

## CHAPTER 519

(Senate Bill 485)

AN ACT to repeal and re-enact, with amendments, Section 309 of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes", subtitle "Income Tax", to revise the present provisions relative to the duty of a taxpayer to report an audit of the taxpayer's federal income tax return and generally clarifying and simplifying the provisions of said section.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 309 of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes", subtitle "Income Tax", be and it is hereby repealed and re-enacted, with amendments, to read as follows:

309.

(a) As soon as practicable after each return is received, the Comptroller shall examine and audit such returns as he deems necessary for the enforcement of this subtitle. If the amount of tax computed by the Comptroller shall be greater than the amount returned by the taxpayer, the excess shall be assessed by the Comptroller [(within three years from the date the return was originally due or filed, except in the case of failure to file a return or of a fraudulent or incomplete return in which case the excess may be assessed at any time), and a notice of such assessment shall be mailed to the taxpayer. However, where any additional tax is due as the result of an audit of the taxpayer's federal return by the internal revenue service, made at any time within three years from the due date of the audited federal return, any such additional tax due by the taxpayer under the provisions of this subtitle may be assessed at any time within one year from the date the taxpayer makes known to the Comptroller the existence of said audit and furnishes a copy thereof to the said Comptroller. In the event of failure by the taxpayer to notify the Comptroller of the existence of the federal audit and to furnish a copy thereof to the Comptroller within thirty days after knowledge thereof any additional tax attributable to said audit of the taxpayer's federal return made within three years from the due date of said return by the internal revenue service may be assessed under this subtitle at any time.] *subject to the applicable time provisions hereinafter set forth.*

~~(B)~~ (B) *Except as otherwise provided in this section, the amount of any tax imposed by this subtitle shall be assessed within 3 years after the return was filed or within 3 years after the due date for such return, whichever date is later.*

(c) *The period of limitations set forth in subsection ~~(a)~~ (B) above shall not apply in the following situations:*

(1) *In the case of a false or fraudulent return with the intent to evade tax or in the case of a willful attempt in any manner to defeat or evade tax, the tax may be assessed at any time.*

(2) *In the case of a failure to file a return or in the case of the filing of an incomplete return, the tax may be assessed at any time.*