



28

SEPH. ALLEN  
CITY SOLICITOR

DEPARTMENT OF LAW  
508 TOWER BUILDING  
222 E. BALTIMORE STREET  
BALTIMORE, MARYLAND 21202  
TEL: 782-2000

AMBROSE T. HARTMAN  
DEPUTY CITY SOLICITOR

September 7, 1966

Department of Finance  
325 City Hall  
Baltimore, Maryland 21202

Attention: Mr. Neal L. Heintz

Re: File No. 113449 - Earnings Tax  
Liability of Various Types of  
Businesses

Gentlemen:

You have made inquiry of this office regarding the taxable status of certain businesses under the City's earnings tax, Ordinance No. 848, approved June 24, 1966. Our analysis is as follows:

I. Firms engaged in interstate commerce

It is our opinion that firms engaged in interstate commerce or licensed by the Interstate Commerce Commission are subject to tax under the provisions of Sec. 102A4 of the Ordinance which imposes a 1% tax upon that portion of net profits which is fairly allocable to the City as a result of sales made, work done, services performed or rendered, and business or other activities conducted in the City. The tax is applicable whether or not such corporations have an office or place of business in the City. Unless the taxpayer's records disclose with reasonable accuracy the applicable portion of its net profits, the allocation formula set forth in the ordinance must be utilized.

Section 102D6 of the Ordinance grants an exemption only where taxation is prohibited by the United States Constitution or an Act of Congress. We do not find any