

SENATE BILL 859

Q3, Q7
SB 766/24 – B&T

5lr2255
CF HB 1014

By: **Senators Hettleman, Benson, Rosapepe, Lewis Young, and M. Washington**

Introduced and read first time: January 28, 2025

Assigned to: Budget and Taxation

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;
27 requiring certain corporations to compute Maryland taxable income using a certain
28 method; requiring, subject to regulations adopted by the Comptroller, certain groups
29 of corporations to file a combined income tax return reflecting the aggregate income
30 tax liability of all the members of the group; requiring the Comptroller to adopt
31 certain regulations consistent with certain regulations adopted by the Multistate

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Tax Commission; requiring the Comptroller to assess interest and penalties under
2 certain circumstances; and generally relating to Maryland estate tax and income tax.

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

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 7–309(b)(3), 10–104(5), (6), and (8), 10–105(a), 10–108(a) and (c),
11 10–210.1(b)(2), 10–402(d), 10–704, 10–751, and 10–811
12 Annotated Code of Maryland
13 (2022 Replacement Volume and 2024 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–102.2, 10–102.3, and 10–402.1
17 Annotated Code of Maryland
18 (2022 Replacement Volume and 2024 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–104(5), (6), and (8)
22 Annotated Code of Maryland
23 (2022 Replacement Volume and 2024 Supplement)
24 (As enacted by Section 3 of this Act)

25 BY repealing and reenacting, with amendments,
26 Article – Tax – General
27 Section 10–751
28 Annotated Code of Maryland
29 (2022 Replacement Volume and 2024 Supplement)
30 (As enacted by Section 2 of this Act)

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

33 **Article – Tax – General**

34 7–309.

35 (a) Notwithstanding an Act of Congress that repeals or reduces the federal credit
36 under § 2011 of the Internal Revenue Code, the provisions of this subtitle in effect before
37 the passage of the Act of Congress shall apply with respect to a decedent who dies after the
38 effective date of the Act of Congress so as to continue the Maryland estate tax in force

1 without reduction in the same manner as if the federal credit had not been repealed or
2 reduced.

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

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

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

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

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

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

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

24 1. \$1,000,000 for a decedent dying before January 1, 2015;

25 2. \$1,500,000 for a decedent dying on or after January 1,
26 2015, but before January 1, 2016;

27 3. \$2,000,000 for a decedent dying on or after January 1,
28 2016, but before January 1, 2017;

29 4. \$3,000,000 for a decedent dying on or after January 1,
30 2017, but before January 1, 2018;

31 5. \$4,000,000 for a decedent dying on or after January 1,
32 2018, but before January 1, 2019; [and]

33 6. \$5,000,000 for a decedent dying on or after January 1,
34 2019, **BUT BEFORE JANUARY 1, 2026**, plus any deceased spousal unused exclusion

1 amount calculated in accordance with paragraph (9) of this subsection; AND

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

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

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

- 11 1. \$1,000,000 for a decedent dying before January 1, 2015;
- 12 2. \$1,500,000 for a decedent dying on or after January 1,
 13 2015, but before January 1, 2016;
- 14 3. \$2,000,000 for a decedent dying on or after January 1,
 15 2016, but before January 1, 2017;
- 16 4. \$3,000,000 for a decedent dying on or after January 1,
 17 2017, but before January 1, 2018;
- 18 5. \$4,000,000 for a decedent dying on or after January 1,
 19 2018, but before January 1, 2019; [and]
- 20 6. \$5,000,000 for a decedent dying on or after January 1,
 21 2019, **BUT BEFORE JANUARY 1, 2026**, plus any deceased spousal unused exclusion
 22 amount calculated in accordance with paragraph (9) of this subsection; AND

23 **7. \$2,000,000 FOR A DECEDENT DYING ON OR AFTER**
 24 **JANUARY 1, 2026, PLUS ANY DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT**
 25 **CALCULATED IN ACCORDANCE WITH PARAGRAPH (9) OF THIS SUBSECTION.**

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

- 30 1. as reported on a Maryland estate tax return filed with the
 31 Comptroller; or
- 32 2. as reported on a federal estate tax return, if:

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

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

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

9 1. if the last predeceased spouse died on or after January 1,
10 2019, a Maryland estate tax return is timely filed for the last predeceased spouse, on which
11 the deceased spousal unused exclusion amount is calculated and an irrevocable election is
12 made that the deceased spousal unused exclusion amount may be taken into account; or

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

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

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

26 10-108.

