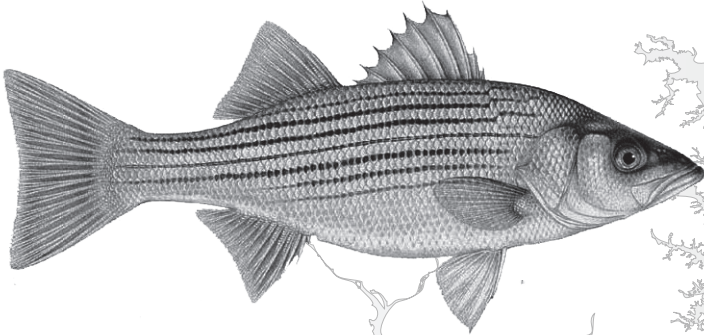


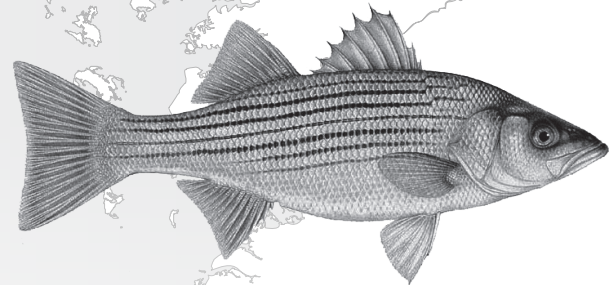
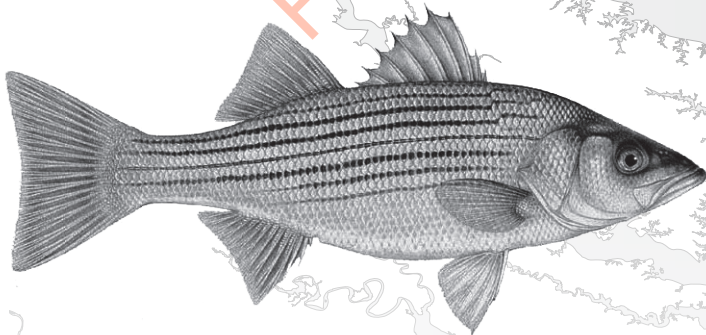
# MARYLAND

## 2021 STATE & LOCAL TAX FORMS & INSTRUCTIONS

For filing personal state and local income taxes for full or part-year Maryland residents



*The Rockfish  
(Striped Bass) was  
named the official fish of  
the State of Maryland  
in 1965.*



COMPTROLLER  
of MARYLAND

*Serving the People*

Peter Franchot, Comptroller



Scan to check your refund  
status after filing.

## A MESSAGE FROM COMPTROLLER PETER FRANCHOT



Dear Maryland Taxpayers:

Since I took office as Maryland's Comptroller in 2007, our agency has become a national model for efficiency, effectiveness and customer service. We continue to deliver first-class customer service while tackling emerging threats such as tax fraud and identity theft.

In the year 2021, Maryland turned a corner in the fight against the COVID-19 pandemic. Vaccinations not only protect us from the deadly virus but offer hope for a return to normalcy. From a fiscal standpoint, fortunately, Maryland's strong economic base allowed us to weather the storm while building toward recovery.

Through it all, our 1,100-person agency remains committed to our core mission: being respectful and responsive while getting results for Maryland taxpayers, both virtually and in-person.

Last year, we disbursed \$3 billion in tax refunds – most in less than three business days.

Our agency's state-of-the-art fraud detection system has been widely lauded and combined with the investigative and prosecutorial powers granted to my office via the 2017 Taxpayer Protection Act, we are keeping Marylanders safe from criminals engaging in identity theft and tax fraud. Since 2007, our office has suspended the processing of tax returns from more than 230 preparers at 250 locations. In total, during my tenure, more than 130,000 fraudulent returns worth over \$240 million have been blocked.

While we stress the importance of consistency and predictability in the tax code, small changes occur each year due to legislation passed by your delegates and senators serving in the Maryland General Assembly.

Below are a few bills that became law following the 2021 General Assembly session:

- SB218 authorizes an expansion of the Earned Income Tax Credit to Individual Taxpayer Identification Number (ITIN) filers for tax years 2020, 2021 and 2022.
- SB496 (The Relief Act) authorizes eligible federal EITC filers an increase to 45 percent of their refund for tax years 2020, 2021 and 2022.
- SB496 (The Relief Act) allows an unemployment compensation income subtraction for single, married filing separately, and dependent filers with a federal adjusted gross income (FAGI) of less than \$75,000; or head of household, joint filers, or surviving spouse with a FAGI of less than \$100,00 for tax years 2020, and 2021.
- SB496 (The Relief Act) allows an income subtraction for filers that received a state economic impact payment for tax year 2021.
- HB1178 allows a subtraction modification of up to \$5,000 in contributions to a first-time home buyer savings account.

The Relief Act provided a necessary salve for many taxpayers struggling through the uncertainty of the pandemic economy. Combined with federal relief, this vital infusion of cash helped bridge the gap for many families, while also jump starting the state's economic recovery.

If you have questions about these changes in tax laws or anything else regarding your returns, do not hesitate to call my office at 1-800-MD-TAXES or email us at [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov).

As we begin the 2022 Tax Filing Season with these changes in effect, our agency will continue to provide the level of service that you expect and deserve. As always, I will continue to promote policies that benefit the long-term fiscal health of the State of Maryland.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style.

Peter Franchot  
Comptroller

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#### Forms and other information included in this booklet:

- Form 502
- Form PV
- Form 502B
- Form 502R
- Form 502SU
- Form 502UP
- Privacy act information
- Maryland Payment Voucher Worksheet (PVW) for Estimated Tax and Extension Payments
- State Department of Assessments and Taxation Information

### NEW FOR 2021

**New Subtraction Modifications:** There are two subtraction modifications that have been updated and four new subtraction modifications. For more information, see Instruction 13 (Line 13., Code Letters va., ss., ww., xx., yy., and zz.).

**New Addition Modifications:** There are two new addition modifications. See Instructions 12 (Line 5., Code Letters r. and s.).

**Tax Credits:** There are no new tax credits.

**Refundable Tax Credits:** There is one new refundable tax credit. See Instruction 21.

**House Bill 7, Acts of 2021:** This bill alters the existing venison donation income tax credit by extending eligibility to certain donations made to the Montgomery County Deer Donation Program.

**Senate Bill 19, Acts of 2021:** This bill alters certain eligibility requirements and reduces the percentage value of the Biotechnology Investment Incentive Tax Credit.

**Senate Bill 102/House Bill 1252, Acts of 2021:** This bill alters the number of training hours required to qualify for the physician and nurse practitioner preceptor income tax credit and extends the tax credit to physician assistant preceptors.

**Senate Bill 186, Acts of 2021:** This bill establishes an enhanced job creation tax credit for the hiring of a qualified veteran and extends program eligibility to small businesses who hire a qualified veteran. The bill also repeals the Hire Our Veterans Tax Credit.

**Senate Bill 196, Acts of 2021:** This bill alters the existing Research and Development Tax Credit Program by eliminating the basic credit, limiting the maximum value of the tax credit, and defining net book assets for the purpose of determining small business eligibility.

**House Bill 10/Senate Bill 48, Acts of 2021:** This bill increases, from \$7,500 to \$10,000, the amount of the maximum subtraction modification for certain expenses paid or incurred by an individual that are attributable to the individual's donation of an organ. The bill also alters the definition of "qualified expenses" to include unreimbursed child or elder care expenses, as well as unreimbursed medication expenses.

**House Bill 1178, Acts of 2021:** This bill allows a subtraction modification for contributions to a first-time homebuyer savings account and certain earnings on the account. The subtraction includes up to \$5,000 of the amount contributed by an account holder to a first-time homebuyer savings account, as well as any earnings, including interest. If an individual withdraws funds from such account for a purpose other than eligible costs for the purchase of a home, the funds will be taxed as ordinary income and the account holder will be subject to a 10% penalty.

**House Bill 711/Senate Bill 622, Acts of 2021:** This bill allows a subtraction modification of up to \$1,000 for certain qualifying diaper, hygiene products, or monetary donations to diaper banks or other qualified charitable entities by taxpayers in a given calendar year.

**Senate Bill 885, Acts of 2021, Acts of 2021:** This bill creates a refundable income tax credit for 20% of rehabilitation and new construction costs for a qualifying catalytic revitalization project. A qualifying catalytic revitalization project is defined as a substantial renovation of a property formerly owned by the state or federal government that was previously used as a college, K-12 school, hospital, mental health facility, or military facility.

**House Bill 1279/Senate Bill 778, Acts of 2021:** This bill changes the existing Regional Institution Strategic Enterprise (RISE) Zone Program by establishing a rental assistance program, establishing a Regional Institution Strategic Enterprise Fund, enhancing biotechnology investment incentive and cyber security investment incentive tax credits, limiting the zone size, and limiting existing income and property tax credits to businesses that are located in a RISE zone before January 1, 2023.

## GETTING HELP

- **Tax Forms, Tax Tips, Brochures and Instructions:** These are available online at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and branch offices of the Comptroller (see back cover). For forms only, call 410-260-7951.
- **Telephone:** February 1 - April 15, 2022, 8:30 a.m. until 7:00 p.m., Monday through Friday, call 1-800-MDTAXES (1-800-638-2937) or from Central Maryland 410-260-7980.
- **Email:** Contact [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov).
- **Extensions:** To telefile an extension, call 410-260-7829; to file an extension online, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

## RECEIVING YOUR REFUND

- **Direct Deposit:** To have your refund deposited to your bank or other financial account, enter your account number, routing numbers, and the name(s) as it appears on the bank account at the bottom of your return.
- **Deposit of Income Tax Refund to more than one account:** Form 588 allows income tax refunds to be deposited to more than one account. See Instruction 22 for more information. Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The State of Maryland is not responsible for a lost refund if you enter the wrong account information.
- **Check:** Unless otherwise requested, we will mail you a paper check.
- **Refund Information:** To request information about your refund, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov), or call the refund information line 1-800-218-8160 or from Central Maryland 410-260-7701.

## FILING ELECTRONICALLY

- **Go Green!** eFile saves paper. In addition, you will receive your refund faster; receive an acknowledgement that your return has been received; and, if you owe, you can extend your payment date until April 30th if you both eFile and make your payment electronically.
- **Security:** Your information is transmitted securely when you choose to file electronically. It is protected by several security measures, such as multiple firewalls, state-of-the-art threat detection and encrypted transmissions.
- **iFile:** Free Internet filing is available for Maryland income tax returns with no income limitation at [https://interactive.marylandtaxes.gov/Individuals/iFile\\_ChooseForm/default.asp](https://interactive.marylandtaxes.gov/Individuals/iFile_ChooseForm/default.asp).
- **PC Retail Software:** Check the software requirements to determine eFile eligibility before you purchase commercial off-the-shelf software. Use software or link directly to a provider site to prepare and file your return electronically.
- **eFile:** Ask your professional tax preparer to eFile your return. You may use any tax professional who participates in the Maryland Electronic Filing Program.
- **IRS Free File:** Free Internet filing is available for federal income tax returns; some income limitations may apply. Visit [www.irs.gov](http://www.irs.gov) for eligibility. Fees for state tax returns also may apply; however, you may always return to [www.marylandtaxes.gov](http://www.marylandtaxes.gov) to use the free iFile Internet filing for Maryland income tax returns after using the IRS Free File for your federal return.

## AVOID COMMON ERRORS

- **Social Security Number(s):** Enter each Social Security Number in the space provided at the top of your tax return. Also enter the Social Security Number for children and other dependents. The Social Security Number will be validated by the IRS before the return has completed processing.
- **Local Tax:** Use the correct local income tax rate, based on your county of residence on the last day of the tax year

for where you lived on December 31, 2021, or the last day of the year for fiscal filers. See Instruction 19.

