

SEC. 2. *And be it further enacted, That this Act shall take effect June 1, 1966.*

Approved May 6, 1966.

---

CHAPTER 595

(Senate Bill 403)

AN ACT to enact a new subsection (b-1) to Section 312 of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes", subtitle "Income Tax", to extend the provisions of the withholding tax law to tips reported to the employer by the employee pursuant to Section 6053 of the Internal Revenue Code, as amended from time to time.

SECTION 1. *Be it enacted by the General Assembly of Maryland, That new subsection (b-1) of Section 312 of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes", subtitle "Income Tax", be and it is hereby added to said section to follow immediately after subsection (b) thereof and to read as follows:*

312.

*(b-1) For the quarterly period beginning July 1, 1966, in computing salary, wages, and compensation subject to the provisions of this section, the employer shall include all tips reported in written statements furnished to the employer by the employee pursuant to Section 6053 of the Internal Revenue Code, as amended from time to time. Such tips shall be deemed to be paid, for withholding tax purposes, on the date that the employer receives each such written statement and the employer shall deduct, withhold, and pay over the tax due and comply with the other provisions of this section accordingly. In the event that the tax to be withheld by the employer on tips reported exceeds the net wages payable to the employee after first deducting federal and Maryland income taxes and social security taxes to be withheld on the wages of the employee and after next deducting federal income taxes and social security taxes to be withheld on tips reported, the employer shall be required to withhold tax on tips reported only to the extent of such net wages available. In such event, the employer shall furnish the employee with a written statement indicating such excess. The annual statements to be furnished by the employer pursuant to subsection (i) of this section shall disclose all tips reported by the employee pursuant to this subsection in addition to all other information required by said subsection.*

SEC. 2. *And be it further enacted, That this Act shall take effect July 1, 1966.*

Approved May 6, 1966.

---