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

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

33 **(2) THE TAXABLE YEAR THAT BEGINS IN THE CALENDAR YEAR THAT**
34 **IMMEDIATELY FOLLOWS THE CALENDAR YEAR IN WHICH THE AMENDMENT IS**
35 **ENACTED; OR**

1 ~~[(2)]~~ **(3)** any taxable year that precedes the calendar year in which the
2 amendment is enacted.

3 (c) Subsection (a) of this section does not apply to an amendment of the Internal
4 Revenue Code if the Comptroller determines that the impact of the amendment on State
5 income tax revenue is less than \$5,000,000 for:

6 (1) the fiscal year that begins during the calendar year in which the
7 amendment is enacted; **[or]**

8 **(2) THE FISCAL YEAR THAT BEGINS DURING THE CALENDAR YEAR**
9 **IMMEDIATELY FOLLOWING THE CALENDAR YEAR IN WHICH THE AMENDMENT IS**
10 **ENACTED; OR**

11 ~~[(2)]~~ **(3)** any fiscal year that precedes the calendar year in which the
12 amendment is enacted.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
14 as follows:

15 **Article – Tax – General**

16 10–751.

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

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

19 (i) is a dependent for purposes of § 152 of the Internal Revenue Code
20 **IN EFFECT ON DECEMBER 31, 2024;** and

21 (ii) 1. is under the age of 6 years; or

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

23 B. is a child with a disability, as defined under § 8–401 of the
24 Education Article.

25 (3) “Taxpayer” means:

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

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

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

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

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

9 **Article – Tax – General**

10 **10-102.2.**

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

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

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

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

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

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

33 (G) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT THIS

1 SECTION.

2 10-104.

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

4 (5) except as provided in [§ 10-102.1] §§ 10-102.1 AND 10-102.2 of this
5 subtitle, a partnership, as defined in § 761 of the Internal Revenue Code;6 (6) except as provided in [§ 10-102.1] §§ 10-102.1 AND 10-102.2 of this
7 subtitle and § 10-304(3) of this title, an S corporation;8 (8) except as provided in [§ 10-102.1] §§ 10-102.1 AND 10-102.2 of this
9 subtitle, a limited liability company as defined under Title 4A of the Corporations and
10 Associations Article to the extent that the company is taxable as a partnership, as defined
11 in § 761 of the Internal Revenue Code.12 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
13 as follows:

14 Article – Tax – General

15 10-210.1.

16 (b) In addition to the modifications under §§ 10-204 through 10-210 of this
17 subtitle, to determine Maryland adjusted gross income of an individual:18 (2) an amount is added to or subtracted from federal adjusted gross income
19 to determine the net operating loss deduction allowed under § 172 of the Internal Revenue
20 Code without regard to an election under § 172(b)(1)(H) of the Internal Revenue Code for a
21 carryback period of up to 5 years, **PROVIDED THAT ONLY THE FIRST \$500,000 OF NET**
22 **OPERATING LOSSES MAY BE ALLOWED FOR A TAXABLE YEAR BEGINNING AFTER**
23 **DECEMBER 31, 2026, BUT BEFORE JANUARY 1, 2032;**

24 10-310.

25 In addition to the modifications under §§ 10-305 through 10-309 of this subtitle, to
26 determine Maryland modified income the federal taxable income of a corporation shall be
27 adjusted as provided for an individual under § 10-210.1 of this title.

28 10-402.

