

SENATE BILL 472

Q3
SB 395/07 – B&T

9lr1313

By: **Senators Pinsky, Conway, Della, Frosh, Harrington, Lenett, Madaleno, and Raskin**

Introduced and read first time: February 4, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of providing an addition modification under the State corporate
5 income tax for certain compensation by a corporation of its officers and
6 directors; providing for the application of this Act; and generally relating to an
7 addition modification for Maryland income tax for certain compensation by a
8 corporation.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–305(a)
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2008 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–305(e)
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2008 Supplement)

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

21 **Article – Tax – General**

22 10–305.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4 **(E) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**
5 **THE AMOUNT OF SALARY, WAGES, OR OTHER COMPENSATION FOR PERSONAL**
6 **SERVICES PAID OR INCURRED BY A CORPORATION TO AN OFFICER OR DIRECTOR**
7 **OF THE CORPORATION IN EXCESS OF 25 TIMES THE ANNUAL SALARY, WAGES, OR**
8 **OTHER COMPENSATION FOR PERSONAL SERVICES OF THE LOWEST PAID**
9 **FULL-TIME EMPLOYEE OF THE CORPORATION.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2009, and shall be applicable to all taxable years beginning after December 31,
12 2008.