

of a "tax option" corporation shall be treated as belonging to the individual shareholders of the corporation; requiring each shareholder to report his pro rata share of the items of the tax preference; and providing for the applicability of this Act to certain tax years.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes
Section 280B(b)
Annotated Code of Maryland
(1975 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 81 - Revenue and Taxes

280B.

(b) A "tax option" corporation which has elected to file its federal income tax return under the provisions of § 1371 of Subchapter "S" of the Internal Revenue Code and for purposes of subsection (a) of this section, shall account for its tax preference items as belonging to the [corporation. These items of tax preference may not be treated as belonging to the individual shareholders of the corporation.] INDIVIDUAL SHAREHOLDERS OF THE CORPORATION. A PRO RATA APPORTIONMENT OF THE ITEMS OF TAX PREFERENCE IS REPORTABLE BY EACH SHAREHOLDER ON HIS INDIVIDUAL RETURN IN A MANNER CONSISTENT WITH FEDERAL REQUIREMENTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 1978 and shall be applicable for all taxable years beginning after December 31, 1977.

Approved May 2, 1978.

CHAPTER 317

(House Bill 152)

AN ACT concerning

Income Tax - Tax Preference Income

FOR the purpose of providing that State and local income taxes are not included as deductions in arriving at adjusted itemized deductions under the provisions of law dealing with the taxation of tax preference income; and providing for the applicability of this Act to