29 (d) (1) (i) In this paragraph:

30 1. “manufacturing corporation” means a domestic or foreign
31 corporation which is primarily engaged in activities that, in accordance with the North

1 American Industrial Classification System (NAICS), United States Manual, United States
2 Office of Management and Budget, 1997 Edition, would be included in Sector 11, 31, 32, or
3 33; and

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

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

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

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

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

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

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

26 2. the denominator of which is 5;

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

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

33 2. the denominator of which is 6;

34 (iii) for a taxable year beginning after December 31, 2019, but before
35 January 1, 2021, if the trade or business is a unitary business, the part of the corporation’s

1 Maryland modified income derived from or reasonably attributable to trade or business
2 carried on in the State shall be determined using a 3-factor apportionment fraction:

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

5 2. the denominator of which is 7;

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

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

12 2. the denominator of which is 8; and

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

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

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

24 2. the denominator of which is 4.

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

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

33 (i) rented and owned real property; and

34 (ii) tangible personal property located in the State and used in the

1 trade or business.

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

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

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

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

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

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

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

22 **Article – Tax – General**

23 **10-102.3.**

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

26 **(2) “MEMBER” MEANS:**

27 **(I) A SHAREHOLDER OF AN S CORPORATION;**

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

30 **(III) A MEMBER OF A LIMITED LIABILITY COMPANY; OR**

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

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

4 (I) AN S CORPORATION;

5 (II) A PARTNERSHIP;

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

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

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

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

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

18 10-104.

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

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

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

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

28 10-105.

29 (a) (1) For an individual other than an individual described in paragraph (2)

1 of this subsection, the State income tax rate is:

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

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

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

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

7 [(iv)] 4. 4.75% of Maryland taxable income of \$3,001 through
8 \$100,000;

9 [(v)] 5. 5% of Maryland taxable income of \$100,001 through
10 \$125,000;

11 [(vi)] 6. 5.25% of Maryland taxable income of \$125,001 through
12 \$150,000; AND

13 [(vii)] 7. 5.5% of Maryland taxable income of \$150,001 through
14 \$250,000; [and]

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

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

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

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

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

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

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

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

1 [(iv)] 4. 4.75% of Maryland taxable income of \$3,001 through
2 \$150,000;

3 [(v)] 5. 5% of Maryland taxable income of \$150,001 through
4 \$175,000;

5 [(vi)] 6. 5.25% of Maryland taxable income of \$175,001 through
6 \$225,000; AND

7 [(vii)] 7. 5.5% of Maryland taxable income of \$225,001 through
8 \$300,000; [and]

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

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

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

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

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

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

29 1. THE NUMERATOR IS NET INVESTMENT INCOME
30 ALLOCABLE TO THE STATE; AND

31 2. THE DENOMINATOR IS THE TOTAL OF NET
32 INVESTMENT INCOME FOR THE TAXABLE YEAR.

1 10-704.

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

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

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

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

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

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

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

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

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

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

26 1. 25% for a taxable year beginning after December 31, 2013,
27 but before January 1, 2015;

28 2. 25.5% for a taxable year beginning after December 31,
29 2014, but before January 1, 2016;

30 3. 26% for a taxable year beginning after December 31, 2015,
31 but before January 1, 2017;

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

3 5. 28% for a taxable year beginning after December 31, 2017,
4 but before January 1, 2020; and

5 6. 45% for a taxable year beginning after December 31, 2019.

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

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

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

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

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

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

20 2. **CALCULATED BY SUBSTITUTING:**

21 **A. \$7,840 FOR THE EARNED INCOME AMOUNT IN §**
22 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE; AND**

23 **B. \$19,160 FOR THE PHASE-OUT AMOUNT IN §**
24 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE.**

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

28 **(III) 1. FOR EACH TAXABLE YEAR BEGINNING AFTER**
29 **DECEMBER 31, 2028, THE EARNED INCOME AMOUNT AND PHASE-OUT AMOUNT IN**
30 **SUBPARAGRAPH (II)2 OF THIS PARAGRAPH SHALL BE INCREASED BY AN AMOUNT**
31 **EQUAL TO THE PRODUCT OF MULTIPLYING EACH AMOUNT BY THE COST-OF-LIVING**
32 **ADJUSTMENT SPECIFIED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH.**

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

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

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

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

16 (i) the earned income credit allowable for the taxable year under §
17 32 of the Internal Revenue Code or that would have been allowable but for the limitation
18 under § 32(m) of the Internal Revenue Code multiplied by 10 times the county income tax
19 rate for the taxable year; or

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

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

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

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

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

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

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

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

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

10–751.

