

# HOUSE BILL 1014

Q3, Q7

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CF SB 859

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By: **Delegates Palakovich Carr, Wilkins, Smith, Stewart, Lehman, Acevero, Addison, Bagnall, Boaf, Boyce, Charkoudian, Cullison, Ebersole, Embry, Fair, Fennell, Foley, Forbes, Hill, Kaufman, R. Lewis, J. Long, Martinez, McCaskill, Mireku–North, Pasteur, Pena–Melnyk, Ruff, Ruth, Shetty, Solomon, Taveras, Terrasa, Wells, White Holland, Williams, Wims, Woods, Woorman, and Young**

Introduced and read first time: February 3, 2025

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Fair Share for Maryland Act of 2025**

3 FOR the purpose of altering a certain limit on the unified credit used for determining the  
4 Maryland estate tax for decedents dying on or after a certain date; altering a certain  
5 limitation on the amount of the Maryland estate tax for decedents dying on or after  
6 a certain date; prohibiting, except under certain circumstances, the application of  
7 certain amendments to the Internal Revenue Code to the determination of Maryland  
8 taxable income for certain taxable years; altering the definition of “qualified child”  
9 for purposes of a certain credit against the State income tax for certain dependent  
10 children; imposing a certain business transportation fee on certain taxable income of  
11 corporations and pass-through entities for certain taxable years; limiting, for certain  
12 taxable years, the maximum amount of net operating losses that may be allowed in  
13 determining Maryland taxable income and Maryland modified income; requiring  
14 that certain sales of tangible personal property be included in the numerator of the  
15 sales factor used for apportioning a corporation’s income to the State under certain  
16 circumstances; altering the State income tax rate on Maryland taxable income of  
17 certain individuals; providing for an additional State individual income tax rate on  
18 the net investment income of certain individuals; imposing a certain income tax on  
19 income distributed to a member of a certain pass-through entity from the  
20 pass-through entity’s taxable income exceeding a certain amount; expanding  
21 eligibility for the Maryland earned income tax credit for individuals without  
22 qualifying children by altering the income thresholds at which the credit phases out;  
23 providing that, after a certain taxable year, the income threshold and phase-out  
24 amounts are adjusted annually for inflation; altering the income eligibility  
25 requirements for purposes of qualifying for a certain credit against the State income  
26 tax for certain dependent children; altering the calculation of the child tax credit;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 requiring certain corporations to compute Maryland taxable income using a certain  
2 method; requiring, subject to regulations adopted by the Comptroller, certain groups  
3 of corporations to file a combined income tax return reflecting the aggregate income  
4 tax liability of all the members of the group; requiring the Comptroller to adopt  
5 certain regulations consistent with certain regulations adopted by the Multistate  
6 Tax Commission; requiring the Comptroller to assess interest and penalties under  
7 certain circumstances; and generally relating to Maryland estate tax and income tax.

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – General  
10 Section 7–309(a) and (b)(1), (2), and (9) and 10–310  
11 Annotated Code of Maryland  
12 (2022 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – Tax – General  
15 Section 7–309(b)(3), 10–104(5), (6), and (8), 10–105(a), 10–108(a) and (c),  
16 10–210.1(b)(2), 10–402(d), 10–704, 10–751, and 10–811  
17 Annotated Code of Maryland  
18 (2022 Replacement Volume and 2024 Supplement)

19 BY adding to  
20 Article – Tax – General  
21 Section 10–102.2, 10–102.3, and 10–402.1  
22 Annotated Code of Maryland  
23 (2022 Replacement Volume and 2024 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article – Tax – General  
26 Section 10–104(5), (6), and (8)  
27 Annotated Code of Maryland  
28 (2022 Replacement Volume and 2024 Supplement)  
29 (As enacted by Section 3 of this Act)

30 BY repealing and reenacting, with amendments,  
31 Article – Tax – General  
32 Section 10–751  
33 Annotated Code of Maryland  
34 (2022 Replacement Volume and 2024 Supplement)  
35 (As enacted by Section 2 of this Act)

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

38 **Article – Tax – General**

39 7–309.

1 (a) Notwithstanding an Act of Congress that repeals or reduces the federal credit  
2 under § 2011 of the Internal Revenue Code, the provisions of this subtitle in effect before  
3 the passage of the Act of Congress shall apply with respect to a decedent who dies after the  
4 effective date of the Act of Congress so as to continue the Maryland estate tax in force  
5 without reduction in the same manner as if the federal credit had not been repealed or  
6 reduced.

7 (b) (1) Except as provided in paragraphs (2) through (9) of this subsection and  
8 subsection (c) of this section, after the effective date of an Act of Congress described in  
9 subsection (a) of this section, the Maryland estate tax shall be determined using:

10 (i) the federal credit allowable by § 2011 of the Internal Revenue  
11 Code as in effect before the reduction or repeal of the federal credit pursuant to the Act of  
12 Congress; and

13 (ii) other provisions of federal estate tax law as in effect on the date  
14 of the decedent's death.

15 (2) Except as provided in paragraphs (3) through (9) of this subsection and  
16 subsection (c) of this section, if the federal estate tax is not in effect on the date of the  
17 decedent's death, the Maryland estate tax shall be determined using:

18 (i) the federal credit allowable by § 2011 of the Internal Revenue  
19 Code as in effect before the reduction or repeal of the federal credit pursuant to the Act of  
20 Congress; and

21 (ii) other provisions of federal estate tax law as in effect on the date  
22 immediately preceding the effective date of the repeal of the federal estate tax.

23 (3) (i) Notwithstanding any increase in the unified credit allowed  
24 against the federal estate tax for decedents dying after 2003, the unified credit used for  
25 determining the Maryland estate tax for a decedent may not exceed the applicable credit  
26 amount corresponding to an applicable exclusion amount, within the meaning of § 2010(c)  
27 of the Internal Revenue Code, of:

28 1. \$1,000,000 for a decedent dying before January 1, 2015;

29 2. \$1,500,000 for a decedent dying on or after January 1,  
30 2015, but before January 1, 2016;

31 3. \$2,000,000 for a decedent dying on or after January 1,  
32 2016, but before January 1, 2017;

33 4. \$3,000,000 for a decedent dying on or after January 1,  
34 2017, but before January 1, 2018;

1                                   5.     \$4,000,000 for a decedent dying on or after January 1,  
2 2018, but before January 1, 2019; [and]

3                                   6.     \$5,000,000 for a decedent dying on or after January 1,  
4 2019, **BUT BEFORE JANUARY 1, 2026**, plus any deceased spousal unused exclusion  
5 amount calculated in accordance with paragraph (9) of this subsection; **AND**

6                                   **7.     \$2,000,000 FOR A DECEDENT DYING ON OR AFTER**  
7 **JANUARY 1, 2026, PLUS ANY DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT**  
8 **CALCULATED IN ACCORDANCE WITH PARAGRAPH (9) OF THIS SUBSECTION.**

9                                   (ii)    The Maryland estate tax shall be determined without regard to  
10 any deduction for State death taxes allowed under § 2058 of the Internal Revenue Code.

