
By: **Delegates Love, Boschert, Cadden, V. Clagett, Conroy, Costa, Gilleland,
Leopold, McConkey, Miller, Moe, Pendergrass, and Sophocleus**

Introduced and read first time: February 11, 2005

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 30, 2005

CHAPTER _____

1 AN ACT concerning

2 **Income Tax - U.S. Government Employees' Foreign Earned Income**

3 FOR the purpose of providing a subtraction modification for certain taxable years
4 under the Maryland income tax for certain foreign earned income of employees
5 of the United States or of an agency of the United States, subject to a certain
6 limitation; defining a certain term; ~~providing for the application of this Act~~; and
7 generally relating to an income tax subtraction modification for certain foreign
8 earned income of an individual earned as an employee of the United States or of
9 an agency of the United States.

10 BY repealing and reenacting, without amendments,

11 Article - Tax - General

12 Section 10-207(a)

13 Annotated Code of Maryland

14 (2004 Replacement Volume)

15 BY adding to

16 Article - Tax - General

17 Section 10-207(w)

18 Annotated Code of Maryland

19 (2004 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

21 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-207.

3 (a) To the extent included in federal adjusted gross income, the amounts under
4 this section are subtracted from the federal adjusted gross income of a resident to
5 determine Maryland adjusted gross income.

6 (W) (1) IN THIS SUBSECTION:

7 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,
8 "FOREIGN EARNED INCOME" MEANS FOREIGN EARNED INCOME WITHIN THE
9 MEANING OF § 911(B)(1) OF THE INTERNAL REVENUE CODE, SUBJECT TO THE
10 LIMITATION UNDER § 911(B)(2) OF THE INTERNAL REVENUE CODE; AND

11 (II) "FOREIGN EARNED INCOME" INCLUDES AMOUNTS PAID BY THE
12 UNITED STATES OR AN AGENCY OF THE UNITED STATES TO AN EMPLOYEE OF THE
13 UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

14 (2) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (3) OF THIS
15 SUBSECTION, FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2005, BUT
16 BEFORE JANUARY 1, 2009, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS
17 SECTION INCLUDES THE FOREIGN EARNED INCOME OF AN INDIVIDUAL EARNED AS
18 AN EMPLOYEE OF THE UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

19 (3) THE AMOUNT SUBTRACTED UNDER THIS SECTION:

20 (I) DOES NOT INCLUDE ANY AMOUNT SUBTRACTED UNDER ANY
21 OTHER PROVISIONS OF THIS SECTION; AND

22 (II) MAY NOT EXCEED ~~\$5,000~~ \$3,500 FOR ANY TAXABLE YEAR.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2005, ~~and shall be applicable to all taxable years beginning after December 31,~~
25 ~~2004.~~