

far as Executors, Administrators, the Registers of Wills, the distributees, and the Comptroller's Office are concerned.

When the Income Tax Law was amended two years ago to provide for the use of the Federal adjusted gross income base, the provisions exempting income received by an Executor or Administrator were eliminated from the Maryland Law. Under certain conditions such income is subject to the Federal income tax, and consequently is subject also to Maryland income tax. This poses no particular problem insofar as the Executor's dealings with the Federal Government are concerned, since he is responsible not merely for paying the Federal income tax but also for filing the Federal Estate Tax Return. Estate Taxes are, of course, levied on the value passing under probate; whereas, the Maryland Inheritance Tax is levied on the amount received by the distributee.

This Bill would place the onus on an Executor or Administrator to determine whether or not the amount of income being distributed would be taxable to each distributee. This information would be most difficult to ascertain since it would require the Executor or Administrator to make inquiries as to the personal status of the distributee, which is otherwise of no concern to him.

Each Register of Wills would be required to obtain a statement from an Executor or Administrator as to that portion of each amount being distributed which constituted income as opposed to corpus, and which was subject to the payment of Maryland income tax. No Register of Wills would have any means of verifying such a statement at the time Inheritance Taxes were payable.

The Income Tax Division of the Comptroller's Office would have no knowledge of any such transactions since Section 279 of Article 81 (f) of the Code excludes from the definition of a fiduciary Executors or Administrators and consequently they are not required to file any reports with this office. The Comptroller's Office would be unable, at the time the Inheritance Tax was due, to ascertain whether or not income tax was payable on the amount of income distributed by the Executor or Administrator.

For these reasons we believe that this legislation should be subjected to study by the Legislative Council before becoming law.

With kindest personal regards and best wishes, I am

Very sincerely yours,

/s/ LOUIS L. GOLDSTEIN,

Comptroller.

Letter from Delegate John A. Whitney—H.B. 506.

Honorable Marvin Mandel
Governor of Maryland
Annapolis, Maryland 21404

RE: House Bill 506

My Dear Governor:

This bill is designed to eliminate the double taxation of income received by the estate of a decedent during administration. It was