11                                  (iii)   Unless the federal credit allowable by § 2011 of the Internal  
12 Revenue Code is in effect on the date of the decedent's death, the federal credit used to  
13 determine the Maryland estate tax may not exceed 16% of the amount by which the  
14 decedent's taxable estate, as defined in § 2051 of the Internal Revenue Code, exceeds:

15                                  1.     \$1,000,000 for a decedent dying before January 1, 2015;

16                                  2.     \$1,500,000 for a decedent dying on or after January 1,  
17 2015, but before January 1, 2016;

18                                  3.     \$2,000,000 for a decedent dying on or after January 1,  
19 2016, but before January 1, 2017;

20                                  4.     \$3,000,000 for a decedent dying on or after January 1,  
21 2017, but before January 1, 2018;

22                                  5.     \$4,000,000 for a decedent dying on or after January 1,  
23 2018, but before January 1, 2019; [and]

24                                  6.     \$5,000,000 for a decedent dying on or after January 1,  
25 2019, **BUT BEFORE JANUARY 1, 2026**, plus any deceased spousal unused exclusion  
26 amount calculated in accordance with paragraph (9) of this subsection; **AND**

27                                  **7.     \$2,000,000 FOR A DECEDENT DYING ON OR AFTER**  
28 **JANUARY 1, 2026, PLUS ANY DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT**  
29 **CALCULATED IN ACCORDANCE WITH PARAGRAPH (9) OF THIS SUBSECTION.**

30                                  (9)    (i)    In this paragraph, "deceased spousal unused exclusion amount"  
31 means the applicable exclusion amount in effect at the time of the death of the last  
32 predeceased spouse of the decedent under paragraph (3) of this subsection reduced by the  
33 taxable estate of the last predeceased spouse:

1                                   1.       as reported on a Maryland estate tax return filed with the  
2 Comptroller; or

3                                   2.       as reported on a federal estate tax return, if:

4                                   A.       the last predeceased spouse was not a Maryland resident  
5 and no property with a Maryland estate tax situs was includible in the gross estate of the  
6 last predeceased spouse; or

7                                   B.       the last predeceased spouse died before January 1, 2019,  
8 and no Maryland estate tax return was required to be filed with respect to the predeceased  
9 spouse's estate.

10                               (ii)     The deceased spousal unused exclusion amount may not be taken  
11 into account under paragraph (3) of this subsection unless:

12                                   1.       if the last predeceased spouse died on or after January 1,  
13 2019, a Maryland estate tax return is timely filed for the last predeceased spouse, on which  
14 the deceased spousal unused exclusion amount is calculated and an irrevocable election is  
15 made that the deceased spousal unused exclusion amount may be taken into account; or

16                                   2.       if the last predeceased spouse died before January 1, 2019,  
17 or was not a Maryland resident and no property with a Maryland estate tax situs was  
18 includible in the gross estate of the last predeceased spouse, an election was made under §  
19 2010(c) of the Internal Revenue Code on the federal estate tax return of the last  
20 predeceased spouse.

21                               (iii)   1.       Notwithstanding any other provision of this article, the  
22 Comptroller may examine a Maryland estate tax return of a predeceased spouse after the  
23 time for assessing a tax under this title has expired under § 13-1101 of this article solely  
24 for the purposes of determining the validity of the deceased spousal unused exclusion  
25 election and the amount to be taken into account under paragraph (3) of this subsection.

26                                   2.       This subparagraph may not be construed to authorize the  
27 assessment of any additional tax with respect to the predeceased spouse's Maryland estate  
28 tax return if the period of limitation under § 13-1101 of this article has expired.

29 10-108.

30                               (a)     Except as provided in subsection (c) of this section and unless expressly  
31 provided otherwise by law, an amendment of the Internal Revenue Code that affects the  
32 determination of federal adjusted gross income or federal taxable income, does not affect  
33 the determination of Maryland taxable income under this title for:

34                                   (1)     any taxable year that begins in the calendar year in which the  
35 amendment is enacted; [or]



1 (ii) a married couple filing a joint income tax return.

2 (b) A taxpayer who is a resident and has federal adjusted gross income for the  
3 taxable year of \$15,000 or less may claim a credit against the State income tax for each  
4 qualified child in an amount equal to \$500.

5 (c) If the credit allowed under this section in any taxable year exceeds the State  
6 income tax for that taxable year, the taxpayer may claim a refund in the amount of the  
7 excess.

8 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
9 as follows:

10 **Article – Tax – General**

11 **10–102.2.**

12 (A) IN THIS SECTION, “PASS–THROUGH ENTITY” AND “PASS–THROUGH  
13 ENTITY’S TAXABLE INCOME” HAVE THE MEANINGS STATED IN § 10–102.1 OF THIS  
14 SUBTITLE.

15 (B) IN ADDITION TO THE STATE INCOME TAX IMPOSED UNDER THIS  
16 SUBTITLE, FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2026, BUT  
17 BEFORE JANUARY 1, 2033, EACH CORPORATION AND PASS–THROUGH ENTITY SHALL  
18 PAY A BUSINESS TRANSPORTATION FEE IN ACCORDANCE WITH THIS SECTION.

19 (C) THE BUSINESS TRANSPORTATION FEE IMPOSED UNDER THIS SECTION  
20 SHALL EQUAL 2.5% OF THE AMOUNT OF THE CORPORATION’S MARYLAND TAXABLE  
21 INCOME OR PASS–THROUGH ENTITY’S TAXABLE INCOME THAT EXCEEDS  
22 \$10,000,000.

23 (D) RETURNS AND PAYMENTS OF THE BUSINESS TRANSPORTATION FEE  
24 SHALL BE DUE AND PAYABLE IN THE SAME MANNER AS RETURNS AND PAYMENTS OF  
25 THE STATE INCOME TAX UNDER SUBTITLES 8 AND 9 OF THIS TITLE.

