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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

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 13, 2006

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CHAPTER \_\_\_\_\_

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; requiring the Comptroller to adopt certain regulations;  
8 authorizing the Comptroller to waive a certain requirement to submit certain  
9 statements on magnetic media or in a certain format under certain  
10 circumstances; and generally relating to the filing of certain income tax  
11 withholding statements.

12 BY repealing and reenacting, with amendments,  
13 Article - Tax - General  
14 Section 10-911  
15 Annotated Code of Maryland  
16 (2004 Replacement Volume and 2005 Supplement)

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

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**Article - Tax - General**

2 10-911.

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

7 (1) the name of the employer or payor;

8 (2) the name of the employee or person who receives the [winnings]  
 9 PAYMENT SUBJECT TO WITHHOLDING;

10 (3) the total amount that the employer paid to the employee as wages or  
 11 the total amount that the payor has paid to the person;

12 (4) the total amount of tips that the employee reported;

13 (5) the total amount of income tax that has been withheld under this  
 14 subtitle;

15 (6) any amount by which income tax required to be withheld on tips  
 16 exceeds the other net wages paid to the employee; and

17 (7) any other information that the Comptroller requires by regulation.

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

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

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

25 (c) ~~(1)~~ [Unless an] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
 26 SUBSECTION, AN employer or payor [is required to make returns or reports for  
 27 federal income tax purposes on magnetic tape or other machine-readable form, the  
 28 Comptroller may not require that statement] SHALL SUBMIT STATEMENTS required  
 29 under subsection (a) of this section [be submitted] on magnetic [tape] MEDIA or IN  
 30 other machine-readable [form] OR ELECTRONIC FORMAT THAT THE COMPTROLLER  
 31 REQUIRES BY REGULATION, IF:

32 ~~(1)~~ (1) THE TOTAL NUMBER OF STATEMENTS OF THAT STATEMENT  
 33 TYPE THAT THE EMPLOYER OR PAYOR IS REQUIRED TO SUBMIT EQUALS OR  
 34 EXCEEDS:

35 ~~(1)~~ 1. 150 FOR CALENDAR YEAR 2006; OR

1                   ~~(H)~~    2.        ~~50~~ 100 FOR A CALENDAR YEAR BEGINNING AFTER  
2 DECEMBER 31, 2006; OR

3                   ~~(2)~~     (II)     A LOWER THRESHOLD APPLIES FOR FEDERAL INCOME TAX  
4 PURPOSES.

5                   (2)     THE COMPTROLLER:

6                   (I)     SHALL ADOPT REGULATIONS TO PROVIDE A PROCESS FOR AN  
7 EMPLOYER OR PAYOR THAT IS REQUIRED TO SUBMIT STATEMENTS ON MAGNETIC  
8 MEDIA OR IN OTHER MACHINE-READABLE OR ELECTRONIC FORMAT UNDER  
9 PARAGRAPH (1) OF THIS SUBSECTION TO REQUEST A WAIVER FROM THE  
10 REQUIREMENT; AND

11                   (II)     MAY WAIVE THE REQUIREMENT THAT AN EMPLOYER OR PAYOR  
12 SUBMIT STATEMENTS ON MAGNETIC MEDIA OR IN OTHER MACHINE-READABLE OR  
13 ELECTRONIC FORMAT UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE  
14 COMPTROLLER DETERMINES THAT THE REQUIREMENT WILL RESULT IN UNDUE  
15 HARDSHIP TO THE EMPLOYER OR PAYOR.

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