- **Original Return:** Send only your original completed Maryland tax return. Photocopies can delay processing of your refund. If you filed electronically, do not send a paper return.
- **Federal Forms:** Do not send federal forms, schedules or copies of federal forms or schedules unless requested.
- **Photocopies:** Remember to keep copies of all federal forms and schedules and any other documents that may be required later to substantiate your Maryland return.
- **Ink:** Use only blue or black ink to complete your return. Do not use pencil.
- **Attachments:** Make sure to send all wage and tax statements such as W-2s, 1099s and K-1s. Ensure that the state tax withheld is readable on all forms. Ensure that the state income modifications and state tax credits are clearly shown on all K-1s.
- **Colored Paper:** Do not print the Maryland return on colored paper.
- **Bar Codes:** Do not staple or destroy the bar code.

## PAYING YOUR TAXES

- **Direct Debit:** If you file electronically and have a balance due, you can have your income tax payment deducted directly from your bank account. This free service allows you to choose your payment date, anytime until April 30, 2021. Visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) for details.
- **Bill Pay Electronic Payments:** If your paper or electronic tax return has a balance due, you may pay electronically at <https://interactive.marylandtaxes.gov/Individuals/Payment/>. The amount you designate will be debited from your bank or financial institution on the date that you choose.
- **Checks and Money Orders:** Make check or money order payable to Comptroller of Maryland. We recommend you include your Social Security Number on your check or money order.

## ALTERNATIVE PAYMENT METHODS

For alternative methods of payment, such as a credit card, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

## PRIVACY ACT INFORMATION

The Tax-General Article of the Annotated Code of Maryland authorizes the Comptroller of Maryland to request information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. Code Section 10-804 provides that you must include your Social Security Number on the return you file. This is so we know who you are and can process your return and papers.

If you fail to provide all or part of the requested information, exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Comptroller of Maryland which contain personal information about you. You may inspect such records, and you have certain rights to amend or correct them.

As authorized by law, information furnished to the Comptroller of Maryland may be given to the United States Internal Revenue Service, an authorized official of any state that exchanges tax information with Maryland and to an officer of this State having a right to the information in that officer's official capacity. The information may be obtained in accordance with a proper legislative or judicial order.

If you opt in, certain information from your return may be shared with the Maryland Health Benefit Exchange (see Instruction 3).

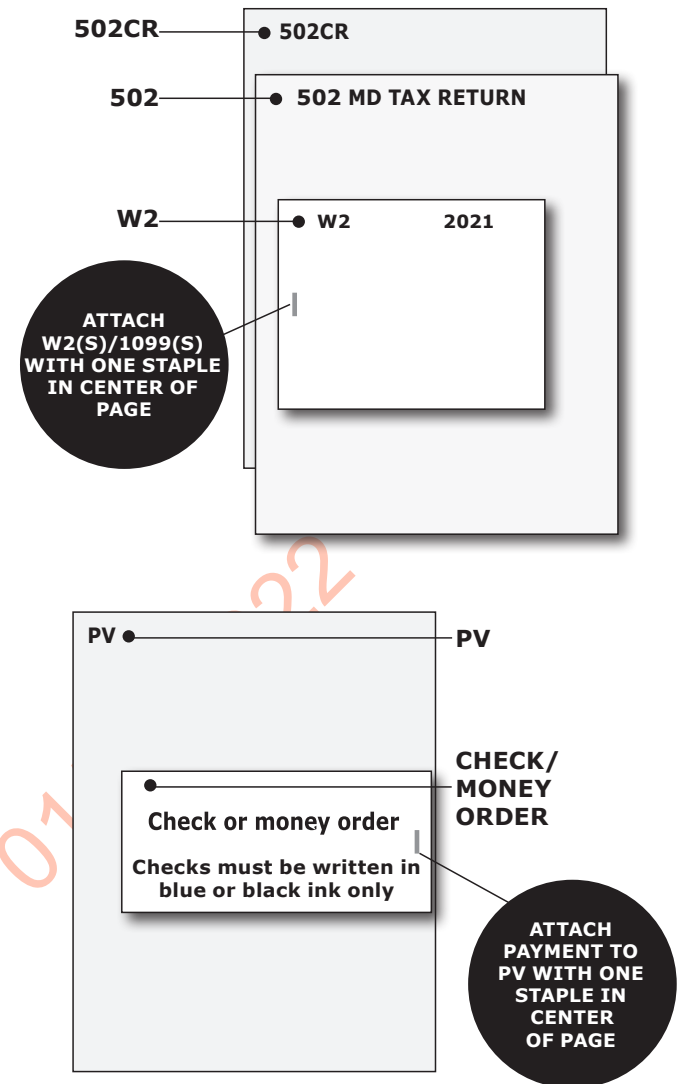
## WHAT YOU SHOULD SEND

- Your **original**, completed Maryland income tax return (Form 502) and Dependent Form 502B as applicable. To prevent any delay of processing your return, the content of the return **must** be fully printed on a letter-size 8 1/2" X 11" paper without any shrinkage or reduction.
- **Form PV** for returns with payment by check or money order. Attach the payment to the Form PV. The Form PV and payment are placed before the Form 502 for mailing purposes. **The Form PV and payment are not attached to the Form 502.**
- Form 502R if you have taxable retirement income.
- Form 588 if you elect to have your refund direct deposited to more than one account.
- W-2(s)/1099(s) showing Maryland tax withheld.
- Schedules K-1 showing Maryland tax withheld and/or Maryland tax credit.
- If you have a balance due, and if not filing and paying electronically, include a check or money order payable to Comptroller of Maryland with your Social Security Number on the check or money order.
- Maryland schedules or other documents may be required according to the instructions if you claim certain credits or subtractions. These include: 500DM, 502CR, 502TP, 502UP, 502V, 502S and 502SU.
- A copy of the tax return you filed in the other state or locality if you're claiming a tax credit on Form 502CR, Part A.

## DO NOT SEND

- Photocopies of your Maryland return.
- Federal forms or schedules unless requested.
- **Any forms or statements not requested.**
- Returns by fax.
- Returns on colored paper.
- Returns completed in pencil.
- Returns with the bar code stapled or destroyed.

## ASSEMBLING YOUR RETURN



## FIVE FAST FREQUENTLY ASKED QUESTIONS

### 1. Pension Exclusion.

Q: Can I claim **both** pensions exclusions, the standard on line 10a **and** the Retired Correctional Officer, Law Enforcement Officer, or Fire, Rescue, or Emergency Services Personnel on line 10b of Form 502?

A: No. You may only claim one pension exclusion per individual based on age. See instructions 13 for details.

### 2. Pension Exclusion Qualifying Plans.

Q: Do 401 (k) and 403(b) plans qualify for the pension exclusion?

A: Yes, but an IRA does not. For more information, refer to Line 10a. of Instruction 13; the chart in the Instructions of Form 502R; or visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

### 3. Itemized deductions.

Q: Can I claim itemized deductions on my Maryland return if I claimed standard deduction on my federal return?

A: No. You may claim itemized deductions on your Maryland return only if you claimed itemized deductions on your federal return. If you claimed your itemized deductions on your federal return, you may figure your tax using both deduction methods to determine which is best for you.

**Note:** Due to the State and local tax limitations (SALT), the state and local tax line 17b Form 502 is capped at \$10,000.00 or \$5,000 if married filing separately plus Preservation and Conservation Easements tax credit from part F of the Form 502CR.

### 4. Physical Address of the taxing area.

Q: What is my physical address as of December 31st or the last day of the taxable year?

A: Your Maryland resident address. If you moved during the taxable year, your physical address is your Maryland resident address on the last day you resided in Maryland.

Q: What is my 4-digit political subdivision code / taxing area?

A: Your 4-digit code represents the taxing area based on your Maryland physical address.

### 5. PV – Use for personal taxes only.

Q: Can I use the Form PV for payments of anything other than my personal taxes?

A: No. The Form PV is used to remit balance due payments for Forms 502 and 505, estimated payments, and extension payments.



## Bring Back Chesapeake Bay Wildlife Habitat!

Donate to the **Chesapeake and Endangered Species Fund** on your Maryland State Income Tax Form

You aren't just helping to protect the Chesapeake Bay and the creatures calling it home, you are investing in your own community; helping to plant trees, remove trash, and give students first-hand experiences outside of the classroom.

*Donations are split evenly between the non-profit Chesapeake Bay Trust and the Wildlife and Heritage Division of the Department of Natural Resources.*



The Trust has been rated a 4-star charity by Charity Navigator for over 20 years, with 90 cents for every dollar going to project funding. For more information about the Chesapeake Bay Trust and how your donation is used visit [www.cbtrust.org](http://www.cbtrust.org)



## SUPPORT CHILDREN AND ADULTS WITH DEVELOPMENTAL DISABILITIES



Children and adults with developmental disabilities, such as autism and Down syndrome, count on concerned citizens like you to help the Developmental Disabilities Administration provide:

- Support services
- Job training and employment
- Community living opportunities
- Crisis intervention



### DO NOT WAIT — PLEASE DONATE!

Your gift will be deducted from your tax refund or added to your tax payment.

Use line 36 on Form 502, line 23 on Fiduciary Form 504 or line 39 on Non Resident Form 505

For more information, call the Developmental Disabilities Administration at 410-767-5600 or visit [dda.health.maryland.gov](http://dda.health.maryland.gov).

## Help save a life this tax season!

**Donations to the Maryland Cancer Fund will support cancer diagnosis and treatment for low income Maryland residents.**

### It's easy:

1. Enter the amount you wish to donate on Line 37.
2. That amount will be deducted from your tax refund or added to your tax payment.
3. All donations are tax deductible.

For more information, call 410-767-6213.

Use: Line 37 on Form 502 • Line 24 on Form 504 • Line 40 on Form 505

[https://health.maryland.gov/phpa/cancer/pages/mcf\\_home.aspx](https://health.maryland.gov/phpa/cancer/pages/mcf_home.aspx)



**DUE DATE**

Your return is due by April 15, 2022. If you are a fiscal year taxpayer, see Instruction 25. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day.

To speed up the processing of your tax refund, consider filing electronically. You must file within three years of the original due date to receive any refund. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

**COMPLETING THE RETURN**

You must write legibly using blue or black ink when completing your return.

DO NOT use pencil or red ink. Submit the original return, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry. Failure to follow these instructions may delay the processing of your return.

You may round off all cents to the nearest whole dollar. Fifty cents and above should be rounded to the next dollar. State calculations are rounded to the nearest cent.

**ELECTRONIC FILING INSTRUCTIONS**

The instructions in this booklet are designed specifically for filers of paper returns.

If you are filing electronically and these instructions differ from the instructions for the electronic method being used, you should comply with the instructions appropriated for that method.

Free internet filing is available for Maryland income tax returns. Visit [www.marylandtaxes.gov/online-services/individuals.php](http://www.marylandtaxes.gov/online-services/individuals.php)  
**Software vendors should refer to the e-file handbook for their instructions.**

**SUBSTITUTE FORMS**

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided the form is approved in advance by the Revenue Administration Division. The fact that a software package is available for retail purchase does not guarantee that it has been approved for use. For additional information or to see a list of Approved Software Vendors for Maryland Substitute Tax Forms, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

**PENALTIES**

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return, or making a false certification. The penalties include criminal fines, imprisonment and a penalty on your taxes. In addition, interest is charged on amounts not paid.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

**MINIMUM FILING LEVELS TABLES**

<b>TABLE 1 MINIMUM FILING LEVELS FOR TAXPAYERS UNDER 65</b>	<b>TABLE 2 MINIMUM FILING LEVELS FOR TAXPAYERS 65 OR OVER</b>
Single person (including dependent taxpayers) . . . . .	Single, age 65 or over . . . . .
Joint Return . . . . .	Joint Return, one spouse, age 65 or over . . . . .
Married persons filing separately . . . . .	Joint Return, both spouses, age 65 or over . . . . .
Head of Household . . . . .	Married filing separately, age 65 or over . . . . .
Qualifying widow(er) . . . . .	Head of Household, age 65 or over . . . . .
	Qualifying widow(er), age 65 or over . . . . .

**1 WHO MUST FILE?**

This booklet and forms are for residents and part-year residents of Maryland. In general, you must file a Maryland return if you are or were a resident of Maryland AND you are required to file a federal return. Information in this section will allow you to determine if you must file a return and pay taxes as a resident of Maryland. If you are not a resident but had Maryland tax withheld or had income from sources in Maryland, you must use Form 505 or 515, Nonresident Tax return.