26 (E) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A TAXPAYER MAY  
27 NOT CLAIM ANY CREDIT AGAINST THE BUSINESS TRANSPORTATION FEE IMPOSED  
28 UNDER THIS SECTION EXCEPT FOR CREDITS FOR INSTALLMENT PAYMENTS,  
29 ESTIMATED PAYMENTS MADE WITH A REQUEST FOR AN EXTENSION OF TIME FOR  
30 FILING A RETURN, OR OVERPAYMENTS FROM PRIOR PERIODS.

31 (F) THE COMPTROLLER SHALL DISTRIBUTE REVENUE FROM THE BUSINESS  
32 TRANSPORTATION FEE IMPOSED UNDER THIS SECTION TO THE TRANSPORTATION  
33 TRUST FUND ESTABLISHED UNDER § 3–216 OF THE TRANSPORTATION ARTICLE.



1                   1.     “manufacturing corporation” means a domestic or foreign  
2 corporation which is primarily engaged in activities that, in accordance with the North  
3 American Industrial Classification System (NAICS), United States Manual, United States  
4 Office of Management and Budget, 1997 Edition, would be included in Sector 11, 31, 32, or  
5 33; and

6                   2.     “manufacturing corporation” does not include a refiner, as  
7 defined in § 10–101 of the Business Regulation Article.

8                   (ii)    If a manufacturing corporation carries on its trade or business  
9 within and outside the State and the trade or business is a unitary business, the part of the  
10 corporation’s Maryland modified income derived from or reasonably attributable to trade  
11 or business carried on in the State shall be determined using a single sales factor  
12 apportionment formula, by multiplying its Maryland modified income by 100% of the sales  
13 factor.

14                   (iii)   In filing its tax return for each year, a manufacturing corporation  
15 shall certify that the NAICS Code reported on its Maryland return is consistent with that  
16 reported to other government agencies.

17                   (iv)    If the Comptroller determines that a corporation has submitted  
18 information that incorrectly classifies the corporation as a manufacturing corporation  
19 under subparagraph (i) of this paragraph, the Comptroller shall reclassify the corporation  
20 in an appropriate manner.

21                   (2)     Except as provided in paragraphs (1) and (3) of this subsection:

22                   (i)     for a taxable year beginning after December 31, 2017, but before  
23 January 1, 2019, if the trade or business is a unitary business, the part of the corporation’s  
24 Maryland modified income derived from or reasonably attributable to trade or business  
25 carried on in the State shall be determined using a 3–factor apportionment fraction:

26                   1.     the numerator of which is the sum of the property factor,  
27 the payroll factor, and 3 times the sales factor; and

28                   2.     the denominator of which is 5;

29                   (ii)    for a taxable year beginning after December 31, 2018, but before  
30 January 1, 2020, if the trade or business is a unitary business, the part of the corporation’s  
31 Maryland modified income derived from or reasonably attributable to trade or business  
32 carried on in the State shall be determined using a 3–factor apportionment fraction:

33                   1.     the numerator of which is the sum of the property factor,  
34 the payroll factor, and 4 times the sales factor; and

35                   2.     the denominator of which is 6;

1 (iii) for a taxable year beginning after December 31, 2019, but before  
2 January 1, 2021, if the trade or business is a unitary business, the part of the corporation's  
3 Maryland modified income derived from or reasonably attributable to trade or business  
4 carried on in the State shall be determined using a 3-factor apportionment fraction:

5 1. the numerator of which is the sum of the property factor,  
6 the payroll factor, and 5 times the sales factor; and

7 2. the denominator of which is 7;

8 (iv) for a taxable year beginning after December 31, 2020, but before  
9 January 1, 2022, if the trade or business is a unitary business, the part of the corporation's  
10 Maryland modified income derived from or reasonably attributable to trade or business  
11 carried on in the State shall be determined using a 3-factor apportionment fraction:

12 1. the numerator of which is the sum of the property factor,  
13 the payroll factor, and 6 times the sales factor; and

14 2. the denominator of which is 8; and

15 (v) for a taxable year beginning after December 31, 2021, if the trade  
16 or business is a unitary business, the part of the corporation's Maryland modified income  
17 derived from or reasonably attributable to trade or business carried on in the State shall  
18 be determined using a single sales factor apportionment formula, by multiplying its  
19 Maryland modified income by 100% of the sales factor.

20 (3) (i) Each year a worldwide headquartered company that filed a  
21 federal corporate income tax return for the taxable year may elect to calculate its Maryland  
22 modified income derived from or reasonably attributable to trade or business carried on in  
23 the State using a 3-factor apportionment fraction:

24 1. the numerator of which is the sum of the property factor,  
25 the payroll factor, and twice the sales factor; and

26 2. the denominator of which is 4.

27 (ii) To determine under subparagraph (i) of this paragraph the  
28 Maryland modified income of a corporation or group of corporations that is a worldwide  
29 headquartered company that filed a federal corporate income tax return for the taxable  
30 year, gross income from intangible investments, including dividends, interest, royalties,  
31 and capital gains from the sale of intangible property, shall be included in the calculation  
32 of the numerator based on the average of the property and payroll factors.

33 (4) The property factor under paragraphs (2) and (3) of this subsection shall  
34 include:

35 (i) rented and owned real property; and

1 (ii) tangible personal property located in the State and used in the  
2 trade or business.

3 (5) (I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,  
4 2026, SALES OF TANGIBLE PERSONAL PROPERTY SHALL BE INCLUDED IN THE  
5 NUMERATOR OF THE SALES FACTOR UNDER PARAGRAPH (1), (2), OR (3) OF THIS  
6 SUBSECTION IF:

7 1. THE PROPERTY IS DELIVERED OR SHIPPED TO A  
8 PURCHASER WITHIN THE STATE, REGARDLESS OF THE FREE ON BOARD (F.O.B.)  
9 POINT OR OTHER CONDITIONS OF THE SALE; OR

10 2. THE PROPERTY IS SHIPPED FROM AN OFFICE, A  
11 STORE, A WAREHOUSE, A FACTORY, OR ANY OTHER PLACE OF STORAGE IN THE  
12 STATE AND THE CORPORATION IS NOT TAXABLE IN THE STATE OF THE PURCHASER.

13 (II) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS  
14 PARAGRAPH, A CORPORATION IS TAXABLE IN A STATE IF:

15 1. IN THAT STATE THE CORPORATION IS SUBJECT TO A  
16 NET INCOME TAX, FRANCHISE TAX MEASURED BY NET INCOME, FRANCHISE TAX FOR  
17 THE PRIVILEGE OF DOING BUSINESS, OR CORPORATE STOCK TAX; OR

18 2. THAT STATE HAS JURISDICTION TO SUBJECT THE  
19 TAXPAYER TO A NET INCOME TAX, REGARDLESS OF WHETHER, IN FACT, THE STATE  
20 IMPOSES A TAX.

