

to be deducted from the net income upon which the tax is to be paid by the fiduciary.

(2) The fiduciary shall be responsible for making the return of income for the estate or trust for which he acts whether such income be taxable to the estate or trusts or to the beneficiaries thereof. The net income of an estate or trust shall be computed in the same manner and on the same basis as provided in this sub-title for individual taxpayers, except that there shall also be allowed as a deduction any part of the gross income which, pursuant to the terms of the will or deed creating the trust, is during the taxable year paid to or permanently set aside for the United States, this State or any political sub-division thereof, or any corporation or association organized and operated in Maryland for religious, charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private stockholder or individual; and, in cases under paragraphs (d) and (e) of sub-division (1) of this section, the fiduciary shall include in the return a statement of each beneficiary's distributive share of such net income, whether or not distributed before the close of the taxable year for which return is made.

(3) In cases under paragraphs (a), (b), and (c) of sub-division (1) of this section, the tax shall be imposed upon the estate or trust with respect to the net income of the estate or trust and shall be paid by the fiduciary, except that in determining the net income of the estate of any deceased person during the period of administration or settlement there may be deducted the amount of any income properly paid or credited to any legatee, heir or other beneficiary. In such cases, the estate or trust shall be allowed no exemption such as is allowed to individuals by this sub-title.

(4) In cases under paragraphs (d) and (e) of sub-division (1) of this section, if the distribution of income is in the discretion of the fiduciary, either as to the beneficiaries to whom payable or as to the amounts to which any beneficiary is entitled, the tax shall be imposed upon the estate or trust in the manner provided in sub-division (3) of this section, but without the deduction of any amounts of income paid or credited to any such beneficiary. In all other cases under paragraphs (d) and (e) of sub-division (1) of this section, the tax shall not be paid by the fiduciary, but there shall be included in computing the net income of each beneficiary his distributive share, whether distributed or not, of the net income of the estate or trust for the taxable year; or, if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the estate or trust is computed, then his distribu-