**WHO IS A RESIDENT?**

You are a resident of Maryland if:

- a. Your permanent home is or was in Maryland (the law refers to this as your domicile).
- OR
- b. Your permanent home is outside of Maryland, but you maintained a place of abode (a place to live) in Maryland for more than six months of the tax year. If this applies to you and you were physically present in the state for 183 days or more, you must file a full-year resident return.

**PART-YEAR RESIDENTS**

If you began or ended residence in Maryland during the tax year, you must file a Maryland resident income tax return. See Instruction 26.

**MILITARY AND OTHERS WORKING OUTSIDE OF MARYLAND**

Military and other individuals whose domicile is in Maryland, but who are stationed or work outside of Maryland, including overseas, retain their Maryland legal residence. Maryland residency is not lost because of duty assignments outside of the State; see Administrative Release 37. Military personnel and their spouses should see Instruction 29.

**TO DETERMINE IF YOU ARE REQUIRED TO FILE A MARYLAND RETURN**

- a. Add up all of your federal gross income to determine your total federal income. Gross income is defined in the Internal Revenue Code and, in general, consists of all income regardless of source. It includes wages and other compensation for services, gross income derived from business, gains (not losses) derived from dealings in property, interest, rents, royalties, dividends, alimony, annuities, pensions, income from partnerships or fiduciaries, etc. **If modifications or deductions reduce your gross income below the minimum filing level, you are still required to file.** IRS Publication 525 provides additional information on taxable and nontaxable income.
- b. Do not include Social Security or railroad retirement benefits in your total federal income.
- c. Add to your total federal income any Maryland additions to income. Do not include any additions related to periods of nonresidence. See Instruction 12. **This is your Maryland gross income.**

- d. If you are a dependent taxpayer, add to your total federal income any Maryland additions and subtract any Maryland subtractions. See Instructions 12 and 13. **This is your Maryland gross income.**
- e. You must file a Maryland return if your Maryland gross income equals or exceeds the income levels in the MINIMUM FILING LEVEL TABLE 1.
- f. If you or your spouse is 65 or over, use the MINIMUM FILING LEVEL TABLE 2.

**IF YOU ARE NOT REQUIRED TO FILE A MARYLAND RETURN BUT HAD MARYLAND TAXES WITHHELD**

To get a refund of Maryland income taxes withheld, you must file a Maryland return.

Taxpayers who are filing for refund only should complete all of the information at the top of Form 502 and the following lines:

- 1-16
- 22\*, 29\*
- 35-44
- 46, 48

\*Enter a zero unless: (i) you claim an earned income credit on your federal return, or (ii) you do not meet the minimum age requirement under the federal credit, but are otherwise eligible for the federal credit, for those without a qualifying child.

Sign the form and attach withholding statements (all W-2 and 1099 forms) showing Maryland and local tax withheld equal to the withholding you are claiming. Your form is then complete.

## 2 USE OF FEDERAL RETURN.

**First complete your 2021 federal income tax return.**

You will need information from your federal return to complete your Maryland return. Complete your federal return before you continue. Maryland law requires that your income and deductions be entered on your Maryland return exactly as they were reported on your federal return. If you use federal Form 1040NR, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) for further information. All items reported on your Maryland return are subject to verification, audit and revision by the Maryland State Comptroller's Office.

## 3 MARYLAND HEALTHCARE COVERAGE.

The Maryland General Assembly enacted Chapter 423 in the 2019 Session requiring the collection of certain information, including whether an individual is uninsured at the time the tax return is filed and whether the individual is interested in having the Maryland Health Benefit Exchange ("the Exchange") determine whether an individual may be eligible for insurance affordability programs, such as no-cost or low-cost minimum essential health care coverage. The Exchange is the agency that regulates Maryland Health Connection.

Check the appropriate box on Form 502 for you and/or your spouse if you are uninsured as of the date you file your return. If you would like the Exchange to determine pre-eligibility for health insurance affordability programs for any uninsured member of your household, you must also check the box on Form 502 indicating you authorize the Comptroller to share information from your tax return with the Exchange.

For each dependent identified on Form 502B, check the appropriate box to indicate if that dependent is an uninsured individual as of the date the return is filed.

You must provide the date of birth for any uninsured individual who is interested in obtaining minimum essential health coverage.

If you authorize information sharing, we will share the following information with the Exchange:

- Name, SSN, and date of birth of each uninsured individual;
- Your current mailing address, email address and phone

number;

- Number of uninsured individuals in your household identified on your return;
- Blindness status; and
- Your federal adjusted gross income amount from Line 1.

Information shared with the Exchange will be used to determine eligibility for insurance affordability programs or to assist with enrollment in health coverage. If you would like more information about the health insurance affordability programs or health care coverage enrollment, visit the Exchange's website at [www.marylandhealthconnection.gov/easyenrollment/](http://www.marylandhealthconnection.gov/easyenrollment/)

## 4 NAME AND ADDRESS.

**Print using blue or black ink.**

Enter your name exactly as entered on your federal tax return. If you changed your name because of marriage, divorce, etc., be sure to report the change to the Social Security Administration before filing your return. This will prevent delays in the processing of your return.

Enter your current address using the spaces provided. On Current Mailing Address Line 1, enter the street number and street name of your current address. If using a PO Box address, enter "PO Box" and the PO Box number on Current Mailing Address Line 1. On Current Mailing Address Line 2, if applicable, enter the floor, suite or apartment number for your current mailing address. If using a PO Box address, leave Current Mailing Address Line 2 blank. Enter City or Town, State and ZIP Code + 4.

**If using a foreign address, complete the lines indicated for Country Name, Province/State/County, and Postal Code.**

## 5 SOCIAL SECURITY NUMBER(S) (SSN).

**It is important that you enter each Social Security Number in the space provided. You must enter each SSN legibly because we validate each number. If the SSN is not correct and legible, it will affect the processing of your return. Your name must match the name on your current social security card to ensure you get credit for your personal exemption. If not, contact SSA at 800-772-1213 or visit [www.ssa.gov](http://www.ssa.gov).**

The Social Security Number(s) must be a valid number issued by the Social Security Administration of the United States Government. If you or your spouse or dependent(s) do not have a SSN and you are not eligible to get a SSN, **you must apply for an Individual Tax Identification Number (ITIN) with the IRS and you should wait until you have received it before you file; and enter it wherever your SSN is requested on the return.**

A missing or incorrect SSN or ITIN could result in the disallowance of any credits or exemptions you may be entitled to and result in a balance due.

A valid SSN or ITIN is required for any claim or exemption for a dependent. If you have a dependent who was placed with you for legal adoption and you do not know his or her SSN, you must get an Adoption Taxpayer Identification Number (ATIN) for the dependent from the IRS.

If your child was born and died in this tax year and you do not have a SSN for the child, complete just the name and relationship of the dependent and enter code **322**, on one of the code number lines located to the right of the telephone number area on page 4 of the form; attach a copy of the child's death certificate to your return.

## 6 MARYLAND POLITICAL SUBDIVISION INFORMATION (REQUIRED).

**Fill in the lines for your Maryland physical address of the taxing area as of December 31, 2021, including political**



**subdivision lines, based on your residence on the last day of the taxable period. Part-year residents fill in the lines for your Maryland physical address, including political subdivision lines, based on your last day of residence in Maryland in the taxable period. Military personnel who are legal residents of Maryland should fill in the lines for your Maryland physical address, including political subdivision lines, based on the Maryland physical address that is used for claiming Maryland as your Home of Record on file with the Defense Finance and Accounting Service for tax year 2021.**

1. Find your 4 Digit Political Subdivision Code in the LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND and enter this number on the 4 DIGIT POLITICAL SUBDIVISION CODE line.



When selecting the 4 Digit Political Subdivision Code, be sure that you have selected the proper political subdivision from the LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND. Do not rely on your ZIP Code + 4 to identify the proper political subdivision. For example, most residents within the ZIP Code of Upper Marlboro do not reside in the political subdivision of the Town of Upper Marlboro. Therefore, entering the Town of Upper Marlboro on the 4 DIGIT POLITICAL SUBDIVISION CODE line for those with a ZIP Code in Upper Marlboro may not be correct. Also, some political subdivisions have similar names

such as Bel Air in Allegany County and Town of Bel Air in Harford County or Town of Chevy Chase and Town of Chevy Chase View. You may contact your county seat for further information relating to the incorporated boundaries of incorporated cities, towns and taxing areas in your county.

2. If you lived within the incorporated tax boundaries of one of the areas listed under your county as found in the LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND, write the name of the city, town or taxing area on the MARYLAND POLITICAL SUBDIVISION line. If you did not live within the incorporated tax boundaries of one of the areas listed under your county as found in the LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND, write the name of your county on the MARYLAND POLITICAL SUBDIVISION line. If you lived in Baltimore City, enter "Baltimore City" on the MARYLAND POLITICAL SUBDIVISION line. For additional information on your Maryland political subdivision, contact your locality or the Maryland Department of Planning.
3. Enter your street number and street name on MARYLAND PHYSICAL ADDRESS LINE 1. DO NOT ENTER A PO BOX NUMBER.
4. If applicable, enter the floor, suite or apartment number on MARYLAND PHYSICAL ADDRESS LINE 2. DO NOT ENTER A PO BOX NUMBER.

## LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

Political Subdivision Code	Political Subdivision Code	Political Subdivision Code	Political Subdivision Code	Political Subdivision Code
<b>ALLEGANY COUNTY . . . . . 0100</b>	Town of Manchester . . . 0702	<b>GARRETT COUNTY . . . 1200</b>	Town of Oakmont . . . . . 1619	<b>ST. MARY'S COUNTY . . . . . 1900</b>
Town of Barton . . . . . 0101	Town of Mt. Airy . . . . . 0703	Town of Accident . . . . . 1201	Town of Poolesville . . . . . 1608	Town of Leonardtown . . 1902
Bel Air . . . . . 0112	Town of New Windsor . . 0704	Town of Deer Park . . . . . 1203	City of Rockville . . . . . 1609	<b>SOMERSET COUNTY . . . . . 2000</b>
Bowling Green . . . . . 0115	Town of Sykesville . . . . 0705	Town of Friendsville . . . 1204	Town of Somerset . . . . . 1610	City of Crisfield . . . . . 2001
Cresaptown . . . . . 0108	City of Taneytown . . . . . 0706	Town of Grantsville . . . . 1205	City of Takoma Park . . . 1611	Town of Princess Anne . . 2002
City of Cumberland . . . . 0102	Town of Union Bridge . . . 0707	Town of Kitzmiller . . . . . 1206	Town of Washington Grove . . . . . 1612	<b>TALBOT COUNTY . . . . . 2100</b>
Ellerslie . . . . . 0113	City of Westminster . . . . 0709	Town of Loch Lynn Heights . . . . . 1207	<b>PRINCE GEORGE'S COUNTY . . . . . 1700</b>	Town of Easton . . . . . 2101
City of Frostburg . . . . . 0103	<b>CECIL COUNTY . . . . . 0800</b>	Town of Mountain Lake Park . . . . . 1208	Town of Berwyn . . . . . 1701	Town of Oxford . . . . . 2102
LaVale . . . . . 0110	Town of Cecilton . . . . . 0801	Town of Oakland . . . . . 1209	Heights . . . . . 1701	Town of Queen Anne . . . 2105
Town of Lonaconing . . . . 0104	Town of Charlestown . . . 0802	<b>HARFORD COUNTY . . 1300</b>	City of Bladensburg . . . 1702	Town of St. Michaels . . . 2103
Town of Luke . . . . . 0105	Town of Chesapeake City . . . . . 0803	City of Aberdeen . . . . . 1301	City of Bowie . . . . . 1704	Town of Trappe . . . . . 2104
McCoole . . . . . 0114	Town of Elkton . . . . . 0804	Town of Bel Air . . . . . 1302	Town of Brentwood . . . . 1705	<b>WASHINGTON COUNTY . . . . . 2200</b>
Town of Midland . . . . . 0106	Town of North East . . . . 0805	City of Havre de Grace . . 1303	Town of Capitol Heights . 1706	Town of Boonsboro . . . . 2201
Mt. Savage . . . . . 0111	Town of Perryville . . . . . 0806	<b>HOWARD COUNTY . . 1400</b>	Town of Cheverly . . . . . 1707	Town of Clearspring . . . 2202
Potomac Park . . . . . 0109	Town of Port Deposit . . . . 0807	(No incorporated cities or towns)	City of College Park . . . 1725	Town of Funkstown . . . . 2203
Town of Westernport . . . 0107	Town of Rising Sun . . . . . 0808	<b>KENT COUNTY . . . . . 1500</b>	Town of Colmar Manor . . 1708	City of Hagerstown . . . . 2204
<b>ANNE ARUNDEL COUNTY . . . . . 0200</b>	<b>CHARLES COUNTY . . . . . 0900</b>	Town of Betterton . . . . . 1501	Town of Cottage City . . . 1709	Town of Hancock . . . . . 2205
City of Annapolis . . . . . 0201	Town of Indian Head . . . . 0901	Town of Chestertown . . . 1502	City of District Heights . 1710	Town of Keedysville . . . . 2206
Town of Highland Beach . . . . . 0203	Town of La Plata . . . . . 0902	Town of Galena . . . . . 1503	Town of Eagle Harbor . . . 1711	Town of Sharpsburg . . . . 2207
<b>BALTIMORE COUNTY . . . . . 0300</b>	Port Tobacco Village . . . . 0903	Town of Millington . . . . 1504	Town of Edmonston . . . . 1712	Town of Smithsburg . . . . 2208
(No incorporated cities or towns)	<b>DORCHESTER COUNTY . . . . . 1000</b>	Town of Rock Hall . . . . . 1505	Town of Fairmount Heights . . . . . 1713	Town of Williamsport . . 2209
<b>BALTIMORE CITY . . . 0400</b>	Town of Brookview . . . . . 1008	<b>MONTGOMERY COUNTY . . . . . 1600</b>	Town of Forest Heights . . 1728	<b>WICOMICO COUNTY . . . . . 2300</b>
<b>CALVERT COUNTY . . . . . 0500</b>	City of Cambridge . . . . . 1001	Town of Barnesville . . . . 1601	City of Glenarden . . . . . 1730	Town of Delmar . . . . . 2301
Town of Chesapeake Beach . . . . . 0501	Town of Church Creek . . . 1002	Town of Brookeville . . . . 1602	City of Greenbelt . . . . . 1714	City of Fruitland . . . . . 2308
Town of North Beach . . . 0502	Town of East New Market . . . . . 1003	Town of Chevy Chase . . . 1615	Town of Hyattsville . . . . . 1715	Town of Hebron . . . . . 2302
<b>CAROLINE COUNTY . . . . . 0600</b>	Town of Eldorado . . . . . 1007	Section 3 of the Village of Chevy Chase . . . . 1614	Town of Landover Hills . . 1726	Town of Maryland Springs . . . . . 2303
Town of Denton . . . . . 0602	Town of Galestown . . . . . 1009	Section 5 of the Village of Chevy Chase . . . . 1616	City of Laurel . . . . . 1716	Town of Pittsville . . . . . 2307
Town of Federalsburg . . . 0603	Town of Hurlock . . . . . 1004	Town of Chevy Chase View . . . . . 1617	Town of Morningside . . . . 1727	City of Salisbury . . . . . 2304
Town of Goldsboro . . . . . 0604	Town of Secretary . . . . . 1005	Chevy Chase Village . . . . 1613	City of Mt. Rainier . . . . . 1717	Town of Sharptown . . . . 2305
Town of Greensboro . . . . 0605	Town of Vienna . . . . . 1006	Village of Drummond . . . 1623	City of New Carrollton . . 1729	Town of Willards . . . . . 2306
Town of Henderson . . . . . 0611	<b>FREDERICK COUNTY . . . . . 1100</b>	Village of Friendship Heights . . . . . 1621	Town of North Brentwood . . . . . 1718	<b>WORCESTER COUNTY . . . . . 2400</b>
Town of Hillsboro . . . . . 0606	City of Brunswick . . . . . 1101	City of Gaithersburg . . . . 1603	Town of Riverdale Park . . 1720	Town of Berlin . . . . . 2401
Town of Marydel . . . . . 0607	Town of Burkittsville . . . . 1102	Town of Garrett Park . . . . 1604	City of Seat Pleasant . . . 1721	Town of Ocean City . . . . 2402
Town of Preston . . . . . 0608	Town of Emmitsburg . . . . 1103	Town of Glen Echo . . . . . 1605	Town of University Park . 1723	Pocomoke City . . . . . 2403
Town of Ridgely . . . . . 0609	City of Frederick . . . . . 1104	Town of Kensington . . . . 1606	Town of Upper Marlboro . 1724	Town of Snow Hill . . . . . 2404
Town of Templeville . . . . 0610	Town of Middletown . . . . . 1106	Town of Laytonsville . . . . 1607	<b>QUEEN ANNE'S COUNTY . . . . . 1800</b>	
<b>CARROLL COUNTY . . . . . 0700</b>	Town of Mt. Airy . . . . . 1114	Village of Martin's Additions . . . . . 1622	Town of Barclay . . . . . 1805	
Town of Hampstead . . . . 0701	Town of Myersville . . . . . 1107	Village of North Chevy Chase . . . . . 1618	Town of Centreville . . . . 1801	
	Town of New Market . . . . 1108		Town of Church Hill . . . . 1802	
	Village of Rosemont . . . . 1113		Town of Millington . . . . 1808	
	Town of Thurmont . . . . . 1110		Town of Queen Anne . . . . 1807	
	Town of Walkersville . . . . 1111		Town of Queenstown . . . . 1803	
	Town of Woodsboro . . . . . 1112		Town of Sudlersville . . . . 1804	
			Town of Templeville . . . . 1806	

5. Enter the city or town in which you resided on the CITY line.
6. Enter the ZIP Code + 4 in which you resided on the ZIP Code + 4 line.
7. Enter the name of your county on the MARYLAND COUNTY line. If you lived in Baltimore City, leave the MARYLAND COUNTY line blank.

## 7 FILING STATUS.

Use the **FILING STATUS** chart below to determine your filing status. Check the correct **FILING STATUS** box on the return.

## 8 SPECIAL INSTRUCTIONS FOR MARRIED PERSONS FILING SEPARATELY.

If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, follow the instructions below.

If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, you should report the income you would have reported had you filed a separate federal return. The income from jointly held securi-

ties, property, etc., must be divided evenly between spouses.

If you itemized your deductions on the joint federal return, one spouse may use the standard deduction and the other spouse may claim those deductions on the federal return that are "attributable exclusively" to that spouse, plus a prorated amount of the remaining deductions. If it is not possible to determine these deductions, the deduction must be allocated proportionately based on your share of the income.

"Attributable exclusively" means that the individual is solely responsible for the payment of an expense claimed as an itemized deduction, including compliance with a valid court order or separation agreement; or the individual jointly responsible for the payment of an expense claimed as an itemized deduction can demonstrate payment of the full amount of the deduction with funds that are not attributable in whole or in part, to the other jointly responsible individual.

If both spouses choose to itemize on their separate Maryland returns, then each spouse must determine which deductions are attributable exclusively to him or her and prorate the remaining deductions using the Maryland Income Factor. See Instruction 26k. If it is not possible to determine deductions in this manner, they must be allocated proportionately based on their respective shares of the income. The total amount of itemized deduc-

	If you are:	Check the box for:	Additional Information
SINGLE PERSON (Single on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	<b>Dependent taxpayer</b> Filing Status 6	Single Dependent taxpayers, regardless of whether income is earned or unearned, are not required to file a Maryland income tax return unless the gross income including Maryland additions and subtractions is \$12,550 or more. See Instruction 1 if you are due a refund. You do not get an exemption for yourself. Put a zero in Exemption Box A.
	Any person who filed as a head of household on his or her federal return	<b>Head of household</b> Filing Status 4	
	A qualifying widow(er) with dependent child who filed a federal return with this status	<b>Qualifying widow(er) with dependent child</b> Filing Status 5	
	All other single persons	<b>Single</b> Filing Status 1	If your spouse died during the year AND you filed a joint federal return with your deceased spouse, you may still file a joint Maryland return.
MARRIED PERSONS (Married on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	<b>Dependent taxpayer</b> Filing Status 6	You do not get an exemption for yourself. Put a zero in Exemption Box A. You and your spouse must file separate returns.
	Any person who filed as a head of household on his or her federal return	<b>Head of household</b> Filing Status 4	
	Married couples who filed separate federal returns	<b>Married filing separately</b> Filing Status 3	Each taxpayer must show his or her spouse's Social Security Number in the blank next to the filing status box. If your spouse does not have and is not required to have a Social Security Number or ITIN, enter "999-00-9999" in the space for your spouse's Social Security Number (for the purpose of this form ONLY).
	Married couples who filed joint federal returns but had different tax periods	<b>Joint return</b> Filing Status 2 or <b>Married filing separately</b> Filing Status 3	If you are not certain which filing status to use, figure your tax both ways to determine which status is best for you. See Instructions 8 and 26(g) through (p).
	Married couples who filed joint federal returns but were domiciled in different counties, cities, towns or taxing areas on the last day of the year	<b>Joint return</b> Filing Status 2 or <b>Married filing separately</b> Filing Status 3	If you are filing separately, see Instruction 8. If you are filing a joint return see SPECIAL NOTE in Instruction 19.
	Married couples who filed joint federal returns but were domiciled in different states on the last day of the year		If you are filing separately, see Instruction 8. If you are filing a joint return, you must attach a pro forma Form 505 and 505NR. See Administrative Releases 1 & 3.
	All other married couples who filed joint federal returns	<b>Joint return</b> Filing Status 2	If your spouse does not have and is not required to have a Social Security Number or ITIN, enter "999-00-9999" in the space for your spouse's Social Security Number (for the purpose of this form ONLY).

### EXEMPTION AMOUNT CHART (10A)

The personal exemption is \$3,200. This exemption is reduced once the taxpayer's federal adjusted gross income exceeds \$100,000 (\$150,000 if filing Joint, Head of Household, or Qualifying Widow(er) with Dependent Child). This reduction applies to the additional dependency exemptions as well; however it does not apply to the taxpayer's age or blindness exemption of \$1,000. Use the chart to determine the allowable exemption amount based upon the filing status. **NOTE:** For certain taxpayers with interest from U.S. obligations see Instruction 13, line 13, code hh for applicable exemption adjustment.

If Your FEDERAL ADJUSTED GROSS INCOME is		Single or Married Filing Separately	Joint, Head of Household or Qualifying Widow(er)	Dependent Taxpayer (eligible to be claimed on another taxpayer's return)
		Each Exemption is	Each Exemption is	Each Exemption is
\$100,000 or less		\$3,200	\$3,200	\$0
Over	But not over			
\$100,000	\$125,000	\$1,600	\$3,200	\$0
\$125,000	\$150,000	\$800	\$3,200	\$0
\$150,000	\$175,000	\$0	\$1,600	\$0
\$175,000	\$200,000	\$0	\$800	\$0
In excess of \$200,000		\$0	\$0	\$0

Total the exemption amount on the front of Form 502 to determine the total exemption allowance to subtract on line 19 of Form 502.

tions for both spouses cannot exceed the itemized deductions on the federal return.

If you choose to use the standard deduction method, use STANDARD DEDUCTION WORKSHEET (16A) in Instruction 16. Each spouse must claim his or her own personal exemption. Each spouse may allocate the dependent exemptions in any manner they choose. A dependent may not be claimed twice. The total number of dependents claimed may not exceed the overall number of dependents.

Complete the remainder of the form using the instructions for each line. Each spouse should claim his or her own withholding and other credits. Joint estimated tax paid may be divided between the spouses in any manner provided the total claimed does not exceed the total estimated tax paid.

## 9 PART-YEAR RESIDENTS.

If you began or ended legal residence in Maryland in 2021 see Instruction 26.

**Military taxpayers: If you have non-Maryland military income, see Administrative Release 1.**

## 10 EXEMPTIONS.

Determine what exemptions you are entitled to and complete the EXEMPTIONS area on Form 502. Form 502B must be completed and attached to Form 502 if you are claiming one or more dependents.

### EXEMPTIONS ALLOWED

You are entitled to claim qualified exemptions on your Maryland return. The amount of your Maryland exemption may be limited by the amount of your federal adjusted gross income. See Exemption Amount Chart (10A).

You and your spouse are permitted to claim additional exemptions for being age 65 or over or for blindness. These additional exemptions are in the amount of \$1,000 each. If any other dependent claimed is 65 or over, you also receive an extra exemption of up to \$3,200. Make sure you check both boxes (4) and (5) of Form 502B for each of your dependents who are age 65 or over.

Enter the number of exemptions in the appropriate boxes based upon your entries in Parts A, B and C of the exemption area of the form. Enter the total number of exemptions in Part D. **The number of exemptions for Part C is from Total Dependent Exemptions, Line 3 of Form 502B.**

### PART-YEAR RESIDENTS AND MILITARY

You must prorate your exemptions based on the percentage of income subject to Maryland tax. See Instruction 26 and Administrative Release 1.

## 11 INCOME.

**Line 1. Copy the figure for federal adjusted gross income from line 11 of your federal form 1040/1040SR onto line 1 of Form 502.**

**Line 1a. Copy the total of your wages, salaries and tips from line 1 of your federal Form 1040 onto line 1a of Form 502.** If you and your spouse file a joint federal return but are filing separate Maryland returns, see Instruction 8.

**Line 1b. Enter your earned income used to calculate your federal earned income credit (EIC), Maryland earned income credit, or poverty level credit (PLC).** Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you included in your federal AGI.

**Line 1c.** Enter on line 1c the amount of capital gains and losses reported as taxable income on Line 7 of the federal Form 1040.

**Line 1d.** Enter on line 1d the total amount of pensions, IRAs and annuities reported as income on 4b and 5b of your federal Form 1040. **As required by House Bill 1148 (Chapter 648) of the 2016 Session of the General Assembly, taxpayers with an entry on line 1d must complete and attach Form 502R. See Form 502R for additional information.**

**Line 1e.** Place a "Y" in the box if the amount of your investment income is more than \$10,000. You DO NOT qualify for the earned income tax credit. Investment income generally includes, but is not limited to, interest, dividends, capital gains, and other types of distributions including mutual fund distributions.

## 12 ADDITIONS TO INCOME.

Determine which additions to income apply to you. Write the correct amounts on lines 2-5 of Form 502. Instructions for each line:

**Line 2. TAX EXEMPT STATE OR LOCAL BOND INTEREST.** Enter the interest from non-Maryland state or local bonds or other obligations (less related expenses). This includes interest from mutual funds that invest in non-Maryland state or local obligations. Interest earned on obligations of Maryland or any Maryland subdivision is exempt from Maryland tax and should not be entered on this line.

**Line 3. STATE RETIREMENT PICKUP.** Contributions of a State retirement or pension system pickup amount will be stated separately on your W-2 form (Box 14). The tax on this portion of your wages is deferred for federal but not for state purposes.

**Line 4. LUMP SUM DISTRIBUTION FROM A QUALIFIED RETIREMENT PLAN.** If you received such a distribution, you will receive a Form 1099R showing the amounts distributed. You must report part of the lump sum distribution as an addition to income if you file federal Form 4972.

Use the LUMP SUM DISTRIBUTION WORKSHEET (12A) to determine the amount of your addition.

### LUMP SUM DISTRIBUTION WORKSHEET (12A)

1. Ordinary income portion of distribution from Form 1099R reported on federal Form 4972 (taxable amount less capital gain amount) . . . . . \$ \_\_\_\_\_
2. 40% of capital gain portion of distribution from Form 1099R . . . . . \$ \_\_\_\_\_
3. Add lines 1 and 2 . . . . . \$ \_\_\_\_\_
4. Enter minimum distribution allowance from federal Form 4972 . . . . . \$ \_\_\_\_\_
5. Subtract line 4 from line 3. This is your addition to income for your lump sum distribution. Enter on Form 502, line 4. If this amount is less than zero, enter zero . . . . . \$ \_\_\_\_\_

**Note:** If you were able to deduct the death benefit exclusion on federal Form 4972, allocate that exclusion between the ordinary and capital gain portions of your distribution in the same ratio before completing this schedule.

**Line 5. OTHER ADDITIONS TO INCOME.** If one or more of these apply to you, enter the total amount on line 5 and identify each item using the code letter:


### CODE LETTER

- a. Part-year residents: losses or adjustments to federal income that were realized or paid when you were a nonresident of Maryland.
- b. Net additions to income from pass-through entities not attributable to decoupling.
- c. Net additions to income from a trust as reported by the fiduciary.
- d. S corporation taxes included on lines 13 and 14 of Form 502CR, Part A, Tax Credits for Income Taxes Paid to Other States and Localities. (See instructions for Part A of Form 502CR.)
- e. Total amount of credit(s) claimed in the current tax year to

the extent allowed on Form 500CR for the following Business Tax Credits: Enterprise Zone Tax Credit, Maryland Disability Employment Tax Credit, Small Business Research & Development Tax Credit, Maryland Employer Security Clearance Costs Tax Credit (do not include Small Business First-Year Leasing Costs Tax Credit), and Endowments of Maryland Historically Black Colleges and Universities Tax Credit. In addition, include any amount deducted as a donation to the extent that the amount of the donation is included in an application for the Endow Maryland Tax Credit and/or Endowments of Maryland Historically Black Colleges and Universities Tax Credit on Form 500CR or 502CR.

- f. Oil percentage depletion allowance claimed under IRC Section 613.
- g. Income exempt from federal tax by federal law or treaty that is not exempt from Maryland tax.
- h. Net operating loss deduction to the extent of a double benefit. See Administrative Release 18 at [www.marylandtaxes.gov](http://www.marylandtaxes.gov).
- i. Taxable tax preference items from line 5 of Form 502TP. The items of tax preference are defined in IRC Section 57. If the **total** of your tax preference items is more than \$10,000 (\$20,000 for married taxpayers filing joint returns) you must complete and attach Form 502TP, whether or not you are required to file federal Form 6251 (Alternative Minimum Tax) with your federal Form 1040.
- j. Amount deducted for federal income tax purposes for expenses attributable to operating a family day care home or a child care center in Maryland without having the registration or license required by the Family Law Article.
- k. Any refunds of advanced tuition payments made under the Maryland Prepaid College Trust, to the extent the payments were subtracted from federal adjusted gross income and were not used for qualified higher education expenses, and any refunds of contributions made under the Maryland College Investment Plan, to the extent the contributions were subtracted from federal adjusted gross income and were

not used for qualified higher education expenses. See Administrative Release 32.

- l. Net addition modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
- m. Net addition modification to Maryland taxable income when the federal special 2-year carryback (farming loss only) period was used for a net operating loss under federal law compared to Maryland taxable income without regard to federal provisions. Complete and attach Form 500DM.
- n. Amount deducted on your federal income tax return for domestic production activities.
- o. Amount deducted on your federal income tax return for tuition and related expenses. Do not include adjustments to income for Educator Expenses or Student Loan Interest deduction.
- p. Any refunds received by an ABLÉ account contributor under the Maryland ABLÉ Program or any distribution received by an ABLÉ account holder, to the extent the distribution was not used for the benefit of the designated beneficiary for qualified disability expense, that were subtracted from federal adjusted gross income.
- q. If you sold or exchanged a property for which you claimed a subtraction modification under Senate Bill 367 (Chapter 231, Acts of 2017) or Senate Bill 580/House Bill 600 (Chapter 544 and Chapter 545, Acts of 2012), enter the amount of the difference between your federal adjusted gross income as reportable under the federal Mortgage Forgiveness Debt Relief Act of 2007 and your federal adjusted gross income as claimed in the taxable year.
- r.  Members of pass-through entities that elected to make payments attributable to members' share of the pass-through entity taxable income. If you received a credit for tax paid by the pass-through entity on your distributive or pro rata share of income on Maryland Schedule K-1 (510), part D enter the amount of the credit claimed on Form 502CR part CC line 9.

**PENSION EXCLUSION COMPUTATION WORKSHEET (13A)**

**Review carefully the age and disability requirements in the instructions before completing this worksheet. Use the separate RETIRED CORRECTIONAL OFFICERS, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL PENSION EXCLUSION COMPUTATION WORKSHEET (13E) if applicable.**

	You	Spouse
1. Qualifying pension and retirement annuity included in your federal adjusted gross income (Do not include Social Security or Railroad Retirement). . . . .		
2. Maximum allowable exclusion. . . . .	\$34,300	\$34,300
3. Total benefits you received from Social Security and/or Railroad Retirement (Tier I and Tier II)		
4. Tentative exclusion (Subtract line 3 from line 2.) (If less than 0, enter 0.) . . . . .		
5. Pension Exclusion (Enter the smaller of line 1 or 4 here and on line 10a, Form 502.) If you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on line 10a, Form 502. . . . .		

**SPECIFIC INSTRUCTIONS**

**NOTE:** When both you and your spouse qualify for the pension exclusion, a separate column must be completed for each spouse.


**Line 1.** Enter your qualifying pension and retirement annuity included in your federal adjusted gross income. **Do not include any amount subtracted for military retirement income. See code letter u in Instruction 13. Do not include Social Security and/or Railroad Retirement income on this line.**

**Line 2.** The maximum allowable exclusion is \$ 34,300.

**Line 3.** Enter your total Social Security and/or Railroad Retirement benefits. Include all Social Security and/or Railroad Retirement benefits whether or not you included any portion of these amounts in your federal adjusted gross income. Include both Tier I and Tier II Railroad Retirement benefits. If you are filing a joint return and both spouses received Social Security and/or Railroad Retirement benefits but only one spouse received a pension, enter only the Social Security and/or Railroad Retirement benefits of the spouse receiving the pension on the worksheet. If your total Social Security and/or Railroad Retirement income is greater than the Maximum Pension Exclusion \$ 34,300, the pension exclusion will be zero (0).

**Line 4.** Subtract line 3 from line 2 to determine your tentative exclusion.

**Line 5.** Your pension exclusion is the smaller of your net taxable pension (line 1) or the tentative exclusion (line 4). Enter the smaller amount on this line.

- s.  Amount of funds withdrawn from a first-time home-buyer savings account for a purpose other than eligible costs for the purchase of a home in the State. However, do not include any amount withdrawn by the account holder(s) for the purpose of rolling over earnings and principal into another designated account or a withdrawal protected by an account holder(s)' bankruptcy filing. An account holder(s) must use the funds in the designated account within 15 years from the date on which the account was established. Include the amount of any funds remaining after the end of the 15-year period for which the first-time home-buyer subtraction was claimed in a prior year and which were not withdrawn and applied to eligible costs related to the purchase of a home by the account holder(s). The account holder(s) may be subject to a penalty of 10% of the amount withdrawn (see Instruction 22).
- cd. Net addition modification to Maryland taxable income resulting from the federal deferral of income arising from business indebtedness discharged by reacquisition of a debt instrument. See Form 500DM and Administrative Release 38.
- dm. Net addition modification from multiple decoupling provisions. See the table at the bottom of Form 500DM for the line numbers and code letters to use.
- dp. Net addition decoupling modification from a pass-through entity. See Form 500DM.

## 13 SUBTRACTIONS FROM INCOME.

**Determine which subtractions from income apply to you. Write the correct amounts on lines 8–14 of Form 502. Instructions for each line:**

**Line 8. STATE TAX REFUNDS.** Copy onto line 8 the amount of refunds of state or local income tax included in line 1 of Form 502.

**Line 9. CHILD CARE EXPENSES.** You may subtract the cost of caring for your dependents while you work. There is a limitation of \$3,000 (\$6,000 if two or more dependents receive care). Enter on line 9 the **smaller** of (a) the amount on line 6 of federal Form 2441 or (b) \$3,000 (\$6,000 if two or more dependents receive care). You may also be entitled to credits for these taxable expenses. See instructions for Part B and Part CC of Form 502CR.

**Line 10a. PENSION EXCLUSION.** You may be able to subtract some of your taxable pension and retirement annuity income. This subtraction applies only if:

- You were 65 or over **or** totally disabled, or your spouse was totally disabled, on the last day of the tax year, **AND**
- You included on your federal return taxable income received as a pension, annuity or endowment from an "employee retirement system" qualified under Sections 401(a), 403 or 457(b) of the Internal Revenue Code. [A traditional IRA, a Roth IRA, a simplified employee plan (SEP), a Keogh plan, an ineligible deferred compensation plan or foreign retirement income does not qualify.]