21 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
22 as follows:

23 **Article – Tax – General**

24 **10-102.3.**

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

27 (2) “MEMBER” MEANS:

28 (I) A SHAREHOLDER OF AN S CORPORATION;

29 (II) A GENERAL OR LIMITED PARTNER OF A PARTNERSHIP,  
30 LIMITED PARTNERSHIP, OR LIMITED LIABILITY PARTNERSHIP;

1 (III) A MEMBER OF A LIMITED LIABILITY COMPANY; OR

2 (IV) A BENEFICIARY OF A BUSINESS TRUST OR STATUTORY  
3 TRUST.

4 (3) "PASS-THROUGH ENTITY" MEANS:

5 (I) AN S CORPORATION;

6 (II) A PARTNERSHIP;

7 (III) A LIMITED LIABILITY COMPANY THAT IS NOT TAXED AS A  
8 CORPORATION UNDER THIS TITLE; OR

9 (IV) A BUSINESS TRUST OR STATUTORY TRUST THAT IS NOT  
10 TAXED AS A CORPORATION UNDER THIS TITLE.

11 (B) THIS SECTION DOES NOT APPLY TO THE INCOME OF A PASS-THROUGH  
12 ENTITY THAT IS A SOLE PROPRIETORSHIP.

13 (C) (1) IN ADDITION TO ANY OTHER TAX IMPOSED UNDER THIS TITLE, A  
14 TAX IS IMPOSED ON THE DISTRIBUTIVE SHARE OR PRO RATA SHARE OF INCOME  
15 DISTRIBUTED TO A MEMBER OF A PASS-THROUGH ENTITY FROM THE  
16 PASS-THROUGH ENTITY'S TAXABLE INCOME THAT EXCEEDS \$1,000,000.

17 (2) THE RATE OF THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS  
18 SUBSECTION IS 8.25%.

19 10-104.

20 The income tax does not apply to the income of:

21 (5) except as provided in §§ 10-102.1 [and], 10-102.2, AND 10-102.3 of  
22 this subtitle, a partnership, as defined in § 761 of the Internal Revenue Code;

23 (6) except as provided in §§ 10-102.1 [and], 10-102.2, AND 10-102.3 of  
24 this subtitle and § 10-304(3) of this title, an S corporation;

25 (8) except as provided in §§ 10-102.1 [and], 10-102.2, AND 10-102.3 of  
26 this subtitle, a limited liability company as defined under Title 4A of the Corporations and  
27 Associations Article to the extent that the company is taxable as a partnership, as defined  
28 in § 761 of the Internal Revenue Code.

1 10–105.

2 (a) (1) For an individual other than an individual described in paragraph (2)  
3 of this subsection, the State income tax rate is:

4 (I) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
5 INCOME DOES NOT EXCEED \$250,001:

6 [(i)] 1. 2% of Maryland taxable income of \$1 through \$1,000;

7 [(ii)] 2. 3% of Maryland taxable income of \$1,001 through \$2,000;

8 [(iii)] 3. 4% of Maryland taxable income of \$2,001 through \$3,000;

9 [(iv)] 4. 4.75% of Maryland taxable income of \$3,001 through  
10 \$100,000;

11 [(v)] 5. 5% of Maryland taxable income of \$100,001 through  
12 \$125,000;

13 [(vi)] 6. 5.25% of Maryland taxable income of \$125,001 through  
14 \$150,000; AND

15 [(vii)] 7. 5.5% of Maryland taxable income of \$150,001 through  
16 \$250,000; [and]

17 [(viii)] (II) [5.75%] WITH RESPECT TO TAXPAYERS WHOSE  
18 MARYLAND TAXABLE INCOME IS AT LEAST \$250,001 BUT DOES NOT EXCEED  
19 \$500,000, 6% of Maryland taxable income [in excess of \$250,000];

20 (III) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
21 INCOME IS AT LEAST \$500,001 BUT DOES NOT EXCEED \$1,000,000, 6.5% OF  
22 MARYLAND TAXABLE INCOME; AND

23 (IV) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
24 INCOME IS AT LEAST \$1,000,001, 7% OF MARYLAND TAXABLE INCOME.

25 (2) For spouses filing a joint return or for a surviving spouse or head of  
26 household as defined in § 2 of the Internal Revenue Code, the State income tax rate is:

27 (I) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
28 INCOME DOES NOT EXCEED \$300,001:

29 [(i)] 1. 2% of Maryland taxable income of \$1 through \$1,000;

- 1                    [(ii)] 2.     3% of Maryland taxable income of \$1,001 through \$2,000;
- 2                    [(iii)] 3.     4% of Maryland taxable income of \$2,001 through \$3,000;
- 3                    [(iv)] 4.     4.75% of Maryland taxable income of \$3,001 through  
4 \$150,000;
- 5                    [(v)] 5.     5% of Maryland taxable income of \$150,001 through  
6 \$175,000;
- 7                    [(vi)] 6.     5.25% of Maryland taxable income of \$175,001 through  
8 \$225,000; AND
- 9                    [(vii)] 7.     5.5% of Maryland taxable income of \$225,001 through  
10 \$300,000; [and]

11                    [(viii)] (II) [5.75%] WITH RESPECT TO TAXPAYERS WHOSE  
12 MARYLAND TAXABLE INCOME IS AT LEAST \$300,001 BUT DOES NOT EXCEED  
13 \$600,000, 6% of Maryland taxable income [in excess of \$300,000];

14                    (III) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
15 INCOME IS AT LEAST \$600,001 BUT DOES NOT EXCEED \$1,200,000, 6.5% OF  
16 MARYLAND TAXABLE INCOME; AND

17                    (IV) WITH RESPECT TO TAXPAYERS WHOSE MARYLAND TAXABLE  
18 INCOME IS AT LEAST \$1,200,001, 7% OF MARYLAND TAXABLE INCOME.

19                    (3) (I) IN THIS PARAGRAPH, "NET INVESTMENT INCOME" HAS THE  
20 MEANING STATED UNDER § 1411(C) OF THE INTERNAL REVENUE CODE, EXCLUDING  
21 THE NET GAIN ATTRIBUTABLE TO THE DISPOSITION OF PARCELS OF PROPERTY, OR  
22 PORTIONS THEREOF, THAT ARE AGRICULTURAL LAND AND BUILDINGS.

23                    (II) IN ADDITION TO THE TAX CALCULATED UNDER PARAGRAPH  
24 (1) OR (2) OF THIS SUBSECTION, FOR AN INDIVIDUAL WITH FEDERAL ADJUSTED  
25 GROSS INCOME IN EXCESS OF \$350,000, A TAX IS IMPOSED ON THE NET INVESTMENT  
26 INCOME OF THE INDIVIDUAL AT A RATE OF 1%.

