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Q3
SB 561/95 - B&T

1997 Regular Session
7r1949

By: Senators Pinsky, Sfikas, and Teitelbaum
Introduced and read first time: January 31, 1997
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Corporations - Denial of Deduction for Excessive Compensation of Officers**
3 **and Directors**

4 FOR the purpose of providing an addition modification for Maryland income tax for
5 certain compensation by a corporation of its officers and directors; and providing
6 for the application of this Act.

7 BY repealing and reenacting, without amendments,
8 Article - Tax - General
9 Section 10-305(a)
10 Annotated Code of Maryland
11 (1988 Volume and 1996 Supplement)

12 BY adding to
13 Article - Tax - General
14 Section 10-305(e)
15 Annotated Code of Maryland
16 (1988 Volume and 1996 Supplement)

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

19 **Article - Tax - General**

20 10-305.

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

24 (E) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
25 AMOUNT OF SALARY, WAGES, OR OTHER COMPENSATION FOR PERSONAL SERVICES
26 PAID OR INCURRED BY A CORPORATION TO AN OFFICER OR DIRECTOR OF THE
27 CORPORATION IN EXCESS OF 20 TIMES THE ANNUAL SALARY, WAGES, OR OTHER
28 COMPENSATION FOR PERSONAL SERVICES OF THE LOWEST PAID FULL-TIME
29 EMPLOYEE OF THE CORPORATION.

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1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
3 1996.