**Note:** For additional information regarding qualified plans pension exclusion, refer to FAQs #2 on page iii Resident Booklet; and Form 502R Instructions; and the chart of Form 502R.

Each spouse who receives taxable pension or annuity income and is 65 or over or totally disabled may be entitled to this exclusion. In addition, if you receive taxable pension or annuity income but you are not 65 or totally disabled, you may be entitled to this exclusion if your spouse is totally disabled. Complete a separate column in the PENSION EXCLUSION COMPUTATION WORKSHEET (13A) for each spouse. Combine your allowable exclusion and enter the total amount on line 10a, Form 502. On line 10a, Form 502 check the applicable box(es) for yourself and/or spouse.

To be considered totally disabled, you must have a mental or physical impairment which prevents you from engaging in sub-

stantial gainful activity. You must expect the impairment to be of long, continued or indefinite duration or to result in your death. You must attach to your return a certification from a qualified physician stating the nature of your impairment and that you are totally disabled. If you have previously submitted a physician's certification, attach your own statement that you are still totally disabled and that a physician's certification was submitted before.

If you are a part-year resident, complete PENSION EXCLUSION COMPUTATION WORKSHEET (13A) using total taxable pension and total Social Security and railroad retirement benefits as if you were a full-year resident. Prorate the amount on line 5 by the number of months of Maryland residence divided by 12.

However, if you began to receive your pension during the tax year you became a Maryland resident, use a proration factor of the number of months you were a resident divided by the number of months the pension was received.

For example, Pat Taxpayer moved to Maryland on March 1. If he started to receive his pension on March 1, he would prorate the pension exclusion by 10/10, which would mean he would be entitled to the full pension exclusion. However, if he began to receive his pension on February 1, Pat would prorate his pension by 10/11. Note that, in either case, the proration factor may not exceed 1.

Complete the PENSION EXCLUSION COMPUTATION WORKSHEET (13A). Copy the amount from line 5 of the worksheet onto line 10a, Form 502. On line 10a, Form 502 check the applicable box(es) for yourself and/or spouse.

**Note:** You must complete and attach Form 502R to Form 502 if you or your spouse are claiming a pension exclusion on line 10a of Form 502. See Form 502R for additional information.

**Line 10b. PENSION EXCLUSION FOR RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL.** An individual taxpayer may not claim BOTH the standard Pension Exclusion and the Pension Exclusion for Retired Correctional Officer, Law Enforcement Officer, or Fire, Rescue, or Emergency Services Personnel. If you are 65 or older on the last day of the calendar year, you are totally disabled, or your spouse is totally disabled, and you have received qualified pension income, you should complete the PENSION EXCLUSION COMPUTATION WORKSHEET (13A) regardless of your prior work history. It is permissible for one spouse to claim the standard Pension Exclusion and the other spouse to claim the Pension Exclusion for Retired Correctional Officer, Law Enforcement Officer, or Fire, Rescue, or Emergency Services Personnel if each spouse meets the applicable required criteria.

If you meet the following criteria, use the RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL PENSION EXCLUSION COMPUTATION WORKSHEET (13E) to calculate your eligible pension exclusion:

- You were 55 or over on the last day of the tax year, **AND**
- You were not 65 or older, or totally disabled, or have a spouse who is totally disabled, **AND**
- You included on your federal return taxable income received as a pension, annuity or endowment from an "employee retirement system" qualified under Section 401(a), 403 or 457(b) of the Internal Revenue Code, **AND**
- The retirement income is attributable to your service as a correctional officer, law enforcement officer, or fire, rescue, or emergency services personnel of the United States, the State of Maryland or a political subdivision of Maryland.

Each spouse who meets the above requirements may be entitled to the exclusion. If each spouse is eligible, complete a separate column on the RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL PENSION EXCLUSION COMPUTATION WORKSHEET (13E). Combine your allowable exclusions from line 8 of the worksheet and enter the total

amount on line 10b, Form 502. On line 10b, Form 502 check the applicable box(es) for yourself and/or spouse.

If you are a part-year resident, complete the RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL PENSION EXCLUSION COMPUTATION WORKSHEET (13E) using total taxable pension and total Social Security and railroad retirement benefits as if you were a full-year resident. Prorate the amount on line 8 by the number of months of Maryland residence divided by 12. However, if you began to receive your pension during the tax year you became a Maryland resident, use a proration factor of the number of months you were a resident divided by the number of months the pension was received. Copy the prorated amount from line 8 of the worksheet onto line 10b, Form 502.

For example, Pat Taxpayer moved to Maryland on March 1. If he started to receive his pension on March 1, he would prorate the pension exclusion by 10/10, which would mean he would be entitled to the full pension exclusion. However, if he began to receive his pension on February 1, Pat would prorate his pension by 10/11. In either case, the prorated factor may not exceed 1.

**Note:** You must complete and attach Form 502R to the Form 502 if you or your spouse are claiming a pension exclusion on line 10b of Form 502. See the Form 502R for additional information.

**Line 11. FEDERALLY TAXED SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS.** If you included in your federal adjusted gross income Social Security, Tier I, Tier II and/or supplemental railroad retirement benefits, then you must include the total amount of such benefits on line 11. Social Security and railroad retirement benefits are exempt from state tax.

**Note:** You must complete and attach Form 502R to the Form 502 if you or your spouse received any income during the tax year (taxable or nontaxable) from Social Security or Railroad Retirement (Tier I or Tier II). See Form 502R for additional information.

**Line 12. NONRESIDENT INCOME.** If you began or ended your residence in Maryland during the year, you may subtract the portion of your income received when you were not a resident of Maryland. See Instruction 26 for part-year residents and Administrative Release 1 for military personnel.

If your state of residence or your period of Maryland residence was not the same as that of your spouse and you filed a joint return, follow Instruction 26 (c) through (p).

**Line 13. SUBTRACTIONS FROM INCOME.** Other certain subtractions for which you may qualify will be reported on Form 502SU. Determine which subtractions apply to you and enter the amount for each on Form 502SU. Enter the sum of all applicable subtractions from Form 502SU on line 13 of Form 502, and enter the code letters that represent the four highest dollar amounts in the code letter lines. If multiple subtractions apply, be sure to identify all of them on Form 502SU and attach it to your Form 502.

**Note:** If only one of these subtractions applies to you, enter the amount and the code letter on line 13 of Form 502; then the use of Form 502SU may be optional.

**▼ CODE LETTER**

- a. Payments from a pension system to firemen and policemen for job related injuries or disabilities (but not more than the amount of such payments included in your total income).
- b. Net allowable subtractions from income from pass-through entities, not attributable to decoupling.
- c. Net subtractions from income reported by a fiduciary.
- d. Distributions of accumulated income by a fiduciary, if income tax has been paid by the fiduciary to the State (but not more than the amount of such income included in your total income).
- e. Profit (without regard to losses) from the sale or exchange

of bonds issued by the State or local governments of Maryland.

- f. Benefits received from a Keogh plan on which State income tax was paid prior to 1967. Attach statement.
- g. Amount of wages and salaries disallowed as a deduction due to the work opportunity credit allowed under the Internal Revenue Code Section 51.
- h. Expenses up to \$5,000 incurred by a blind person for a reader, or up to \$1,000 incurred by an employer for a reader for a blind employee.
- i. Expenses incurred for reforestation or timber stand improvement of commercial forest land. Qualifications and instructions are on Form DNR393, available from the Department of Natural Resources, visit [www.dnr.Maryland.gov](http://www.dnr.Maryland.gov) to obtain this form.
- j. Amount added to taxable income for the use of an official vehicle by a member of a state, county or local police or fire department. The amount is stated separately on your W-2 form.
- k. Up to \$6,000 in expenses incurred by parents to adopt a child with special needs through a public or nonprofit adoption agency and up to \$5,000 in expenses incurred by parents to adopt a child without special needs.
- l. Purchase and installation costs of certain enhanced agricultural management equipment as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- m. Deductible artist's contribution. Attach Form 502AC.
- n. Payment received under a fire, rescue, or ambulance personnel length of service award program that is funded by any county or municipal corporation of the State.
- o. Value of farm products you donated to a gleaning cooperative as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- p. Up to \$15,000 of military pay included in your federal adjusted gross income that you received while in the active service of any branch of the armed forces and which is attributable to service outside the boundaries of the U.S. or its possessions. To compute the subtraction, follow the directions on the MILITARY OVERSEAS INCOME WORKSHEET (13B). If your total military pay exceeds \$30,000, you do not qualify for the subtraction.

**MILITARY OVERSEAS INCOME WORKSHEET (13B)**

**When both you and your spouse qualify for this military subtraction, complete separate computations for each spouse.**

1. ENTER the amount of military pay included in your federal adjusted gross income attributable to service outside the U.S.  
If greater than \$15,000, enter \$15,000 . . . . . \$ \_\_\_\_\_
  2. ENTER total military pay received during the tax year . . . . . \$ \_\_\_\_\_
  3. Maximum subtraction . . . . . \$ **15,000**
  4. SUBTRACT the amount on line 3 from line 2.  
If this amount is less than zero (0), enter zero (0) . . . . . \$ \_\_\_\_\_
  5. SUBTRACT line 4 from line 1. This is your subtraction from income. If the amount is zero (0) or less, you are not eligible for this subtraction. INCLUDE this amount on line p of Form 502SU . . . . . \$ \_\_\_\_\_
- q. Unreimbursed vehicle travel expenses for:
1. A volunteer fire company;
  2. Service as a volunteer for a charitable organization whose principal purpose is to provide medical, health or nutritional care; AND
  3. Assistance (other than providing transportation to and

