

taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy;

(g) Local improvement assessments.

219. *Accounting Basis, Period and Changes Therein.* (a) The income of the taxpayer shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer, but if no such method of accounting has been employed or if the method employed does not clearly reflect the true income of the taxpayer, computation shall be made upon the basis and in such manner, as in the opinion of the Comptroller does clearly reflect the true income. If the taxpayer's annual accounting period is other than a fiscal year, as defined in this sub-title, or if the taxpayer has no annual accounting period, or does not keep books, the income shall be computed on the basis of the calendar year.

(b) Unless otherwise required by this sub-title or by regulations of the Comptroller, taxpayers reporting their income on a cash basis shall account only for amounts actually or constructively received and actually expended and taxpayers reporting their income on an accrual basis shall account for amounts earned, whether received or not, and liabilities incurred, whether paid or not.

(c) If the taxpayer files a Federal income tax return, his income shall be computed for the purposes of this sub-title on the same basis (cash or accrual) and for the same calendar or fiscal year as in such Federal income tax return.

(d) If the taxpayer does not file a Federal income tax return, he may, with the approval of the Comptroller, change his accounting period from a fiscal year to a calendar year, from calendar to fiscal year, or from one fiscal year to another, and his income shall thereafter be computed on the basis of such new accounting period.

(e) If the period of computing income is changed from fiscal year to calendar year, a separate return shall be filed for the period between the close of the last fiscal year for which return was filed and the following December 31st. If the change is made from calendar year to fiscal year, a separate return shall be filed for the period between the close of the last calendar year for which return was filed and the first succeeding date designated as the close of the fiscal year. If the change is made from one fiscal year to another fiscal year, a separate return shall be filed for the period between the close of the former fiscal year and the first succeeding date designated as the close of the new fiscal year.