

HOUSE BILL 1052

Q3

1lr2135

By: **Delegate Buckel**

Introduced and read first time: February 5, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Trade or Business Expenses Resulting**
3 **in Federal Loan Forgiveness**

4 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
5 certain expenses paid or incurred during certain taxable years if the payment of the
6 expense results in forgiveness of a certain loan; providing for the application of this
7 Act; and generally relating to a subtraction modification under the Maryland income
8 tax for trade or business expenses.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–208(a) and 10–308(a)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2020 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–208(y)
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2020 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–308(b)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2020 Supplement)

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

26 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 10–208.

2 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
3 under this section are subtracted from the federal adjusted gross income of a resident to
4 determine Maryland adjusted gross income.

5 **(Y) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT**
6 **BEFORE JANUARY 1, 2022, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS**
7 **SECTION INCLUDES THE AMOUNT OF ORDINARY AND NECESSARY EXPENSES PAID OR**
8 **INCURRED DURING THE TAXABLE YEAR IN CARRYING ON A TRADE OR BUSINESS IF:**

9 **(1) THE PAYMENT OF THE EXPENSE RESULTS IN FORGIVENESS OF A**
10 **COVERED LOAN IN ACCORDANCE WITH § 1106(B) OF THE FEDERAL CORONAVIRUS**
11 **AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT);**

12 **(2) THE INCOME THAT RESULTS FROM THE FORGIVENESS IS**
13 **EXCLUDED FROM FEDERAL ADJUSTED GROSS INCOME IN ACCORDANCE WITH §**
14 **1106(I) OF THE FEDERAL CARES ACT; AND**

15 **(3) THE AMOUNT OF ORDINARY AND NECESSARY EXPENSES IS NOT**
16 **OTHERWISE EXCLUDED FROM THE INDIVIDUAL’S FEDERAL ADJUSTED GROSS**
17 **INCOME.**

18 10–308.

19 (a) In addition to the modification under § 10–307 of this subtitle, the amounts
20 under this section are subtracted from the federal taxable income of a corporation to
21 determine Maryland modified income.

22 (b) The subtraction under subsection (a) of this section includes the amounts
23 allowed to be subtracted for an individual under:

24 (1) § 10–208(d) of this title (Enhanced agricultural management
25 equipment expenses);

26 (2) § 10–208(i) of this title (Reforestation or timber stand expenses);

27 (3) § 10–208(k) of this title (Wage expenses for targeted jobs); [and]

28 (4) § 10–208(p) of this title (Elevator handrails in health care facilities);

29 **AND**

30 **(5) § 10–208(Y) OF THIS TITLE (TRADE OR BUSINESS EXPENSE**
31 **RESULTING IN FORGIVENESS OF COVERED LOAN).**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2021.