- from the school) for handicapped students at a Maryland community college. Attach Form 502V.
- r. Amount of pickup contribution shown on Form 1099R from the state retirement or pension systems included in federal adjusted gross income. The subtraction is limited to the amount of pickup contribution or the taxable pension, whichever is less. Any amount not allowed to be claimed on the current year return may be carried forward to the next year until the full amount of the State pickup contribution has been claimed.
  - s. Amount of interest and dividend income (including capital gain distributions) of a dependent child which the parent has elected to include in the parent's federal gross income under Internal Revenue Code Section 1(g)(7).
  - t. Payments received from the State of Maryland under Title 12 Subtitle 2 of the Real Property Article (relocation and assistance payments).
  - u. Up to \$5,000 of military retirement income, **including death benefits**, received by a qualifying individual during the tax year if the taxpayer has not yet attained the age of 55; or up to \$15,000 of military retirement income, **including death benefits**, received by a qualifying individual if the taxpayer is age 55 or over. To qualify, you must have been a member of an active or reserve component of the armed forces of the United States, an active duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, the Coast and Geodetic Survey, a member of the Maryland National Guard, or the member's surviving spouse or ex-spouse.
  - va. The Honorable Louis L. Goldstein Volunteer Fire, Rescue and Emergency Medical Services Personnel Subtraction Modification Program. \$6,500 for each taxpayer who is a qualifying volunteer as certified by a Maryland fire, rescue or emergency medical services organization. \$6,500 for each taxpayer who is a qualifying member of the U.S. Coast Guard Auxiliary, Maryland Defense Force or Maryland Civil Air Patrol as certified by these organizations. Attach a copy of the certification.
  - vb. The Honorable Louis L. Goldstein Volunteer Police Personnel Subtraction Modification Program. \$5,000 for each taxpayer who is a qualifying police auxiliary or reserve volunteer as certified by a bona fide Maryland police agency. Attach a copy of the certification.
  - w. Up to \$1,500 of unreimbursed expenses that a foster parent incurs on behalf of a foster child. The foster parent must be approved by a local department to provide 24-hour care for a foster child in the house where the foster parent resides. A treatment foster parent licensed by a child placement agency may not claim the subtraction modification. Foster parent includes a kinship parent. The expenses must be approved as necessary by the local department of social services or the Montgomery County Department of Health and Human Services and may not include an expense for which the foster parent receives an allowance or reimbursement from any public or private agency.
  - xa. Up to \$2,500 per contract purchased for advanced tuition payments made to the Maryland Prepaid College Trust. See Administrative Release 32.
  - xb. Up to \$2,500 per contributor per beneficiary of the total of all amounts contributed to investment accounts under the Maryland College Investment Plan. This subtraction modification may not be claimed if the account holder received a State contribution under § 18-19A-04.1 of the Education Article during the taxable year.
  - xc. Any amount included in federal adjusted gross income as a result of a distribution to a designated beneficiary from a Maryland ABLE account, unless it is a refund or nonqualified distribution. Designated beneficiary means a designated beneficiary as defined in § 18-19C-01 of the Education Article.
  - xd. Up to \$2,500 per ABLE account contributor per beneficiary of the total of all amounts contributed under the Maryland ABLE Program. Subject to the \$2,500 annual limitation, any amount disallowed as a subtraction because it exceeds \$2,500 may be carried over until used to the next 10 succeeding taxable years as a subtraction.
  - xe. An amount included in federal adjusted gross income contributed by the State into an investment account under § 18-19A-04.1 of the Education Article during the taxable year. This includes amounts included in federal adjusted gross income contributed by the State into an investment account under the Maryland College Investment Plan. **Note:** Certain account holders who made contributions to an account in calendar year 2017, but failed to make contributions in accordance with § 18-19A-04.1(e)(1) of the Education Article as enacted by Chapters 689 and 690 of the Acts of the General Assembly of 2016 and were otherwise eligible for a State contribution, received a State contribution of \$250 by June 30, 2018. If you are an account holder who receives this State match, you may be eligible for a subtraction. To claim the subtraction, you must file an amended 2017 income tax return.
  - y. Any income of an individual that is related to tangible or intangible property that was seized, misappropriated or lost as a result of the actions or policies of Nazi Germany towards a Holocaust victim. For additional information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) or contact Taxpayer Services Division at 410-260-7980.
  - z. Expenses incurred to buy and install handrails in an existing elevator in a health care facility (as defined in Section 19-114 of the Health General Article) or other building in which at least 50% of the space is used for medical purposes.
    - aa. Payments from a pension system to the surviving spouse or other beneficiary of a law enforcement officer or firefighter whose death arises out of or in the course of their employment.
    - ab. Income from U.S. Government obligations. Enter interest on U.S. Savings Bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds that invest in U.S. Government obligations also are exempt from state taxation. However, only that portion of the dividends attributable to interest or capital gain from U.S. Government obligations can be subtracted. You cannot subtract income from Government National Mortgage Association securities. See Administrative Releases 10 and 13.
    - bb. Net subtraction modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
    - cc. Net subtraction modification to Maryland taxable income when the federal special 2-year carryback (farming loss only) period was used for a net operating loss under federal law compared to Maryland taxable income without regard to federal provisions. Complete and attach Form 500DM.
    - cd. Net subtraction modification to Maryland taxable income resulting from the federal ratable inclusion of deferred income arising from business indebtedness discharged by reacquisition of a debt instrument. Complete and attach Form 500DM.
    - dd. Income derived within an arts and entertainment district by a qualifying residing artist from the publication, production, or sale of an artistic work that the artist created, wrote, composed or executed. Complete and attach Form 502AE.
    - dm. Net subtraction modification from multiple decoupling provisions. See the table at the bottom of Form 500DM.
    - dp. Net subtraction decoupling modification from a pass-through entity. See Form 500DM.
    - ee. The amount received as a grant under the Solar Energy Grant Program administered by the Maryland Energy Administration (but not more than the amount included in your

**EXEMPTION ADJUSTMENT WORKSHEET (13C)**

- Line 1: ENTER the exemption amount to be reported on line 19 of Form 502 using Exemption Amount Chart (10A).  
(If you are a part-year resident, enter the amount to be reported on line 19 before it is prorated.) . . . . . \$ \_\_\_\_\_
- Line 2: ENTER your federal adjusted gross income as reported on line 1 of your Form 502 . . . . . \$ \_\_\_\_\_
- Line 3: ENTER your income from U.S. obligations (line ab, Form 502SU) . . . . . \$ \_\_\_\_\_
- Line 4: SUBTRACT amount on line 3 from amount reported on line 2. . . . . \$ \_\_\_\_\_
- Line 5: RECALCULATE your exemption amount from Exemption Amount Chart (10A), using the income from line 4.  
Remember to add your \$1,000 exemptions for age and blindness if applicable. . . . . \$ \_\_\_\_\_
- Line 6: SUBTRACT the exemption amount calculated on line 1 from the exemption amount calculated on line 5.  
If the amount is less than zero (0), enter zero (0). If the amount is zero, you have already received the  
maximum exemption that you are entitled to claim on Form 502. . . . . \$ \_\_\_\_\_

**TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET (13D)**

	(a) You	(b) Spouse
1. ENTER the portion of federal adjusted gross income from line 1 of Form 502 attributable to each spouse. . . . .		
2. ENTER the portion of additions to income from line 6 of Form 502 attributable to each spouse. . . . .		
3. ADD lines 1 and 2. . . . .		
4. ENTER the portion of subtractions from income from lines 8-13 of Form 502 attributable to each spouse. . . . .		
5. SUBTRACT line 4 from line 3. . . . .		
6. COMPARE the amounts on lines 5 (a) and (b) and enter the smaller amount here but not less than zero.		
7. ENTER \$1,200 or the amount on line 6, whichever is less. ENTER this amount on line 14 of Form 502.		

**RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL PENSION EXCLUSION COMPUTATION WORKSHEET (13E)**

**Review carefully the age and prior employment requirements in the instructions before completing this worksheet.**

Do not use this worksheet if you are 65 or older, totally disabled or have a spouse who is totally disabled. Use Worksheet (13A).

	You	Spouse
1. Qualifying pension and retirement annuity included in your federal adjusted gross income (Do not include Social Security or Railroad Retirement). . . . .		
2. Maximum allowable Social Security benefit. . . . .	\$ 34,300	\$ 34,300
3. Total benefits you received from Social Security and/or Railroad Retirement. . . . .		
4. Subtract line 3 from line 2. . . . .		
5. Net taxable pension and retirement annuity included in your federal adjusted gross income attributable to employment as a correctional officer, law enforcement officer or fire, rescue, or emergency services personnel of the United States, State of Maryland or a political subdivision of the State of Maryland. . . . .		
6. Maximum allowable statutory exclusion. . . . .	\$ 15,000	\$ 15,000
7. Tentative excludable amount (smaller of line 5 or line 6) . . . . .		
8. Total exclusion (lesser of line 4 or line 7). If you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on Line 10b, Form 502. . . . .		

**SPECIFIC INSTRUCTIONS**

**NOTE:** When both you and your spouse qualify for the retired correctional officer, law enforcement officer or fire, rescue, or emergency services personnel pension exclusion, a separate column must be completed for each spouse.

**Line 1.** Enter your qualifying pension and retirement annuity included in your federal adjusted gross income. **Do not include Social Security or Railroad Retirement. Do not include any amount subtracted for military retirement income. See code letter u in Instruction 13.**

**Line 2.** The maximum Social Security benefit is \$34,300.

**Line 3.** Total benefits you received from Social Security and/or Railroad Retirement (Tier I, Tier II and/or supplemental).

**Line 4.** Subtract line 3 from line 2. If less than 0, enter 0.

**Line 5.** Enter your net taxable pension and retirement annuity included in your federal adjusted gross income which is attributable to your employment as a correctional officer, law enforcement officer or fire, rescue, or emergency services personnel of the United States, State of Maryland or a political subdivision of the State of Maryland. Do not include any amount subtracted for military retirement income. See code letter u in Instruction 13.

**Line 6.** The maximum statutory exclusion is \$15,000.

**Line 7.** Enter smaller amount of line 5 or line 6.

**Line 8.** Enter smaller amount of line 4 or line 7. This is your excludable amount. If you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on Line 10b, Form 502.



total income).

- ff. Amount of the cost difference between a conventional on-site sewage disposal and a system that uses nitrogen removal technology, for which the Department of Environment's payment assistance program does not cover. An individual must have applied to the Department of the Environment for assistance to claim the subtraction modification on the Form 502SU. Also, in order to claim the subtraction modification, the system that is purchased must be a system that utilizes nitrogen removal technology as per Environment Article of the Annotated Code of Maryland § 9-1108.
- hh. Exemption adjustment for certain taxpayers with interest on U.S. obligations. If you have received income from U.S. obligations and your federal adjusted gross income exceeds \$100,000 (\$150,000 if filing Joint, Head of Household, or Qualifying Widow(er)), enter the difference, if any, between the exemption amount based on your federal adjusted gross income and the exemption amount based upon your federal adjusted gross income after subtracting your U.S. obligations using the EXEMPTION ADJUSTMENT WORKSHEET (13C).



**If the amount is greater than zero (0), enter this amount as a subtraction on line hh of Form 502SU.**

**Example:**


Pat and Chris Jones had a federal adjusted gross income of \$180,000. They also had \$40,000 on interest from U.S. Savings Bonds and had a dependent son whom they claimed on the Maryland tax return. Using Instruction 10, they found the exemption amount on their Maryland return (based upon \$180,000 of income) was \$2,400 (\$800 for three exemptions). If it were not for the \$40,000 of U.S. Savings Bonds, their federal adjusted gross income would have been \$140,000 and their exemption amount would have been \$9,600 (\$3,200 for three exemptions). Therefore, Pat and Chris Jones are entitled to claim a subtraction of \$7,200 (\$9,600 - \$2,400) on line hh of Form 502SU.

- ii. Interest on any **Build America Bond** that is included in your federal adjusted gross income. See Administrative Release 13.
- jj. Gain resulting from a payment from the Maryland Department of Transportation as a result of the acquisition of a portion of the property on which your principal residence is located.
- kk. Qualified conservation program expenses up to \$500 for an application approved by the Department of Natural Resources to enter into a Forest Conservation and Management Plan.
- ll. Payment received as a result of a foreclosure settlement negotiated by the Maryland Attorney General.
- mm. Amount received by a claimant for noneconomic damages as a result of a claim of unlawful discrimination under Internal Revenue Code Section 62(e).
- nn. Amount of student loan indebtedness. Attach a copy of the notice stating that the loans have been discharged.
- oo. Up to \$5,000 of income earned by a law enforcement officer residing in the Maryland political subdivision in which the officer is employed if the crime rate in that political subdivision exceeds the State's crime rate. Law enforcement officer means an individual who in an official capacity is authorized by law to make arrests, and is a member of a Maryland law enforcement agency, including an officer who serves in a probationary status or at the pleasure of the appointing authority of a county or municipal corporation. In addition, a law enforcement officer who is a member of the Maryland Transportation Authority Police, Maryland-National Capital Park Police, or the Washington Suburban Sanitary Commission Police Force, and the officer resides in a political subdivision in which the crime rate exceeds the State's crime rate. Federal law enforcement officers do not qualify.
- pp. Any amount included in federal adjusted gross income for: 1) the value of any medal given by the International Olympic Committee, the International Paralympic Committee, the Special Olympics International Committee, or the Interna-

tional Committee of Sports for the Deaf; and 2) any prize money or honoraria received from the United States Olympic Committee from a performance at the Olympic Games, the Paralympic Games, the Special Olympic Games, or the Deaflympic Games.

