
By: **Chairman, Ways and Means Committee (By Request - Departmental - Comptroller)**

Introduced and read first time: January 24, 2005

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 15, 2005

CHAPTER _____

1 AN ACT concerning

2 **Taxes - Electing Small Business Trusts - Federal Adjusted Gross Income**

3 FOR the purpose of modifying the definition of federal adjusted gross income as it
 4 relates to certain fiduciaries to include certain income of an electing small
 5 business trust; providing for the application of this Act; and generally relating to
 6 the definition of federal adjusted gross income for certain trusts under the
 7 Maryland income tax.

8 BY repealing and reenacting, with amendments,
 9 Article - Tax - General
 10 Section 10-101(e)
 11 Annotated Code of Maryland
 12 (2004 Replacement Volume)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Tax - General**

16 10-101.

17 (e) "Federal adjusted gross income" means:

18 (1) for an individual other than a fiduciary, the individual's adjusted
 19 gross income as determined under the Internal Revenue Code;

1 (2) for a fiduciary other than one described in item (3) of this subsection,
2 the fiduciary's taxable income, as determined under the Internal Revenue Code,
3 increased by:

4 (I) the amount allowed to the fiduciary as a deduction for a
5 personal exemption under § 642(b) of the Internal Revenue Code; AND

6 (II) THE AMOUNT OF INCOME OF AN ELECTING SMALL BUSINESS
7 TRUST, AS DEFINED UNDER § 1361(E)(1) OF THE INTERNAL REVENUE CODE, THAT IS
8 SUBJECT TO THE SPECIAL TAXING RULES UNDER § 641(C) OF THE INTERNAL
9 REVENUE CODE; or

10 (3) for a fiduciary exempt from taxation under § 408(e)(1) or § 501 of the
11 Internal Revenue Code, the fiduciary's unrelated business taxable income as defined
12 under § 512 of the Internal Revenue Code.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
14 effect July 1, 2005, and shall be applicable to all taxable years beginning after
15 December 31, 2004.