

By: **Chairman, Budget and Taxation Committee (By Request -
Departmental - Comptroller)**

Introduced and read first time: January 16, 2006

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Withholding - Annual Statements**

3 FOR the purpose of requiring certain payors of amounts subject to withholding to
4 prepare and submit to certain persons certain annual statements; requiring
5 employers and payors of amounts subject to withholding to submit certain
6 statements on magnetic media or in a certain format under certain
7 circumstances; and generally relating to the filing of certain income tax
8 withholding statements.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 10-911
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2005 Supplement)

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

16 **Article - Tax - General**

17 10-911.

18 (a) Each employer or payor [of winnings derived from wagering] required
19 under § 10-906 of this subtitle to withhold income tax for an employee or a person
20 who receives [winnings derived from wagering] A PAYMENT SUBJECT TO
21 WITHHOLDING shall prepare a statement that shows for the previous calendar year:

- 22 (1) the name of the employer or payor;
- 23 (2) the name of the employee or person who receives the [winnings]
24 PAYMENT SUBJECT TO WITHHOLDING;
- 25 (3) the total amount that the employer paid to the employee as wages or
26 the total amount that the payor has paid to the person;

- 1 (4) the total amount of tips that the employee reported;
- 2 (5) the total amount of income tax that has been withheld under this
3 subtitle;
- 4 (6) any amount by which income tax required to be withheld on tips
5 exceeds the other net wages paid to the employee; and
- 6 (7) any other information that the Comptroller requires by regulation.

7 (b) An employer or payor of a payment subject to withholding [of winnings
8 derived from wagering] shall:

9 (1) provide 2 copies of the statement required under subsection (a) of this
10 section to the employee or person who receives [winnings derived from wagering] A
11 PAYMENT SUBJECT TO WITHHOLDING on or before January 31 of each year; and

12 (2) submit 1 copy of the statement to the Comptroller on or before
13 February 28 of each year.

14 (c) [Unless an] AN employer or payor [is required to make returns or reports
15 for federal income tax purposes on magnetic tape or other machine-readable form,
16 the Comptroller may not require that statement] SHALL SUBMIT STATEMENTS
17 required under subsection (a) of this section [be submitted] on magnetic [tape]
18 MEDIA or IN other machine-readable [form] OR ELECTRONIC FORMAT THAT THE
19 COMPTROLLER REQUIRES BY REGULATION, IF:

20 (1) THE TOTAL NUMBER OF STATEMENTS OF THAT STATEMENT TYPE
21 THAT THE EMPLOYER OR PAYOR IS REQUIRED TO SUBMIT EQUALS OR EXCEEDS:

22 (I) 150 FOR CALENDAR YEAR 2006; OR

23 (II) 50 FOR A CALENDAR YEAR BEGINNING AFTER DECEMBER 31,
24 2006; OR

25 (2) A LOWER THRESHOLD APPLIES FOR FEDERAL INCOME TAX
26 PURPOSES.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect July 1, 2006.