

MEMO# 3475

January 27, 1992

MARYLAND CLARIFIES TAX-EXEMPT STATUS OF FUND DIVIDENDS ATTRIBUTABLE TO GAINS ON MARYLAND OBLIGATIONS

January 27, 1992 TO: TAX MEMBERS NO. 10-92 MEMBERS - ONE PER COMPLEX NO. 5-92
ACCOUNTING/TREASURERS MEMBERS NO. 6-92 CLOSED-END FUND MEMBERS NO. 8-92
UNIT INVESTMENT TRUST MEMBERS NO. 9-92 RE: MARYLAND CLARIFIES TAX-EXEMPT
STATUS OF FUND DIVIDENDS ATTRIBUTABLE TO GAINS ON MARYLAND OBLIGATIONS

The Institute has received the attached administrative release from the State of Maryland which clarifies that "if a dividend from a mutual fund includes the profit or gain from the sale of a Maryland state or local obligation, this gain is excluded from taxation on the Maryland return." The Institute's 1991 Surveys of State Income Taxation previously indicated (on page 2-7) that "capital gain derived from Maryland obligations is exempt from state tax." The survey's Maryland footnote has been modified to reflect this clarification; revised survey pages 2-7 through 2-9 are attached. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachments KDL:bmb

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