27                    (III) FOR AN INDIVIDUAL WHO IS NOT A RESIDENT OF THE STATE  
28 FOR THE ENTIRE TAXABLE YEAR, THE TAX UNDER THIS PARAGRAPH SHALL BE  
29 CALCULATED AS IF THE INDIVIDUAL IS A RESIDENT OF THE STATE, MULTIPLIED BY  
30 A FRACTION IN WHICH:

31                    1. THE NUMERATOR IS NET INVESTMENT INCOME  
32 ALLOCABLE TO THE STATE; AND

1                                   **2. THE DENOMINATOR IS THE TOTAL OF NET**  
2 **INVESTMENT INCOME FOR THE TAXABLE YEAR.**

3 10-704.

4           (a) In this section, "taxpayer" means:

5                   (1) an individual filing an income tax return; or

6                   (2) a married couple filing a joint income tax return.

7           (b) (1) A resident who is a taxpayer may claim a credit against the State  
8 income tax for a taxable year in the amount determined under subsection (c) of this section  
9 for earned income.

10           (2) A resident who is a taxpayer may claim a credit against the county  
11 income tax for a taxable year in the amount determined under subsection (d) of this section  
12 for earned income.

13           (c) (1) Except as provided in paragraphs (2) and (3) of this subsection and  
14 subject to subsection (e) of this section, the credit allowed against the State income tax  
15 under subsection (b)(1) of this section is the lesser of:

16                   (i) 50% of the earned income credit allowable for the taxable year  
17 under § 32 of the Internal Revenue Code or that would have been allowable but for the  
18 limitation under § 32(m) of the Internal Revenue Code; or

19                   (ii) the State income tax for the taxable year.

20           (2) (i) Subject to subparagraph (iii) of this paragraph and subsection (e)  
21 of this section, a resident may claim a refund in the amount, if any, by which the applicable  
22 percentage specified in subparagraph (ii) of this paragraph of the earned income credit  
23 allowable for the taxable year under § 32 of the Internal Revenue Code exceeds the State  
24 income tax for the taxable year.

25                   (ii) Subject to subparagraph (iii) of this paragraph, the applicable  
26 percentage of the earned income credit allowable under § 32 of the Internal Revenue Code  
27 to be used for purposes of determining the refund provided under this paragraph is:

28                                   1. 25% for a taxable year beginning after December 31, 2013,  
29 but before January 1, 2015;

30                                   2. 25.5% for a taxable year beginning after December 31,  
31 2014, but before January 1, 2016;

1                                   3.     26% for a taxable year beginning after December 31, 2015,  
2 but before January 1, 2017;

3                                   4.     27% for a taxable year beginning after December 31, 2016,  
4 but before January 1, 2018;

5                                   5.     28% for a taxable year beginning after December 31, 2017,  
6 but before January 1, 2020; and

7                                   6.     45% for a taxable year beginning after December 31, 2019.

8                                   (iii) For purposes of determining the refund provided under this  
9 paragraph, the earned income credit allowable under § 32 of the Internal Revenue Code is  
10 calculated without regard to the limitation under § 32(m) of the Internal Revenue Code.

11                               (3) (i) For purposes of this section for an individual without a qualifying  
12 child, the credit allowable for a taxable year under § 32 of the Internal Revenue Code is  
13 calculated without regard to:

14                                   1.     the minimum age requirement under § 32(c)(1)(A)(ii)(II) of  
15 the Internal Revenue Code; or

16                                   2.     the limitation under § 32(m) of the Internal Revenue Code.

17                                   (ii) [Subject to subparagraph (iii) of this paragraph, the] **THE** credit  
18 allowed against the State income tax under subsection (b)(1) of this section for an individual  
19 without a qualifying child is:

20                                   1.     equal to 100% of the earned income credit allowable for a  
21 taxable year under § 32 of the Internal Revenue Code; **AND**

22                                   2.     **CALCULATED BY SUBSTITUTING:**

23                                   **A.     \$7,840 FOR THE EARNED INCOME AMOUNT IN §**  
24 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE; AND**

25                                   **B.     \$19,160 FOR THE PHASE-OUT AMOUNT IN §**  
26 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE.**

27                                   [(iii) For a taxable year beginning after December 31, 2019, but before  
28 January 1, 2023, the tax credit allowed under this paragraph may not exceed \$530 for a  
29 taxable year.]

30                                   **(III) 1. FOR EACH TAXABLE YEAR BEGINNING AFTER**  
31 **DECEMBER 31, 2028, THE EARNED INCOME AMOUNT AND PHASE-OUT AMOUNT IN**

1 SUBPARAGRAPH (II)2 OF THIS PARAGRAPH SHALL BE INCREASED BY AN AMOUNT  
2 EQUAL TO THE PRODUCT OF MULTIPLYING EACH AMOUNT BY THE COST-OF-LIVING  
3 ADJUSTMENT SPECIFIED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH.

4                   **2. FOR THE PURPOSES OF THIS SUBPARAGRAPH, THE**  
5 **COST-OF-LIVING ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE**  
6 **MEANING OF § 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR**  
7 **IN WHICH THE TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY**  
8 **SUBSTITUTING “CALENDAR YEAR 2022” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A)**  
9 **OF THE INTERNAL REVENUE CODE.**

10                   **3. IF ANY INCREASE DETERMINED UNDER**  
11 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS NOT A MULTIPLE OF \$10, THE**  
12 **INCREASE SHALL BE ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$10.**

13                   (iv) If the tax credit allowed under this paragraph in any taxable year  
14 exceeds the total tax otherwise payable by the individual without a qualifying child for that  
15 taxable year, the individual may claim a refund in the amount of the excess.

16                   (d) (1) Except as provided in paragraph (2) of this subsection and subject to  
17 subsection (e) of this section, the credit allowed against the county income tax under  
18 subsection (b)(2) of this section is the lesser of:

19                   (i) the earned income credit allowable for the taxable year under §  
20 32 of the Internal Revenue Code or that would have been allowable but for the limitation  
21 under § 32(m) of the Internal Revenue Code multiplied by 10 times the county income tax  
22 rate for the taxable year; or

23                   (ii) the county income tax for the taxable year.

24                   (2) (i) A county may provide, by law, for a refundable county earned  
25 income credit as provided in this paragraph.

