

"paying" is added to distinguish the subsidiary foreign corporation.

In subsection (d)(2) of this section, the word "government" is substituted for the former word "country", for clarity.

In subsection (e) of this section, the term "gross receipts" is substituted for the former reference to "[o]perating revenue", for clarity.

Also in subsection (e) of this section, the defined term "public service company franchise tax" is substituted for the former reference to "gross receipts taxes imposed by this article ... of public utilities and contract carriers", for clarity and brevity.

The Tax - General Article Review Committee notes, for consideration by the General Assembly, that the condition in former Art. 81, § 280A(c)(7), "[h]owever, this exclusion shall be available only if at least 50 percent of the net taxable income of the domestic international sales corporation is subject to Maryland taxation", has been held to violate the Commerce Clause of the United States Constitution in Comptroller of the Treasury v. Armco, Inc., 70 Md. App. 403 (1987). The condition is retained in subsection (c) of this section for the General Assembly's consideration.

Defined terms: "Corporation" § 10-101
 "Internal Revenue Code" § 1-101
 "Public service company franchise tax" § 1-101

GENERAL REVISOR'S NOTE:

Former Art. 81, §§ 280C and 280D allowed a subtraction modification on certification of reforestation or timber stand activity. The allowance for individuals and corporations is revised in §§ 10-207 and 10-307 of this title, respectively. However, the provisions of former Art. 81, §§ 280C and 280D that related to certification by the Department of Natural Resources now appear as NR § 5-219.

SUBTITLE 4. SPECIAL TREATMENT OF INCOME.

10-401. ALLOCATION OF INCOME -- FOR NONRESIDENT.

IN COMPUTING THE ADJUSTMENT UNDER § 10-207(O) OF THIS TITLE, A NONRESIDENT SHALL ALLOCATE TO THE STATE INCOME DERIVED IN CONNECTION WITH A BUSINESS, OCCUPATION, PROFESSION, OR TRADE CARRIED ON BOTH IN AND OUT OF THE STATE BY:

(1) SEPARATE ACCOUNTING, IF THE COMPTROLLER ALLOWS;
 OR