

and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from State income taxes under the laws of the United States; (2) to the extent included, undistributed corporate income attributed to individuals from small business corporations, as defined by Section 1371 of the Internal Revenue Code, as amended from time to time, which elected to be taxed in accordance with the provisions of subchapter "S" of the Internal Revenue Code; (3) payments received by policemen and firemen from pension systems for injuries or disabilities arising out of and in the course of their employment as policemen or firemen; and (4) for all taxable years ending after December 31, 1966, amounts received by an individual who has attained the age of 65 years before the close of the taxable year, as an annuity, pension, or endowment under a private, municipal, State or federal employee retirement system, and included in such individual's federal adjusted gross income, this subtraction not to exceed \$1,200 less the amount of old age, survivors, or disability benefits received under the Social Security Act, the Railroad Retirement Act, or both, as the case may be; and (5) in the case of persons retired prior to January 1, 1967, payments received which represent unrecovered contributions to a retirement system over and above any amount of such contributions remaining to be recovered tax free on the federal return, limited to an amount which together with the amount of any tax-free exclusion in the federal return does not exceed the exclusion which was permitted under the laws and regulations of this State prior to the year 1967; and (6) to the extent included, the amount of any refunds of income taxes paid to the State of Maryland, any other state, the District of Columbia, and any political subdivision of the State of Maryland and of any other state [; and (7) for taxable years beginning after December 31, 1968, the amount of capital gains included therein which was realized from the sale, exchange or other disposition of property prior to January 1, 1967, which was not includable in "gross income" under Section 280(A) of Article 81 of the Annotated Code of Maryland in effect on the date of realization of said gain or gains].

280A.

(c) There shall be subtracted from taxable income of such taxpayer the following items to the extent included in federal income: (1) operating revenue subject to gross receipts taxes imposed by this article (less related expenses) of railroads, other public utilities and contract carriers; (2) fifty (50) percent of the excess of net long-term capital gain over net short-term capital loss as defined in the laws of the United States, as amended from time to time; (3) the amount of any refunds of income taxes paid to the State of Maryland, any other state, the District of Columbia, and any political subdivision of the State of Maryland and any other state; and (4) dividend income to the extent included in taxable income and any interest income other than interest earned in the conduct of a business, on loans made under the provisions of Article 58A of this Code, and interest earned on business accounts, notes receivable and installment contracts [; and (5) for taxable years beginning after December 31, 1968, the amount of capital gains included therein which was realized from the sale, exchange or other disposition of property prior to January 1, 1967, which was not includable in