

# HOUSE BILL 387

Q3

4r1896  
CF SB 59

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By: **Delegate Conway**

Introduced and read first time: January 23, 2014

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Payroll Taxes on Employee Tips**

3 FOR the purpose of providing a subtraction modification under the Maryland  
4 individual and corporate income tax in the amount of a reduction of a certain  
5 federal income tax deduction for certain taxes paid on behalf of certain  
6 employees; providing for the application of this Act; and generally relating to an  
7 income tax subtraction modification for the payment of certain taxes.

8 BY repealing and reenacting, without amendments,

9 Article – Tax – General

10 Section 10–207(a) and 10–307(a)

11 Annotated Code of Maryland

12 (2010 Replacement Volume and 2013 Supplement)

13 BY adding to

14 Article – Tax – General

15 Section 10–207(aa)

16 Annotated Code of Maryland

17 (2010 Replacement Volume and 2013 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article – Tax – General

20 Section 10–307(g)

21 Annotated Code of Maryland

22 (2010 Replacement Volume and 2013 Supplement)

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

25 **Article – Tax – General**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 10-207.

2 (a) To the extent included in federal adjusted gross income, the amounts  
3 under this section are subtracted from the federal adjusted gross income of a resident  
4 to determine Maryland adjusted gross income.

5 **(AA) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**  
6 **INCLUDES THE AMOUNT BY WHICH AN EMPLOYER'S FEDERAL INCOME TAX**  
7 **DEDUCTION FOR EMPLOYER SOCIAL SECURITY AND MEDICARE TAXES IS**  
8 **REDUCED UNDER § 45B(C) OF THE INTERNAL REVENUE CODE FOR PURPOSES**  
9 **OF DETERMINING THE CREDIT ALLOWED UNDER § 45B OF THE INTERNAL**  
10 **REVENUE CODE.**

11 10-307.

12 (a) To the extent included in federal taxable income, the amounts under this  
13 section are subtracted from the federal taxable income of a corporation to determine  
14 Maryland modified income.

15 (g) The subtraction under subsection (a) of this section includes the amounts  
16 allowed to be subtracted for an individual under:

17 (1) § 10-207(i) of this title (Profits on sale or exchange of State or local  
18 bonds);

19 (2) § 10-207(k) of this title (Relocation and assistance payments);

20 (3) § 10-207(m) of this title (State or local income tax refunds); [or]

21 (4) § 10-207(c-1) of this title (State tax-exempt interest from mutual  
22 funds); **OR**

23 **(5) § 10-207(AA) OF THIS TITLE (EXCESS EMPLOYER SOCIAL**  
24 **SECURITY AND MEDICARE TAXES).**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,  
27 2013.