

CHAPTER 243

(Senate Bill 473)

AN ACT concerning

**Income Tax - Withholding - Death Benefits ~~for State Employees~~**

FOR the purpose of requiring the Board of Trustees for the Maryland State Retirement and Pension Systems to withhold Maryland income tax from payments of death benefits; specifying the percentage of tax to be withheld from payments of death benefits; providing that income tax not be withheld from payments of death benefits under certain circumstances; and generally relating to the withholding of Maryland income tax from death benefits paid for ~~State employees~~, members of the State's retirement and pension systems.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-905(c)

Annotated Code of Maryland

(1988 Volume and 1992 Supplement)

BY repealing and reenacting, without amendments,

Article - Tax - General

Section 10-906(a)

Annotated Code of Maryland

(1988 Volume and 1992 Supplement)

BY adding to

Article - Tax - General

Section 10-907(c) and 10-908(e)

Annotated Code of Maryland

(1988 Volume and 1992 Supplement)

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

**Article - Tax - General**

10-905.

(c) "Payment subject to withholding" means:

(1) an annuity or sick pay payment described in § 3402(p) of the Internal Revenue Code;

(2) income that is subject to the income tax and is distributed by a fiduciary to a nonresident alien; [and]