

outside this State. The portion of the business income derived from or reasonably attributable to the trade or business carried on within this State [shall] *may* be determined by separate accounting where practicable, *but never in the case of a unitary business*; [but] *however*, where separate accounting is [not] *neither allowable nor* practicable the portion of the business income of the corporation allocable to this State shall be determined [in such manner as may be prescribed by regulation of the Comptroller. The Comptroller is hereby authorized to prescribe by regulations such method or methods of allocating the business income of corporations as may justly and fairly determine the portion thereof derived from or reasonably attributable to the trade or business carried on within this State.] *in accordance with a three-factor formula of property, payroll and sales, in which each factor shall be given equal weight and in which the property factor shall include rented as well as owned property and tangible personal property having a permanent situs within this State and used in the trade or business shall be included as well as real property. The Comptroller of the Treasury shall have the right, in those cases where circumstances warrant, to alter any of the above rules as to the use of the separate accounting method or the formula method, the weight to be given the various factors in the formula, the manner of valuation of rented property included in the property factor and the determination of the extent to which tangible personal property is permanently located within the State.*

SEC. 2. *And be it further enacted*, That two new sub-sections be and they are hereby added to Section 224 of Article 81 of the Annotated Code of Maryland (1947 Supplement), title "Revenue and Taxes", sub-title "Income Tax", said new sub-sections to be known respectively as Sub-sections (d-1) and (s) and to follow immediately after Sub-section (d) and Sub-section (r) of said section, respectively, and to read as follows:

224.

*(d-1) Losses sustained during the taxable year in transactions entered into for profit and not connected with taxpayer's trade or business, and not compensated for by insurance or otherwise, if incurred in transactions entered into for profit to the extent that the income from such transactions is subject to taxation under this sub-title. No deduction shall be allowed, however, for such losses which would amount to the allowance of a capital loss or loss on sale or exchange of capital assets or loss on a non-business debt, or loss on sale or exchange of any assets, sale or exchange of which is taxed at other than*