

be treated as having been made in the next succeeding taxable year and, subject to the \$2,500 annual limitation ~~for each prepaid contract~~, may be carried over to succeeding taxable years until the full amount of the ~~advance payments~~ CONTRIBUTIONS has been allowed as a subtraction.

(o) ~~(1) In this subsection, "investment account", "qualified designated beneficiary", "contributor", and "qualified higher education expenses" have the meanings stated in § 18-19A-01 of the Education Article.~~

(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) "CONTRIBUTOR" MEANS A CONTRIBUTOR WITHIN THE MEANING OF § 529 OF THE INTERNAL REVENUE CODE.

(III) "DESIGNATED BENEFICIARY" HAS THE MEANING STATED IN § 529 OF THE INTERNAL REVENUE CODE.

(IV) "QUALIFIED HIGHER EDUCATION EXPENSES" HAS THE MEANING STATED IN § 529 OF THE INTERNAL REVENUE CODE.

(V) "QUALIFIED HIGHER EDUCATION INVESTMENT PROGRAM" MEANS A QUALIFIED TUITION PROGRAM UNDER WHICH AN INDIVIDUAL MAY MAKE CONTRIBUTIONS TO AN ACCOUNT WHICH IS ESTABLISHED FOR THE PURPOSE OF MEETING THE QUALIFIED HIGHER EDUCATION EXPENSES OF THE DESIGNATED BENEFICIARY OF THE ACCOUNT.

(VI) "QUALIFIED TUITION PROGRAM" HAS THE MEANING STATED IN § 529 OF THE INTERNAL REVENUE CODE.

(2) (I) ~~The subtraction under subsection (a) of this section includes the amount contributed by a contributor during the taxable year to an investment account~~ OF CONTRIBUTIONS MADE BY A CONTRIBUTOR TO A QUALIFIED HIGHER EDUCATION INVESTMENT PROGRAM ON BEHALF OF A DESIGNATED BENEFICIARY.

~~(II) THE SUBTRACTION UNDER THIS SUBSECTION DOES NOT INCLUDE ANY AMOUNT THAT IS A TAX-FREE ROLLOVER OR CHANGE IN DESIGNATED BENEFICIARIES UNDER § 529(C)(3)(C) OF THE INTERNAL REVENUE CODE FROM ANOTHER QUALIFIED TUITION PROGRAM, AS DEFINED IN § 529 OF THE INTERNAL REVENUE CODE.~~

(3) ~~(I) (H) Subject to paragraph (4) of this subsection, for each investment account~~ FOR EACH CONTRIBUTOR FOR EACH DESIGNATED BENEFICIARY, the subtraction under paragraph (2) of this subsection may not exceed \$2,500 for any taxable year.

(II) FOR PURPOSES OF THE TAX LIMITATION UNDER THIS PARAGRAPH, EACH SPOUSE ON A JOINT INCOME TAX RETURN SHALL BE TREATED SEPARATELY.

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