

Senate Bill No. 557

AN ACT concerning

Income Tax - U.S. Government Employees' Foreign Earned Income

FOR the purpose of providing a subtraction modification for certain taxable years under the Maryland income tax for certain foreign earned income of employees of the United States or of an agency of the United States, subject to a certain limitation; defining a certain term; and generally relating to an income tax subtraction modification for certain foreign earned income of an individual earned as an employee of the United States or of an agency of the United States.

BY repealing and reenacting, without amendments,

Article - Tax - General

Section 10-207(a)

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

BY adding to

Article - Tax - General

Section 10-207(w)

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Tax - General

10-207.

(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(w) (1) IN THIS SUBSECTION:

(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH, "FOREIGN EARNED INCOME" MEANS FOREIGN EARNED INCOME WITHIN THE MEANING OF § 911(B)(1) OF THE INTERNAL REVENUE CODE, SUBJECT TO THE LIMITATION UNDER § 911(B)(2) OF THE INTERNAL REVENUE CODE; AND

(II) "FOREIGN EARNED INCOME" INCLUDES AMOUNTS PAID BY THE UNITED STATES OR AN AGENCY OF THE UNITED STATES TO AN EMPLOYEE OF THE UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

(2) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (3) OF THIS SUBSECTION, FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006, BUT BEFORE JANUARY 1, 2010, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS