

CHAPTER 71

(House Bill 487)

AN ACT concerning

Recordation and Transfer Taxes – Mergers

FOR the purpose of clarifying that recordation and transfer taxes do not apply to certain instruments when a corporation merges out of existence to its successor corporation under certain circumstances; and clarifying that recordation and transfer taxes do not apply to federally tax-exempt corporate reorganizations under certain circumstances.

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section ~~12-108(v)~~ 12-108(p) and (v) and ~~13-404(b)(2)~~ 13-404(b)(1) and (2)

Annotated Code of Maryland

(1994 Replacement Volume and 1994 Supplement)

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

Article – Tax – Property

12-108.

(p) An instrument of writing is not subject to recordation tax if the instrument of writing is:

(1) a transfer of title to real property between a parent corporation and its subsidiary corporation or between 2 or more subsidiary corporations wholly owned by the same parent corporation, if the parent corporation is an original stockholder of the subsidiary corporation, or subsidiary corporations, or became a stockholder through gift or bequest from an original stockholder of the subsidiary corporation, or subsidiary corporations, for:

(i) no consideration;

(ii) nominal consideration; or

(iii) consideration that comprises only the issuance, cancellation, or surrender of stock of a subsidiary corporation;

(2) [a deed made under] AN INSTRUMENT OF WRITING MADE PURSUANT TO reorganizations described in § 368(a) of the Internal Revenue Code; or

(3) a transfer of title to real property from a subsidiary corporation to its parent corporation for no consideration, nominal consideration or consideration that comprises only the issuance, cancellation, or surrender of a subsidiary's stock, where the parent corporation: