

Approved May 26, 1977.

CHAPTER 813

(House Bill 1291)

AN ACT concerning

Sales and Use Tax Exemptions -
Capital Transactions

FOR the purpose of clarifying the legislative intent with respect to the exemption of certain capital transactions from sales tax; and confirming the use tax exemptions to the sales tax exemptions so as to include that for capital transactions provided in Section 326A of Article 81.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes
Section 326A and 375(b)
Annotated Code of Maryland
(1975 Replacement Volume and 1976 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Sections 326A and 375(b) of Article 81 - Revenue and Taxes, of the Annotated Code of Maryland (1975 Replacement Volume and 1976 Supplement) be and they are hereby repealed and reenacted, with amendments, to read as follows:

Article 81 - Revenue and Taxes

326A.

The tax levied by this subtitle does not apply to the following capital transactions:

(1) Transfers of tangible personal property to a corporation upon its organization principally in consideration for the issuance of its stock, ~~AND, IN DETERMINING WHETHER SUCH A TRANSFER IS PRINCIPALLY IN CONSIDERATION FOR THE ISSUANCE OF A CORPORATION'S STOCK, NO LIABILITY TRANSFERRED TO OR ASSUMED BY THE CORPORATION SHALL.~~ AS TO TRANSFERS WHICH WOULD OTHERWISE QUALIFY AS CASUAL AND ISOLATED SALES PURSUANT TO SECTION 326(F) OF THIS ARTICLE, IF NO ACCOUNT WERE TAKEN OF THE DOLLAR LIMITATION PROVIDED THEREIN, IN DETERMINING WHETHER SUCH TRANSFERS ARE PRINCIPALLY IN CONSIDERATION FOR THE ISSUANCE OF A CORPORATION'S STOCK, LIABILITIES TRANSFERRED TO OR ASSUMED BY THE CORPORATION SHALL NOT BE DEEMED CONSIDERATION TRANSFERRED BY THE CORPORATION IN EXCHANGE FOR THE TANGIBLE PERSONAL PROPERTY;