Q3 7lr1889

By: Delegates Rosenberg, Ali, and Buckel

Introduced and read first time: February 9, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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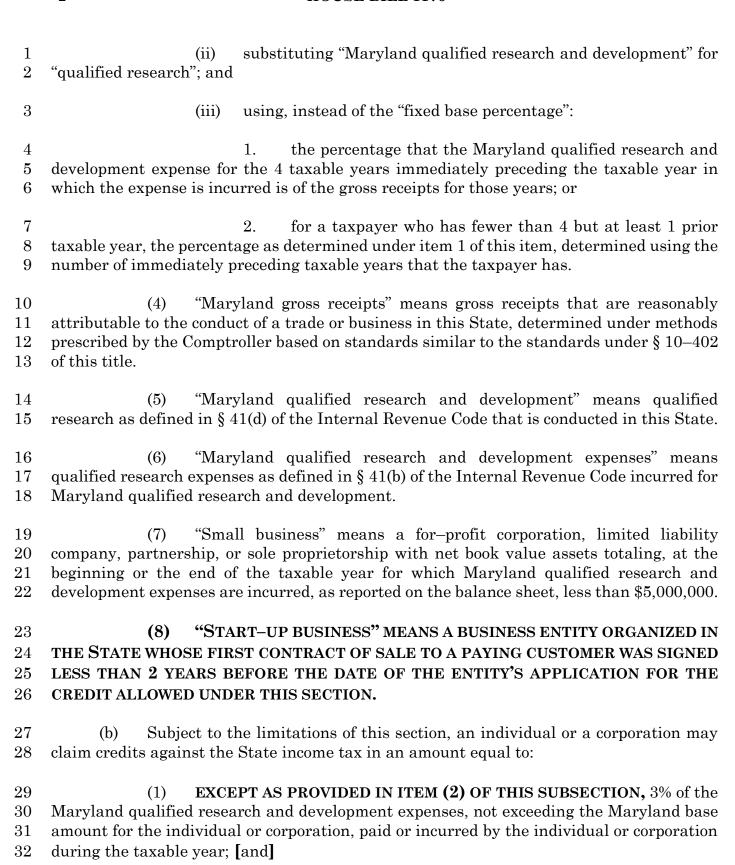
Income Tax - Research and Development Credit - Start-Up Businesses

- FOR the purpose of altering the calculation of a certain credit against the State income tax for certain research and development expenses incurred by certain individuals or corporations under certain circumstances; defining a certain term; providing for the application of this Act; and generally relating to a certain credit against the State income tax based on certain expenses paid or incurred for certain research and development conducted in the State.
- 9 BY repealing and reenacting, with amendments,
- 10 Article Tax General
- 11 Section 10–721(a) and (b)
- 12 Annotated Code of Maryland
- 13 (2016 Replacement Volume)
- 14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 15 That the Laws of Maryland read as follows:
- 16 Article Tax General
- 17 10–721.
- 18 (a) (1) In this section the following words have the meanings indicated.
- 19 (2) "Department" means the Department of Commerce.
- 20 (3) "Maryland base amount" means the base amount as defined in § 41(c) 21 of the Internal Revenue Code that is attributable to Maryland, determined by:
- 22 (i) substituting "Maryland qualified research and development 23 expense" for "qualified research expense";

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.





33 (2) 5% OF THE MARYLAND QUALIFIED RESEARCH AND 34 DEVELOPMENT EXPENSES, NOT EXCEEDING THE MARYLAND BASE AMOUNT FOR

- 1 THE INDIVIDUAL OR CORPORATION, PAID TO A START-UP BUSINESS OR PAID OR
- 2 INCURRED BY THE INDIVIDUAL OR CORPORATION DURING THE TAXABLE YEAR, IF
- 3 THE INDIVIDUAL OR CORPORATION IS A START-UP BUSINESS; AND
- 4 (3) 10% of the amount by which the Maryland qualified research and development expenses paid or incurred by the individual or corporation during the taxable year exceed the Maryland base amount for the individual or corporation.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017, and shall be applicable to all Maryland research and development tax credits certified after December 31, 2016.