

**Title 03**  
**COMPTROLLER OF THE TREASURY**

**Subtitle 04 INCOME TAX**

**Chapter 11 Arts and Entertainment Districts**

Authority: Tax-General Article, §2-103, Annotated Code of Maryland

**.01 Definitions.**

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Artist" means a qualifying residing artist as defined in Economic Development Article, §4-701(f), Annotated Code of Maryland.

(2) "Artistic work" has the meaning stated in Economic Development Article, §4-701(b), Annotated Code of Maryland.

(3) "District" means an arts and entertainment district as defined in Economic Development Article, §4-701(c), Annotated Code of Maryland.

(4) "Subtraction" means the modification to federal adjusted gross income as set forth in Tax-General Article, § 10-207(v), Annotated Code of Maryland.

**.02 Sales and Publication of Artistic Work.**

A. To the extent included in federal adjusted gross income, the amount of income derived by an artist from the sale or publication of an artistic work within the district located in the county where the artist owns or rents residential real property and in which the artist conducts a business is allowed as a subtraction from federal adjusted gross income.

B. Income that an artist earns from the sale or publication of artistic work created by the artist within the district and sold within the district qualifies for the subtraction.

C. Income that an artist earns from the sale or publication of artistic work created by the artist within the district and sold outside the district does not qualify for the subtraction.

D. Income that an artist earns from the sale or publication of artistic work created by the artist outside the district and sold within the district does not qualify for the subtraction.

E. Income that an artist earns from the sale or publication of artistic work created by the artist outside the district and sold outside the district does not qualify for the subtraction.

F. Income received by an artist from internet, mail order, and catalog sales of artistic work created within the district by the artist that is shipped from within the district qualifies for the subtraction.

G. Income in the nature of royalties, licenses, or other future revenues from the sale of reproduction or publishing rights does not qualify for the subtraction.

**.03 Production and Performance of Artistic Work.**

A. To the extent included in federal adjusted gross income, the amount of income derived by an artist from the production or performance of an artistic work within the district located in the county where the artist owns or rents residential real property and in which the artist conducts a business is allowed as a subtraction from federal adjusted gross income.

B. Income that an artist earns from a musical performance, the performance of a play or dance, the showing of a film produced within the district by the artist, or acting in a film within the district qualifies for the subtraction.

C. Income that an artist earns from a musical performance, the performance of a play or dance, the showing of a film, or acting in a film outside the district does not qualify for the subtraction.

D. Income that an artist earns from the creation, choreography, composition, or production of a play, dance, music, or film within the district qualifies for the subtraction.

E. Income that an artist earns from the creation, choreography, composition, or production of a play, dance, music, or film outside the district does not qualify for the subtraction.

COMPTRROLLER OF THE TREASURY

03.04.11.04

F. Income received by an artist from the internet broadcast of an artistic work from within the district qualifies for the subtraction.

G. Income in the nature of royalties, licenses, or other future revenues from the creation or choreography of a play or dance, the composition of music, or the production of a film does not qualify for the subtraction.

**.04 Availability of Subtraction.**

A. Except as provided in §B of this regulation, the subtraction provided in Regulations .02 and .03 of this chapter is available only to individuals.

B. The subtraction provided in Regulations .02 and .03 of this chapter is available to a single-member limited liability company, whose sole member is an individual, if the limited liability company is disregarded as an entity separate and apart from its member for federal income tax purposes and as such, the profit or loss of the limited liability company is reflected on the income tax return filed by the member of the limited liability company.

**.05 Procedures.**

A. An individual claiming the subtraction shall complete Form 502AE and attach the form to the Maryland individual income tax return.

B. Individuals claiming the subtraction shall maintain receipts, books, accounts, and any other documentation relating to the sale, publication, production, or performance of artistic work by an artist.

**Administrative History**

Effective date: November 10, 2003 (30:22 Md. R. 1577)

Regulation .01B amended effective February 9, 2009 (36:3 Md. R. 207)

Regulation .02A, D amended effective October 9, 2006 (33:20 Md. R. 1613)

Regulation .02F amended effective February 9, 2009 (36:3 Md. R. 207)

Regulation .03A—C amended effective October 9, 2006 (33:20 Md. R. 1613)

Regulation .05A amended effective October 9, 2006 (33:20 Md. R. 1613)