26                   (ii) If a county provides for a refundable county earned income credit  
27 under this paragraph, on or before July 1 prior to the beginning of the first taxable year for  
28 which it is applicable, the county shall give the Comptroller notice of the refundable county  
29 earned income credit.

30                   (iii) If a county provides for a refundable county earned income credit  
31 under this paragraph, a resident may claim a refund of the amount, if any, by which the  
32 product of multiplying the credit allowable for the taxable year under § 32 of the Internal  
33 Revenue Code or that would have been allowable but for the limitation under § 32(m) of  
34 the Internal Revenue Code by 5 times the county income tax rate for the taxable year  
35 exceeds the county income tax for the taxable year.

1 (iv) The amount of any refunds payable under a refundable county  
2 earned income credit operates to reduce the income tax revenue from individuals  
3 attributable to the county income tax for that county.

4 (e) (1) Subject to paragraph (2) of this subsection, for an individual who is a  
5 resident of the State for only a part of the year, the amount of the credit or refund allowed  
6 under this section shall be determined based on the part of the earned income credit  
7 allowable for the taxable year under § 32 of the Internal Revenue Code that is attributable  
8 to Maryland, determined by multiplying the federal earned income credit by a fraction:

9 (i) the numerator of which is the Maryland adjusted gross income of  
10 the individual; and

11 (ii) the denominator of which is the federal adjusted gross income of  
12 the individual.

13 (2) For purposes of determining the amount of the credit or refund under  
14 paragraph (1) of this subsection, the part of the earned income credit allowable for the  
15 taxable year under § 32 of the Internal Revenue Code is calculated without regard to the  
16 limitation under § 32(m) of the Internal Revenue Code.

17 10-751.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Qualified child” means a dependent of a taxpayer, if the dependent:

20 (i) is a dependent for purposes of § 152 of the Internal Revenue Code  
21 in effect on December 31, 2024; and

22 (ii) [1.] is under the age of [6] 18 years[]; or

23 2. A. is under the age of 17 years; and

24 B. is a child with a disability, as defined under § 8-401 of the  
25 Education Article].

26 (3) “Taxpayer” means:

27 (i) an individual filing an income tax return; or

28 (ii) a married couple filing a joint income tax return.

29 (b) **[A] SUBJECT TO SUBSECTION (D) OF THIS SECTION, A taxpayer who is a**  
30 **resident [and has federal adjusted gross income for the taxable year of \$15,000 or less] may**  
31 **claim a credit against the State income tax for each qualified child in an amount equal to:**



1 **10-402.1.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) "COMBINED GROUP" MEANS A GROUP OF CORPORATIONS:

5 (I) THAT IS ENGAGED IN A UNITARY BUSINESS;

6 (II) IN WHICH MORE THAN 50% OF THE VOTING STOCK OF EACH  
7 MEMBER IS DIRECTLY OR INDIRECTLY OWNED BY:

8 1. A COMMON OWNER OR COMMON OWNERS, EITHER  
9 CORPORATE OR NONCORPORATE; OR

10 2. ONE OR MORE MEMBER CORPORATIONS OF THE  
11 GROUP;

12 (III) THE MEMBERS OF WHICH ARE SUBJECT TO THE INCOME TAX  
13 OR WOULD BE SUBJECT TO THE INCOME TAX IF DOING BUSINESS IN THE STATE; AND

14 (IV) CONSISTING OF ANY OTHER MEMBERS UNDER THE  
15 CIRCUMSTANCES AND TO THE EXTENT PROVIDED IN REGULATIONS ADOPTED BY  
16 THE COMPTROLLER TO PREVENT THE AVOIDANCE OF TAX OR TO REFLECT CLEARLY  
17 THE INCOME OF ANY MEMBER OF THE COMBINED GROUP FOR ANY PERIOD.

18 (3) "COMBINED RETURN" MEANS A TAX RETURN FOR THE COMBINED  
19 GROUP CONTAINING INFORMATION AS PROVIDED IN THIS SECTION OR OTHERWISE  
20 REQUIRED BY THE COMPTROLLER.

21 (4) "UNITARY BUSINESS" MEANS A SINGLE ECONOMIC ENTERPRISE  
22 THAT IS MADE EITHER OF SEPARATE PARTS OF A SINGLE BUSINESS ENTITY OR OF A  
23 COMMONLY CONTROLLED GROUP OF BUSINESS ENTITIES THAT ARE SUFFICIENTLY  
24 INTERDEPENDENT, INTEGRATED, AND INTERRELATED THROUGH THEIR ACTIVITIES  
25 SO AS TO PROVIDE MUTUAL BENEFIT THAT PRODUCES A SHARING OR EXCHANGE OF  
26 VALUE AMONG THEM AND A SIGNIFICANT FLOW OF VALUE TO THE SEPARATE PARTS.

27 (B) (1) THE TERM "UNITARY BUSINESS" SHALL BE CONSTRUED TO THE  
28 BROADEST EXTENT ALLOWED UNDER THE U.S. CONSTITUTION.

29 (2) A BUSINESS CONDUCTED DIRECTLY OR INDIRECTLY BY ONE  
30 CORPORATION IS A UNITARY BUSINESS WITH RESPECT TO THAT PORTION OF A  
31 BUSINESS CONDUCTED BY ANOTHER CORPORATION THROUGH ITS DIRECT OR  
32 INDIRECT INTEREST IN A PARTNERSHIP IF THE REQUIREMENTS OF SUBSECTION

1 (A)(4) OF THIS SECTION ARE SATISFIED, INCLUDING IF THERE IS SYNERGY AND AN  
2 EXCHANGE AND FLOW OF VALUE BETWEEN THE TWO PARTS OF THE BUSINESS AND  
3 THE TWO CORPORATIONS ARE MEMBERS OF THE SAME COMMONLY CONTROLLED  
4 GROUP.

5 (3) A BUSINESS CONDUCTED BY A PARTNERSHIP SHALL BE TREATED  
6 AS CONDUCTED BY ITS PARTNERS, WHETHER DIRECTLY HELD OR INDIRECTLY HELD  
7 THROUGH A SERIES OF PARTNERSHIPS, TO THE EXTENT OF THE PARTNER'S  
8 DISTRIBUTIVE SHARE OF THE PARTNERSHIP'S INCOME, REGARDLESS OF THE  
9 PERCENTAGE OF THE PARTNER'S OWNERSHIP INTEREST OR ITS DISTRIBUTIVE OR  
10 ANY OTHER SHARE OF PARTNERSHIP INCOME.

