

(c) There shall be subtracted from federal adjusted gross income: (1) interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States and any other income 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) 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; (3) for all taxable years ending after December 31, 1972, 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 shall not exceed an amount equal to the maximum annual benefits permitted for persons who retired at the age of 65 or older under the Social Security Act for the prior calendar year. The Comptroller shall determine the amount of the maximum benefit annually and for the purposes of this subparagraph may allow the subtraction to the nearest \$100. The allowed subtraction shall be reduced by 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; (4) in the case of persons retired prior to January 1, 1967, payments received which represent [uncovered] 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; (5) 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; (6) to the extent included, distributions to beneficiaries of accumulated income on which income tax has been paid by a fiduciary to this State; (7) expenses for household and dependent care services determined and calculated as employment-related expenses under Section 44A of the Internal Revenue Code, as amended from time to time, and subject to the dollar limit imposed by that section; (8) TO THE EXTENT INCLUDED, ANY PROFIT REALIZED FROM THE SALE OR EXCHANGE OF BONDS ISSUED BY THIS STATE AND ITS POLITICAL SUBDIVISIONS; and [(8)] (9) for all taxable years ending after December 31, 1972, amounts received by an individual who is totally disabled, as an annuity, pension or endowment under a private, municipal, State or federal retirement system, and included in such individual's federal adjusted gross income, this subtraction shall not exceed an amount equal to the maximum annual benefit received in Maryland by persons who retired at the age of 65 or older under the Social Security Act for the prior calendar year. The Comptroller shall determine the amount of the maximum benefit annually and for the purposes