a corporation or association, and shall not be subject to taxation under this Article.

SEC. 2. *And be it further enacted,* That a new section be and the same is hereby enacted to follow immediately after Section 251 of Article 81 of the Annotated Code of Maryland (1939 Edition), title "Revenue and Taxes", sub-title "Income Tax", to be known as Section 251½ and to read as follows:

251½. (Income of "Common Trust Funds".) (a) No income tax shall be assessable hereunder upon the income of any "common trust fund" as defined in Section 62A of Article 11, but all such income shall be assessable to the separate fiduciary accounts participating in such fund according to their proportionate interests and the same shall be reported by the fiduciaries of the participating fiduciary accounts upon their respective fiduciary income returns and shall be taxed to said fiduciary accounts or the beneficiaries thereof along with their other income at the rates and in the manner herein provided for the taxation of income of fiduciary estates.

(b) In computing the tax of each fiduciary account participating in a common trust fund, there shall be included in its investment income, ordinary income and allowable deductions respectively, that proportion of the investment income, ordinary income and allowable deductions respectively of the common trust fund for the annual accounting period of the common trust fund ending with or in the taxable year of such participating fiduciary account, that such participating fiduciary account's distributive share (whether distributed or not) of the net income of the common trust fund for such annual accounting period, bears to the total net income of the common trust fund for such annual accounting period.

SEC. 3. *And be it further enacted,* That this Act shall take effect June 1, 1945.

Approved March 16, 1945.