11 (C) (1) EXCEPT AS PROVIDED BY AND SUBJECT TO REGULATIONS  
12 ADOPTED BY THE COMPTROLLER, FOR ALL TAXABLE YEARS BEGINNING AFTER  
13 DECEMBER 31, 2028, A CORPORATION ENGAGED IN A UNITARY BUSINESS SHALL  
14 FILE A COMBINED RETURN, REPORTING AND PAYING TAX ON WORLDWIDE TAXABLE  
15 INCOME AS A COMBINED GROUP, REFLECTING THE AGGREGATE INCOME TAX  
16 LIABILITY OF ALL MEMBERS OF THE COMBINED GROUP THAT ARE ENGAGED IN A  
17 UNITARY BUSINESS.

18 (2) THE TAXABLE INCOME OF A CORPORATION REQUIRED TO FILE  
19 UNDER § 10-811(A)(2) OF THIS TITLE IS EQUAL TO THE COMBINED GROUP'S  
20 MARYLAND MODIFIED INCOME AS ADJUSTED UNDER SUBSECTION (D)(3) OF THIS  
21 SECTION.

22 (D) (1) THE MARYLAND MODIFIED INCOME OF THE COMBINED GROUP  
23 EQUALS THE PRODUCT OF:

24 (I) THE COMBINED GROUP'S APPORTIONABLE MARYLAND  
25 MODIFIED INCOME, AS DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION  
26 AND ADJUSTED UNDER PARAGRAPH (3) OF THIS SUBSECTION; AND

27 (II) THE COMBINED GROUP'S MARYLAND APPORTIONMENT  
28 FACTOR, AS DETERMINED UNDER PARAGRAPH (4) OF THIS SUBSECTION.

29 (2) (I) SUBJECT TO SUBPARAGRAPHS (II) THROUGH (IV) OF THIS  
30 PARAGRAPH, THE APPORTIONABLE MARYLAND MODIFIED INCOME OF THE  
31 COMBINED GROUP EQUALS THE SUM OF THE CORPORATION'S AND EACH MEMBER'S  
32 MARYLAND MODIFIED INCOME.

33 (II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS  
34 SUBPARAGRAPH, FOR ANY MEMBER INCORPORATED IN THE UNITED STATES OR  
35 INCLUDED IN A CONSOLIDATED FEDERAL CORPORATE INCOME TAX RETURN, THE  
36 INCOME TO BE INCLUDED IN THE TOTAL APPORTIONABLE INCOME OF THE

1 COMBINED GROUP IS THE MARYLAND MODIFIED INCOME AS CALCULATED UNDER §  
2 10-304 OF THIS TITLE.

3                   2. THE INCOME OF EACH MEMBER SHALL BE  
4 CALCULATED ON A SEPARATE RETURN BASIS AS IF THE MEMBER WERE NOT  
5 CONSOLIDATED FOR FEDERAL INCOME TAX PURPOSES.

6                   (III) 1. FOR ANY MEMBER NOT INCLUDED UNDER  
7 SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE INCOME TO BE INCLUDED IN THE  
8 TOTAL INCOME OF THE COMBINED GROUP IS DETERMINED AS PROVIDED UNDER  
9 THIS SUBPARAGRAPH.

10                   2. A PROFIT AND LOSS STATEMENT SHALL BE PREPARED  
11 FOR EACH FOREIGN BRANCH OR CORPORATION IN THE CURRENCY IN WHICH THE  
12 BOOKS OF ACCOUNT OF THE BRANCH OR CORPORATION ARE REGULARLY  
13 MAINTAINED.

14                   3. THE PROFIT AND LOSS STATEMENT SHALL BE  
15 ADJUSTED TO CONFORM TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS  
16 ADOPTED BY THE U.S. FINANCIAL ACCOUNTING STANDARDS BOARD FOR THE  
17 PREPARATION OF THE PROFIT AND LOSS STATEMENTS, EXCEPT AS MODIFIED BY  
18 REGULATION.

19                   4. EXCEPT AS OTHERWISE PROVIDED BY REGULATION,  
20 THE PROFIT AND LOSS STATEMENT OF EACH MEMBER OF THE COMBINED GROUP,  
21 AND THE APPORTIONMENT FACTORS RELATED TO EACH STATEMENT, WHETHER  
22 UNITED STATES OR FOREIGN, SHALL BE TRANSLATED INTO THE CURRENCY IN  
23 WHICH THE PARENT COMPANY MAINTAINS ITS BOOKS AND RECORDS.

24                   5. INCOME APPORTIONED TO THE STATE SHALL BE  
25 EXPRESSED IN UNITED STATES DOLLARS.

26                   (IV) IF A UNITARY BUSINESS INCLUDES INCOME FROM A  
27 PARTNERSHIP, THE INCOME TO BE INCLUDED IN THE TOTAL INCOME OF THE  
28 COMBINED GROUP EQUALS THE DIRECT AND INDIRECT DISTRIBUTIVE SHARE OF  
29 THE PARTNERSHIP'S UNITARY BUSINESS INCOME ALLOCATED TO ANY MEMBER OF  
30 THE COMBINED GROUP.

31                   (3) THE COMBINED GROUP'S APPORTIONABLE MARYLAND MODIFIED  
32 INCOME SHALL BE ADJUSTED TO ELIMINATE INTERCOMPANY TRANSACTIONS AS  
33 DETERMINED UNDER THE INTERNAL REVENUE CODE.

34                   (4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE  
35 COMBINED GROUP'S MARYLAND APPORTIONMENT FACTOR IS A FRACTION:

1                   **1. THE NUMERATOR OF WHICH IS THE SUM OF THE**  
2 **CORPORATION'S AND EACH MEMBER'S MARYLAND FACTORS UNDER § 10-402 OF**  
3 **THIS SUBTITLE; AND**

4                   **2. THE DENOMINATOR OF WHICH IS THE SUM OF THE**  
5 **CORPORATION'S AND EACH MEMBER'S FACTORS UNDER § 10-402 OF THIS SUBTITLE.**

6                   **(II) THE APPORTIONMENT FACTORS OF PASS-THROUGH**  
7 **ENTITY MEMBERS ARE INCLUDED IN THE NUMERATOR UNDER SUBPARAGRAPH (I)1**  
8 **OF THIS PARAGRAPH AND THE DENOMINATOR UNDER SUBPARAGRAPH (I)2 OF THIS**  
9 **PARAGRAPH TO THE EXTENT OF THE CORPORATION'S DIRECT AND INDIRECT**  
10 **DISTRIBUTIVE SHARE OF THAT ENTITY.**

11                   **(E) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE**  
12 **NECESSARY AND APPROPRIATE TO CARRY OUT THIS SECTION.**

13                   **(2) THE REGULATIONS ADOPTED BY THE COMPTROLLER SHALL BE**  
14 **CONSISTENT WITH THE "PRINCIPLES FOR DETERMINING THE EXISTENCE OF A**  
15 **UNITARY BUSINESS" (REG. IV.1.(B)) OF THE MODEL GENERAL ALLOCATION AND**  
16 **APPORTIONMENT REGULATIONS, AS ADOPTED BY THE MULTISTATE TAX**  
17 **COMMISSION.**

18 10-811.

