

CHAPTER 797

(House Bill 1050)

AN ACT concerning

Income Tax - Withholding of Taxes on Military Pay

FOR the purpose of removing a prohibition in the State income tax law against withholding income tax on active duty military pay of Maryland residents in the armed forces or military reserves; and clarifying language.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes

Section 312(b)

Annotated Code of Maryland

(1975 Replacement Volume and 1976 Supplement)

Preamble

The Federal Tax Reform Act of 1976 contains a provision which allows the states to withhold State and local income taxes from the active duty pay of members of the armed forces and military reserves who claim Maryland as their home of record. In order to take advantage of the federal law it is necessary to repeal the prohibition in the State income tax law which prevents this withholding; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 312(b) of Article 81 - Revenue and Taxes, of the Annotated Code of Maryland (1975 Replacement Volume and 1976 Supplement) be and it is hereby repealed and reenacted, with amendments, to read as follows:

Article 81 - Revenue and Taxes

312.

(b) The provisions of this section [shall] DO not apply to any payments of salary, wages or compensation for personal services of any kind for the employer for the following:

[(1) For active service as a member of the armed forces of the United States.]

[(2)](1) For agricultural labor (as defined in the Federal Internal Revenue Code from time to time).