

“Revenue and Taxes”, sub-title “Income Tax”, relating to the reciprocal tax credit applicable to certain non-residents.

SECTION 1. *Be it enacted by the General Assembly of Maryland, That Section 287 of Article 81 of the Annotated Code of Maryland (1951 Edition), title “Revenue and Taxes”, sub-title “Income Tax”, be and it is hereby repealed and re-enacted, with amendments, to read as follows:*

287. (a) (Credit Against Tax Allowed Non-Residents.) Whenever an individual not a resident of this State has become liable for income tax to the State where he resides upon his income for the taxable year including that taxable in this State, the amount of income tax payable by him under this sub-title shall be credited with such proportion of the tax so payable by him to the State where he resides, as his net income subject to taxation under this sub-title bears to his entire income upon which the tax so payable to such other State was imposed; but such credit shall be allowed only if the laws of said State (a) grant a substantially similar credit to residents of this State subject to income tax under such laws, or (b) impose a tax upon the income of its residents subject to taxation in this State and exempt from taxation the income of residents of this State. No credit shall be allowed against the amount of the tax on any income taxable under this sub-title which is exempt from taxation under the laws of such other State.

(b) *An individual not taxable under this sub-title as a resident of this State as the term “resident” is defined in Section 275 (i) of this sub-title but otherwise taxable as a non-resident with respect to income as set forth in Section 282 of this sub-title, shall not be required to file a return nor shall an employer of any such individual be required to withhold the tax as provided under Section 308 of this sub-title for all taxable years beginning after December 31, 1956, when the non-resident individual’s only taxable income for a given calendar year shall consist of salary, wages or compensation for personal services performed in this State, and such income shall be subject to tax under a net income tax law of the State or district of the individual’s residence which state or district net income tax law is substantially similar in principle to this sub-title and which law shall contain a provision substantially similar in effect to that contained in the next preceding paragraph of this section and applicable to residents of this State or under which state or district net income tax laws residents of this State are exempt or the income specifically referred herein is not subject to withholding provided, however, this paragraph shall not be applicable to a non-resident individual or to an employer of a non-resident individual with respect to salary, wages or compensation received or paid for personal services performed in this State where the state or district in which the individual legally resides does not impose a tax on the income specifically referred to herein under a net income tax law substantially similar in principle to the provisions of this sub-title nor shall this paragraph be applicable to an individual required to file a return under this sub-title covering a period less than a full calendar year; nor shall this paragraph be applicable to income other than the income specifically referred to herein which other income is otherwise taxable income to a non-resident individual under Section 282 of this sub-title.*