19                   **(A) (1) [Each member of] EXCEPT AS PROVIDED BY AND SUBJECT TO**  
20 **REGULATIONS ADOPTED BY THE COMPTROLLER, an affiliated group of corporations**  
21 **[shall file a separate income tax return] ENGAGED IN A UNITARY BUSINESS SHALL FILE**  
22 **A COMBINED INCOME TAX RETURN REFLECTING THE AGGREGATE INCOME TAX**  
23 **LIABILITY OF ALL THE MEMBERS OF THE AFFILIATED GROUP THAT ARE ENGAGED IN**  
24 **A UNITARY BUSINESS.**

25                   **(2) THE RETURN REQUIRED UNDER PARAGRAPH (1) OF THIS**  
26 **SUBSECTION SHALL INCLUDE THE INCOME AND APPORTIONMENT FACTORS**  
27 **DETERMINED UNDER § 10-402.1(D) OF THIS TITLE, AND ANY OTHER INFORMATION**  
28 **REQUIRED BY THE COMPTROLLER, FOR ALL MEMBERS OF THE COMBINED GROUP**  
29 **WHEREVER LOCATED OR DOING BUSINESS.**

30                   **(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
31 **PARAGRAPH, THE COMBINED RETURN SHALL BE FILED UNDER THE NAME AND**  
32 **FEDERAL EMPLOYER IDENTIFICATION NUMBER OF THE PARENT CORPORATION IF**  
33 **THE PARENT IS A MEMBER OF THE COMBINED GROUP.**

34                   **(II) IF THERE IS NO PARENT CORPORATION OR IF THE PARENT**

1 IS NOT A MEMBER OF THE COMBINED GROUP, THE MEMBERS OF THE COMBINED  
2 GROUP SHALL CHOOSE A MEMBER TO FILE THE RETURN.

3 (III) THE FILING MEMBER UNDER SUBPARAGRAPH (I) OR (II) OF  
4 THIS PARAGRAPH SHALL CONTINUE TO FILE THE COMBINED RETURN UNLESS THE  
5 FILING MEMBER IS NO LONGER THE PARENT CORPORATION OR NO LONGER A  
6 MEMBER OF THE COMBINED GROUP.

7 (4) THE RETURN SHALL BE SIGNED BY A RESPONSIBLE OFFICER OF  
8 THE FILING MEMBER ON BEHALF OF THE COMBINED GROUP MEMBERS.

9 (5) MEMBERS OF THE COMBINED GROUP ARE JOINTLY AND  
10 SEVERALLY LIABLE FOR THE TAX LIABILITY OF THE COMBINED GROUP INCLUDED  
11 IN THE COMBINED RETURN.

12 (B) (1) THE COMPTROLLER MAY, BY REGULATION, REQUIRE THAT THE  
13 COMBINED RETURN INCLUDE THE INCOME AND ASSOCIATED APPORTIONMENT  
14 FACTORS OF ENTITIES THAT ARE NOT INCLUDED IN THE COMBINED REPORT BUT  
15 THAT ARE MEMBERS OF A UNITARY BUSINESS IN ORDER TO REFLECT PROPER  
16 APPORTIONMENT OF INCOME OF THE ENTIRE UNITARY BUSINESS.

17 (2) IF THE COMPTROLLER DETERMINES THAT THE REPORTED  
18 INCOME OR LOSS OF A TAXPAYER ENGAGED IN A UNITARY BUSINESS WITH A MEMBER  
19 NOT INCLUDED IN THE COMBINED GROUP REPRESENTS AN AVOIDANCE OR EVASION  
20 OF TAX, THE COMPTROLLER MAY, ON A CASE-BY-CASE BASIS, REQUIRE THAT ALL  
21 OR PART OF THE INCOME AND ASSOCIATED APPORTIONMENT FACTORS OF THE  
22 MEMBER BE INCLUDED IN THE TAXPAYER'S COMBINED RETURN.

23 (3) THE COMPTROLLER MAY REQUIRE:

24 (I) THE EXCLUSION OF ONE OR MORE FACTORS, THE  
25 INCLUSION OF ONE OR MORE ADDITIONAL FACTORS, OR THE EMPLOYMENT OF ANY  
26 OTHER METHOD THAT WILL FAIRLY REPRESENT THE TAXPAYER'S BUSINESS IN THE  
27 STATE; OR

28 (II) THE EMPLOYMENT OF ANY OTHER METHOD TO EFFECTUATE  
29 A PROPER REFLECTION OF THE TOTAL AMOUNT OF INCOME SUBJECT TO  
30 APPORTIONMENT AND AN EQUITABLE ALLOCATION AND APPORTIONMENT OF THE  
31 COMBINED GROUP'S OR ITS MEMBERS' INCOME.

32 (C) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE  
33 NECESSARY AND APPROPRIATE TO CARRY OUT THIS SECTION.

34 SECTION 7. AND BE IT FURTHER ENACTED, That, for a taxable year beginning

1 after December 31, 2026, but before January 1, 2028, notwithstanding §§ 13–602 and  
2 13–702 of the Tax – General Article, the Comptroller shall assess interest and penalties  
3 under §§ 13–602 and 13–702 of the Tax – General Article if a corporation pays estimated  
4 income tax for the taxable year in an amount less than 90% of the tax required to be shown  
5 on the corporation’s income tax return for the taxable year.

6 SECTION 8. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be  
7 applicable to all taxable years beginning after December 31, 2024.

8 SECTION 9. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take  
9 effect July 1, 2026.

10 SECTION 10. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall  
11 take effect July 1, 2027, and shall be applicable to all taxable years beginning after  
12 December 31, 2026.

13 SECTION 11. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall  
14 take effect July 1, 2028, and shall be applicable to all taxable years beginning after  
15 December 31, 2027.

16 SECTION 12. AND BE IT FURTHER ENACTED, That Section 6 of this Act shall  
17 take effect July 1, 2028, and shall be applicable to all taxable years beginning after  
18 December 31, 2028.

19 SECTION 13. AND BE IT FURTHER ENACTED, That, except as provided in  
20 Sections 9 through 12 of this Act, this Act shall take effect July 1, 2025.