

(C) LIMITS OF LIABILITY.

EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D) OF THIS SECTION OR IN THE CASE OF DEFAULT OR BREACH OF DUTY, A FIDUCIARY'S LIABILITY EXTENDS ONLY TO ASSETS THAT THE FIDUCIARY HOLDS AS A FIDUCIARY.

(D) RETENTION OF MONEY TO PAY TAXES.

(1) A FIDUCIARY WHO DISTRIBUTES PROPERTY HELD AS A FIDUCIARY AFTER THE DATE OF FINALITY FOR THE NEXT FOLLOWING TAXABLE YEAR SHALL RETAIN SUFFICIENT FUNDS TO PAY ANY TAXES ON THE PROPERTY FOR THAT TAXABLE YEAR FOR ANY ASSESSMENT AGAINST THE PROPERTY HELD IN A FIDUCIARY CAPACITY, IF THE ASSESSMENT IS MADE BEFORE THE DATE OF FINALITY.

(2) IF THE FIDUCIARY FAILS TO RETAIN SUFFICIENT FUNDS TO PAY THESE TAXES, THE FIDUCIARY AND THE BOND OF THE FIDUCIARY ARE LIABLE FOR THE TAXES.

REVISOR'S NOTE: Subsection (a) of this section is new language added for clarity.

Subsections (b) through (d) of this section are new language that repeat the provisions of present Art. 81, § 4(d) and (e).

In subsections (c) and (d) of this section, the references to "assets that the fiduciary holds as a fiduciary" and to "property held as a fiduciary" are substituted for the present phrases "trust assets" and "assets in his hands", for clarity.

In subsection (c) of this section, the present clause "and no judgment or execution against the fiduciary ... shall ... bind any property held in his own right" is omitted as superfluous.

In subsection (d) of this section, the reference to "any assessment against the property held in a fiduciary capacity" is substituted for the present reference to "any assessment against him or his decedent or beneficiary", for clarity.

Defined terms: "Assessment" § 1-101
 "Date of finality" § 1-101
 "Includes"; "including" § 1-101 "Property" § 1-101
 "Taxable year" § 1-101

1-204. COMMON TRUST FUNDS EXEMPT FROM TAXATION.

A "COMMON TRUST FUND" AS DEFINED IN § 3-501(B) OF THE FINANCIAL INSTITUTIONS ARTICLE IS NOT SUBJECT TO TAX UNDER THIS ARTICLE.