

Article - Tax - General
Section 10-402
Annotated Code of Maryland
(1988 Volume)

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

Article - Tax - General

10-402.

(a) In computing Maryland taxable income, a corporation shall allocate net income derived from or reasonably attributable to its trade or business in this State in the following manner:

(1) if a corporation carries on its trade or business wholly within the State, the corporation shall allocate to the State all of the net income of the corporation; and

(2) if a corporation carries on its trade or business in and out of the State, the corporation shall allocate to the State the part of the corporation's Maryland modified income that is derived from or reasonably attributable to the part of its trade or business carried on in the State, in the manner required in subsection (b), (c), or (d) of this section.

(b) (1) Except as provided in subsection (c) or (d) of this section, the part of the corporation's Maryland modified income derived from or reasonably attributable to trade or business carried on in the State may be determined by separate accounting if practicable.

(2) IF IN ANY TAXABLE YEAR A CORPORATION IS PERMITTED OR REQUIRED TO USE THE SEPARATE ACCOUNTING METHOD IN DETERMINING ALL OR A PORTION OF ITS MARYLAND TAXABLE INCOME, THE PORTION THAT IS SEPARATELY ACCOUNTED FOR TO MARYLAND SHALL BE TAXABLE WHETHER OR NOT THE MARYLAND MODIFIED INCOME OF THE CORPORATION FOR THE TAXABLE YEAR IS ZERO OR LESS.

(c) (1) If the trade or business is a unitary business, the part of the corporation's Maryland modified income derived from or reasonably attributable to trade or business carried on in the State shall be determined using a 3-factor formula that weighs property, payroll, and sales equally.

(2) The property factor under paragraph (1) of this subsection shall include:

(i) rented and owned real property; and