

expenses and certain intangible expenses be added to the federal taxable income of a corporation to determine Maryland modified income under certain circumstances; providing for the application of this Act; and generally relating to a requirement that certain interest expenses and certain intangible expenses be added to the federal taxable income of a corporation to determine Maryland modified income under certain circumstances.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–306.1

Annotated Code of Maryland

(2004 Replacement Volume)

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

Article – Tax – General

10–306.1.

(a) (1) In this section the following words have the meanings indicated.

(2) “Aggregate effective tax rate” means the sum of the effective rates of tax imposed by [all states, including] this State [and], other states or possessions of the United States, AND FOREIGN NATIONS THAT HAVE ENTERED INTO COMPREHENSIVE TAX TREATIES WITH THE UNITED STATES GOVERNMENT, where a related member receiving a payment of interest expense or intangible expense is subject to tax and where the measure of the tax imposed included the payment.

(3) “Bank” means:

(i) a bank holding company as defined in the federal Bank Holding Company Act of 1956, as amended, or a bank, trust company, savings bank, or savings and loan association incorporated or chartered under the laws of this State, another state, or the United States; or

(ii) a subsidiary or affiliate of an entity described in item (i) of this paragraph.

(4) “Effective rate of tax imposed” means, as to any state [or], possession of the United States, OR FOREIGN NATION, the maximum statutory tax rate imposed by the state [or], possession, OR FOREIGN NATION multiplied by the applicable apportionment rate.

(5) “Intangible expense” means:

(i) an expense, loss, or cost for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, to the extent the expense, loss, or cost is allowed as a deduction or cost in determining taxable income for the taxable year under the Internal Revenue Code;