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

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

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

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

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

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

(3) “Taxpayer” means:

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

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

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

(1) \$750, IF THE QUALIFIED CHILD IS UNDER THE AGE OF 6 YEARS; OR

(2) \$500, IF THE QUALIFIED CHILD IS AT LEAST 6 YEARS OLD.

1 (C) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
2 2028, THE AMOUNTS SPECIFIED IN SUBSECTION (B) OF THIS SECTION SHALL BE
3 INCREASED BY AN AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THE
4 AMOUNTS BY THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION.

5 (2) FOR THE PURPOSES OF THIS SUBSECTION, THE COST-OF-LIVING
6 ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §
7 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH THE
8 TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER, BY SUBSTITUTING
9 “CALENDAR YEAR 2027” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A) OF THE
10 INTERNAL REVENUE CODE.

11 (3) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF THIS
12 SUBSECTION IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE ROUNDED DOWN
13 TO THE NEXT LOWEST MULTIPLE OF \$50.

14 (D) THE AMOUNT OF THE CREDIT ALLOWED UNDER SUBSECTION (B) OF
15 THIS SECTION FOR A QUALIFIED CHILD SHALL BE REDUCED, BUT NOT BELOW ZERO,
16 BY \$50 FOR EACH \$1,000, OR FRACTION THEREOF, BY WHICH THE TAXPAYER’S
17 FEDERAL ADJUSTED GROSS INCOME EXCEEDS:

18 (1) \$65,000 IN THE CASE OF A MARRIED COUPLE FILING A JOINT
19 RETURN OR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF
20 THE INTERNAL REVENUE CODE FILING AN INCOME TAX RETURN;

21 (2) \$32,500 IN THE CASE OF A MARRIED INDIVIDUAL FILING
22 SEPARATELY; OR

23 (3) \$45,000 IN THE CASE OF ANY OTHER INDIVIDUAL.

24 [(c)] (E) If the credit allowed under this section in any taxable year exceeds the
25 State income tax for that taxable year, the taxpayer may claim a refund in the amount of
26 the excess.

27 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
28 as follows:

29 **Article – Tax – General**

30 **10-402.1.**

31 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
32 INDICATED.

1 **(2) “COMBINED GROUP” MEANS A GROUP OF CORPORATIONS:**

2 **(I) THAT IS ENGAGED IN A UNITARY BUSINESS;**

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

5 **1. A COMMON OWNER OR COMMON OWNERS, EITHER**
6 **CORPORATE OR NONCORPORATE; OR**

7 **2. ONE OR MORE MEMBER CORPORATIONS OF THE**
8 **GROUP;**

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

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

15 **(3) “COMBINED RETURN” MEANS A TAX RETURN FOR THE COMBINED**
16 **GROUP CONTAINING INFORMATION AS PROVIDED IN THIS SECTION OR OTHERWISE**
17 **REQUIRED BY THE COMPTROLLER.**

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

24 **(B) (1) THE TERM “UNITARY BUSINESS” SHALL BE CONSTRUED TO THE**
25 **BROADEST EXTENT ALLOWED UNDER THE U.S. CONSTITUTION.**

26 **(2) A BUSINESS CONDUCTED DIRECTLY OR INDIRECTLY BY ONE**
27 **CORPORATION IS A UNITARY BUSINESS WITH RESPECT TO THAT PORTION OF A**
28 **BUSINESS CONDUCTED BY ANOTHER CORPORATION THROUGH ITS DIRECT OR**
29 **INDIRECT INTEREST IN A PARTNERSHIP IF THE REQUIREMENTS OF SUBSECTION**
30 **(A)(4) OF THIS SECTION ARE SATISFIED, INCLUDING IF THERE IS SYNERGY AND AN**
31 **EXCHANGE AND FLOW OF VALUE BETWEEN THE TWO PARTS OF THE BUSINESS AND**
32 **THE TWO CORPORATIONS ARE MEMBERS OF THE SAME COMMONLY CONTROLLED**
33 **GROUP.**

