

Annotated Code of Maryland
(1994 Replacement Volume and 1994 Supplement)

BY adding to

Article - Tax - Property

Section 7-221.1

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(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 - General

8-204.

(a) A financial institution shall compute its net earnings:

(1) based on the accounting period used as its fiscal year; and

(2) subject to the ~~modifications~~ ~~MODIFICATION~~ required REQUIREMENTS under this section, in the manner that a corporation computes, for purposes of the income tax, the Maryland modified income.

(b) A financial institution shall add to its net earnings computed under subsection (a) of this section the amounts that, even if otherwise allowed to be subtracted under § 10-307(b) ~~and (g)(2) and (5)~~ of this article, equal:

(1) profit realized from the sale or exchange of bonds issued by this State or a political subdivision of this State;

(2) ~~dividends~~ dividends received from foreign corporations and included in federal gross income under § 78 of the Internal Revenue Code;

(3) interest derived from a United States obligation;

(4) State tax exempt interest received from a mutual fund and allowed to be subtracted under § 10-307(g)(5) of this article; and

(5) interest excluded from federal gross income under § 103 of the Internal Revenue Code and derived from a bond:

(i) issued by a state or a public corporation, special district, political subdivision of a state or their instrumentalities; or

(ii) under § 150 of the Internal Revenue Code, treated as a bond issued by a state or a public corporation, special district, or political subdivision of a state or their instrumentalities.

~~(c)~~ (c) A financial institution shall subtract from its net earnings computed under subsection (a) of this section interest expense incurred to purchase or carry a bond as defined in subsection (b)(5) of this section.