

CHAPTER 359

(House Bill 893)

AN ACT concerning

Corporate Taxation

FOR the purpose of taxing dividends received by a Maryland corporation from the earnings of an affiliated subsidiary domestic international sales corporation to the same extent as dividends received by Maryland corporation from any other affiliated corporation.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes
Section 280A(c)
Annotated Code of Maryland
(1975 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 81 - Revenue and Taxes

280A.

(c) There shall be subtracted from taxable income of the taxpayer the following items to the extent included in federal income: (1) operating revenue subject to gross receipts taxes imposed by this article (less related expenses) of railroads, other public utilities and contract carriers; (2) the amount of any refunds of income taxes paid to the State of Maryland, any other state, the District of Columbia, and any political subdivision of the State of Maryland and any other state; (3) interest income on obligations of the United States and its instrumentalities; [and] (4) any amounts included therein by operation of the provisions of §78 of the Internal Revenue Code of 1954; AND (5) TO THE EXTENT THAT THE DIVIDENDS ARE INCLUDED IN TAXABLE INCOME, THE PERCENTAGE OF DIVIDENDS RECEIVED FROM AN AFFILIATED DOMESTIC INTERNATIONAL SALES CORPORATION (AS DEFINED BY INTERNAL REVENUE CODE OF 1954 SECTION 992 (A)), WHICH IS EQUIVALENT TO THE PERCENTAGE THAT WOULD BE EXCLUDED IF THE DOMESTIC INTERNATIONAL SALES CORPORATION WAS NOT QUALIFIED UNDER SECTION 992 (A). HOWEVER, THIS EXCLUSION SHALL BE AVAILABLE ONLY IF AT LEAST 50 PERCENT OF THE NET TAXABLE INCOME OF THE DOMESTIC INTERNATIONAL SALES CORPORATION IS SUBJECT TO MARYLAND TAXATION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1978.