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

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

14 **(2) THE TAXABLE INCOME OF A CORPORATION REQUIRED TO FILE**
15 **UNDER § 10-811(A)(2) OF THIS TITLE IS EQUAL TO THE COMBINED GROUP'S**
16 **MARYLAND MODIFIED INCOME AS ADJUSTED UNDER SUBSECTION (D)(3) OF THIS**
17 **SECTION.**

18 **(D) (1) THE MARYLAND MODIFIED INCOME OF THE COMBINED GROUP**
19 **EQUALS THE PRODUCT OF:**

20 **(I) THE COMBINED GROUP'S APPORTIONABLE MARYLAND**
21 **MODIFIED INCOME, AS DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION**
22 **AND ADJUSTED UNDER PARAGRAPH (3) OF THIS SUBSECTION; AND**

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

25 **(2) (I) SUBJECT TO SUBPARAGRAPHS (II) THROUGH (IV) OF THIS**
26 **PARAGRAPH, THE APPORTIONABLE MARYLAND MODIFIED INCOME OF THE**
27 **COMBINED GROUP EQUALS THE SUM OF THE CORPORATION'S AND EACH MEMBER'S**
28 **MARYLAND MODIFIED INCOME.**

29 **(II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**
30 **SUBPARAGRAPH, FOR ANY MEMBER INCORPORATED IN THE UNITED STATES OR**
31 **INCLUDED IN A CONSOLIDATED FEDERAL CORPORATE INCOME TAX RETURN, THE**
32 **INCOME TO BE INCLUDED IN THE TOTAL APPORTIONABLE INCOME OF THE**
33 **COMBINED GROUP IS THE MARYLAND MODIFIED INCOME AS CALCULATED UNDER §**
34 **10-304 OF THIS TITLE.**

35 **2. THE INCOME OF EACH MEMBER SHALL BE**

1 CALCULATED ON A SEPARATE RETURN BASIS AS IF THE MEMBER WERE NOT
2 CONSOLIDATED FOR FEDERAL INCOME TAX PURPOSES.

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

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

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

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

21 5. INCOME APPORTIONED TO THE STATE SHALL BE
22 EXPRESSED IN UNITED STATES DOLLARS.

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

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

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

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

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

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

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

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

15 10-811.

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

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

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

31 **(II) IF THERE IS NO PARENT CORPORATION OR IF THE PARENT**
32 **IS NOT A MEMBER OF THE COMBINED GROUP, THE MEMBERS OF THE COMBINED**
33 **GROUP SHALL CHOOSE A MEMBER TO FILE THE RETURN.**

34 **(III) THE FILING MEMBER UNDER SUBPARAGRAPH (I) OR (II) OF**

1 THIS PARAGRAPH SHALL CONTINUE TO FILE THE COMBINED RETURN UNLESS THE
2 FILING MEMBER IS NO LONGER THE PARENT CORPORATION OR NO LONGER A
3 MEMBER OF THE COMBINED GROUP.

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

6 (5) MEMBERS OF THE COMBINED GROUP ARE JOINTLY AND
7 SEVERALLY LIABLE FOR THE TAX LIABILITY OF THE COMBINED GROUP INCLUDED
8 IN THE COMBINED RETURN.

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

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

20 (3) THE COMPTROLLER MAY REQUIRE:

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

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

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

31 SECTION 7. AND BE IT FURTHER ENACTED, That, for a taxable year beginning
32 after December 31, 2026, but before January 1, 2028, notwithstanding §§ 13-602 and
33 13-702 of the Tax – General Article, the Comptroller shall assess interest and penalties
34 under §§ 13-602 and 13-702 of the Tax – General Article if a corporation pays estimated
35 income tax for the taxable year in an amount less than 90% of the tax required to be shown

1 on the corporation's income tax return for the taxable year.

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

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

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

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

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

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