

not end "with or during the fiscal year of the State". See § 8-204(a)(1) of this subtitle. Thus, e.g., an institution may begin doing business in this State on July 1, 1987, operate on a fiscal year from October 1, 1987 to September 30, 1988 and have no tax liability until the 1989 fiscal year of the State. That liability would be on earnings during the institution's fiscal year ending before June 30, 1989 -- i.e., from October 1, 1987 to September 30, 1988 -- and, thus, no tax would be paid on earnings from July 1, 1987 through September 30, 1987.

The first clause of former Art. 81, § 128(i), which repealed inconsistent laws as of January 1, 1966, is deleted as unnecessary in light of Ch. ____, § 10, Acts of 1988.

Defined terms: "Financial institution" § 8-101
"Taxable net earnings" § 8-201

8-203. TAX RATE.

THE FINANCIAL INSTITUTION FRANCHISE TAX RATE IS 7% OF TAXABLE NET EARNINGS AS DETERMINED UNDER §§ 8-204 THROUGH 8-206 OF THIS SUBTITLE.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 81, § 128A(c).

It is revised to incorporate the substance of former Art. 81, § 128(c-1)(3), which specified the tax under that former section after January 1, 1986. As to the transfer of former Art. 81, § 128(a) through (h-1) to the Session Laws, see the General Revisor's Note to this subtitle.

The phrase "as determined under §§ 8-204 through 8-206 of this subtitle" is substituted for the former reference to earnings "allocable to this State under the provisions of this section", for clarity.

Defined terms: "Financial institution
franchise tax" § 1-101
"Taxable net earnings" § 8-201

8-204. TAXABLE NET EARNINGS -- COMPUTATION.

(A) IN GENERAL.

A FINANCIAL INSTITUTION SHALL COMPUTE ITS NET EARNINGS:

(1) BASED ON THE ACCOUNTING PERIOD USED AS ITS FISCAL YEAR AND ENDING WITH OR DURING THE FISCAL YEAR OF THE STATE; AND