- qq. Amount of qualified principal residence indebtedness included in federal adjusted gross income that was allowable as an exclusion under the Mortgage Forgiveness Debt Relief Act of 2007, as amended. The subtraction may not exceed \$100,000 for taxpayers who file single or married filing separately, and may not exceed \$200,000 for married filing joint, head of household, or qualifying widow(er). Qualified principal residence indebtedness is debt used to buy, build or substantially improve your principal residence, or to refinance debt incurred for those purposes but only if the debt is secured by the home.
- rr. Any amount included in federal adjusted gross income for the first \$50,000 of compensation received by an individual during the taxable year in exchange for the sale of a perpetual conservation easement on real property located in the State of Maryland. If filing a joint return, each individual may claim up to the maximum amount allowed.
- ss. A living individual may deduct up to \$10,000 of unreimbursed travel expenses, lodging expenses, **child or elder care expenses, medical expenses**, or lost wages, paid or incurred, during the taxable year that are attributable to the donation of all or part of one or more of the individual's liver, kidney, pancreas, intestine, lung, or bone marrow to another individual for organ transplant. If filing a joint return, each individual may claim up to the maximum amount allowed.
- tt. A full-time classroom teacher who teaches kindergarten to grade 12 in an elementary or secondary school in the State of Maryland for an academic year ending during the taxable year may subtract up to \$250 of unreimbursed expenses paid or incurred during the taxable year for the purchase of classroom supplies used by: 1) students in the classroom; or 2) the teacher, to prepare for or during classroom teaching. An individual may not subtract any expense that is subtracted from federal adjusted gross income under §62 of the Internal Revenue Code. If filing a joint return, each individual may claim up to the maximum amount allowed.
- uu. Under the Racing and Community Development Act of 2021, this bill allows a subtraction modification for the redevelopment of the following: Laurel Park in Anne Arundel County, Pimlico Race Course in Baltimore City and Bowie Race Course Training Center in Prince George's County. The subtraction is based on the gain recognized as a result of (direct or indirect) sale of property within Laurel Park, Pimlico Race Course or Bowie Race Course Training Center and for income recognized (directly or indirectly) by the state investment in these sites.
- vv. The value of a subsidy for rental expenses received by a resident of Howard County under the "Live Where You Work" program of the Downtown Columbia Plan. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).
- ww.  A qualified individual may subtract up to \$5,000 per year of the amount contributed to a designated First-Time Homebuyer Savings Account plus the earnings, including interest and other income on the principal, on such account. The First-Time Homebuyer Savings Account must be opened for the sole purpose of paying or reimbursing eligible costs for the purchase of a home in the State. The subtraction may be claimed for a period not to exceed 10 years, and total earnings may not exceed \$50,000 during that 10-year period. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov)
- xx.  Amount of donations of certain disposable diapers, certain hygiene products, and certain monetary gifts made by a taxpayer during the taxable year to certain qualified charitable entities that are registered with the Comptroller. To qualify for this subtraction, you must enter the value of the donation and the name of each


qualified charitable entity to which a donation was made. The Comptroller may verify the donation with the qualified charitable entity.

yy.  Amount of unemployment compensation reported on 1099-G, Box 1, that was included in your FAGI for qualified taxpayers.

You qualify for this subtraction if:

- You received unemployment benefits from the Maryland Department of Labor;
- You received unemployment benefits from the unemployment insurance program of any of the following jurisdictions, with which Maryland has a reciprocal taxation agreement: Pennsylvania, Virginia, West Virginia, and Washington, D.C.;
- Total unemployment benefits included in your FAGI;
- Your federal adjusted gross income does not exceed: \$75,000 for single, married filing separately, and dependent filers; \$100,000 for a married couple filing a joint return, or an individual filing as head of household or as a surviving spouse.

For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

zz.  Amount of Coronavirus relief grant payment, relief loan, and any portion of the loan that was forgiven. You may find a list of eligible Maryland grant and loan programs at [marylandtaxes.gov/RELIEFACT/index.php](http://marylandtaxes.gov/RELIEFACT/index.php).

**Line 14. TWO-INCOME SUBTRACTION.** You may subtract up to \$1,200 if both spouses have income subject to Maryland tax and you file a joint return. To compute the subtraction, complete the TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET (13D).

## 14 ITEMIZED DEDUCTIONS.

**If you figure your tax by the ITEMIZED DEDUCTION METHOD, complete lines 17a and b on Form 502. (See Instruction 16 to see if you will use the ITEMIZED DEDUCTION METHOD.)**

Copy the amount from federal Form 1040, Schedule A, line 17, Total Itemized Deductions, on line 17a of Form 502. Certain items of federal itemized deductions are not eligible for State purposes and must be subtracted from line 17a. State and local income taxes used as a deduction for federal purposes must be entered on line 17b (there are certain limitations on the de-

duction amount of state and local tax. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov)). Also, any amounts deducted as contributions of Preservation or Conservation Easements for which a credit is claimed must be added to line 17b.

You are not required to itemize deductions on your Maryland return because you have itemized deductions on your federal return. Figure your tax each way to determine which method is best for you.

If your unreimbursed business expenses include depreciation to which an adjustment is required for Maryland purposes, complete Form 500DM to calculate the addition modification "I" or subtraction modification "bb."

## 15 FIGURE YOUR MARYLAND ADJUSTED GROSS INCOME.

**Complete lines 1–16 on Form 502. Line 16 is your Maryland adjusted gross income.**

## 16 FIGURE YOUR MARYLAND TAXABLE NET INCOME.

**To find your taxable income you must subtract either the standard deduction from the worksheet or the itemized deductions you have entered on line 17 of Form 502. The ITEMIZED DEDUCTION METHOD will lower your taxes if you have enough deductions. If you are not certain about which method to use, figure your tax both ways to determine which method is best for you. Check one of the deduction method boxes to indicate which method you will use.**

### STANDARD DEDUCTION METHOD

The STANDARD DEDUCTION METHOD gives you a standard deduction of 15% of Maryland adjusted gross income (line 16) with minimums of \$1,550 and \$3,100 and maximums of \$2,350 and \$4,700, depending on your filing status. Use STANDARD DEDUCTION WORKSHEET (16A) for your filing status to figure your standard deduction. Write the result on line 17 of Form 502. Then follow the instructions for EXEMPTIONS.

### ITEMIZED DEDUCTION METHOD

**You may itemize your deductions only if you itemized deductions on your federal return.** See Instruction 14 for completing lines 17a and b of Form 502. Enter the result on line 17. You are not required to itemize deductions on your Maryland return simply because you itemized on your federal return. Figure your tax each way to determine which method is best for you.

### STANDARD DEDUCTION WORKSHEET (16A)

If your filing status is:																																												
Single, Married filing separately or Dependent taxpayer	Married filing jointly, Head of household or Qualifying widow(er)																																											
Worksheet 1	Worksheet 2																																											
Enter your income from line 16 of Form 502 . . . . . \$ _____	Enter your income from line 16 of Form 502 . . . . . \$ _____																																											
If your income is:	If your income is:																																											
<table border="0"> <tr> <td> <table border="0"> <tr> <td>Your standard deduction is:</td> <td></td> </tr> <tr> <td>\$10,333 or less . . . . .</td> <td>\$ <u>1,550</u></td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is between \$10,333 - \$15,667</td> <td></td> </tr> <tr> <td>Enter your income from above: . . . . .</td> <td>\$ _____</td> </tr> <tr> <td>Multiply by 15 percent (.15) . . . . .</td> <td>X <u>.15</u></td> </tr> <tr> <td>This is your standard deduction . . . . .</td> <td>\$ _____</td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is:</td> <td></td> </tr> <tr> <td>\$15,667 or over . . . . .</td> <td>\$ <u>2,350</u></td> </tr> </table> </td> <td> <table border="0"> <tr> <td>Your standard deduction is:</td> <td></td> </tr> <tr> <td>\$20,666 or less . . . . .</td> <td>\$ <u>3,100</u></td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is between \$20,666 - \$31,333</td> <td></td> </tr> <tr> <td>Enter your income from above: . . . . .</td> <td>\$ _____</td> </tr> <tr> <td>Multiply by 15 percent (.15) . . . . .</td> <td>X <u>.15</u></td> </tr> <tr> <td>This is your standard deduction . . . . .</td> <td>\$ _____</td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is:</td> <td></td> </tr> <tr> <td>\$31,333 or over . . . . .</td> <td>\$ <u>4,700</u></td> </tr> </table> </td> </tr> <tr> <td style="text-align:center"><b>Enter your standard deduction on line 17 of Form 502.</b></td> <td style="text-align:center"><b>Enter your standard deduction on line 17 of Form 502.</b></td> </tr> </table>	<table border="0"> <tr> <td>Your standard deduction is:</td> <td></td> </tr> <tr> <td>\$10,333 or less . . . . .</td> <td>\$ <u>1,550</u></td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is between \$10,333 - \$15,667</td> <td></td> </tr> <tr> <td>Enter your income from above: . . . . .</td> <td>\$ _____</td> </tr> <tr> <td>Multiply by 15 percent (.15) . . . . .</td> <td>X <u>.15</u></td> </tr> <tr> <td>This is your standard deduction . . . . .</td> <td>\$ _____</td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is:</td> <td></td> </tr> <tr> <td>\$15,667 or over . . . . .</td> <td>\$ <u>2,350</u></td> </tr> </table>	Your standard deduction is:		\$10,333 or less . . . . .	\$ <u>1,550</u>	or		If your income is between \$10,333 - \$15,667		Enter your income from above: . . . . .	\$ _____	Multiply by 15 percent (.15) . . . . .	X <u>.15</u>	This is your standard deduction . . . . .	\$ _____	or		If your income is:		\$15,667 or over . . . . .	\$ <u>2,350</u>	<table border="0"> <tr> <td>Your standard deduction is:</td> <td></td> </tr> <tr> <td>\$20,666 or less . . . . .</td> <td>\$ <u>3,100</u></td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is between \$20,666 - \$31,333</td> <td></td> </tr> <tr> <td>Enter your income from above: . . . . .</td> <td>\$ _____</td> </tr> <tr> <td>Multiply by 15 percent (.15) . . . . .</td> <td>X <u>.15</u></td> </tr> <tr> <td>This is your standard deduction . . . . .</td> <td>\$ _____</td> </tr> <tr> <td colspan="2" style="text-align:center">or</td> </tr> <tr> <td>If your income is:</td> <td></td> </tr> <tr> <td>\$31,333 or over . . . . .</td> <td>\$ <u>4,700</u></td> </tr> </table>	Your standard deduction is:		\$20,666 or less . . . . .	\$ <u>3,100</u>	or		If your income is between \$20,666 - \$31,333		Enter your income from above: . . . . .	\$ _____	Multiply by 15 percent (.15) . . . . .	X <u>.15</u>	This is your standard deduction . . . . .	\$ _____	or		If your income is:		\$31,333 or over . . . . .	\$ <u>4,700</u>	<b>Enter your standard deduction on line 17 of Form 502.</b>	<b>Enter your standard deduction on line 17 of Form 502.</b>
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**EXEMPTIONS**

After completing the EXEMPTIONS area on your return (page 1), enter the total exemption amount on line 19 of Form 502.

**PART-YEAR RESIDENTS AND NONRESIDENT MILITARY TAXPAYERS**

You must adjust your standard or itemized deductions and exemptions. If you are a part-year resident, see Instruction 26. If you are a nonresident military member filing a joint return with your civilian spouse, see Administrative Release 1.

**17 FIGURE YOUR MARYLAND TAX.**

**You must use the tax tables if your taxable income is less than \$100,000.**

The 2021 Maryland tax rate schedules are shown so you can see the tax rate that applies to all levels of income; however, do not use them to figure your tax. Instead, use the tax tables if your income is under \$100,000; otherwise, use the appropriate row in the MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES (17A) at the end of the tax tables to figure your tax. The tax tables and the MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES I AND II have been based on these tax rate schedules.

Find the income range in the tax table that applies to the amount on line 20 of Form 502. Find the Maryland tax corresponding to your income range. Enter the tax amount on line 21 of Form 502. If your taxable income is \$100,000 or more, use the MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES (17A) at the end of the tax table.

**MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES**

**Tax Rate Schedule I**

**For taxpayers filing as Single, Married Filing Separately, or as Dependent Taxpayers. This rate is also used for taxpayers filing as Fiduciaries.**

If taxable net income is:		Maryland Tax is:			
At least:	but not over:				
\$0	\$1,000		2.00%	of taxable net income	
\$1,000	\$2,000	\$20.00	plus 3.00%	of excess over \$1,000	
\$2,000	\$3,000	\$50.00	plus 4.00%	of excess over \$2,000	
\$3,000	\$100,000	\$90.00	plus 4.75%	of excess over \$3,000	
\$100,000	\$125,000	\$4,697.50	plus 5.00%	of excess over \$100,000	
\$125,000	\$150,000	\$5,947.50	plus 5.25%	of excess over \$125,000	
\$150,000	\$250,000	\$7,260.00	plus 5.50%	of excess over \$150,000	
\$250,000		\$12,760.00	plus 5.75%	of excess over \$250,000	

**Tax Rate Schedule II**

**For taxpayers filing Joint, Head of Household, or for Qualifying Widows/Widowers.**

If taxable net income is:		Maryland Tax is:			
At least:	but not over:				
\$0	\$1,000		2.00%	of taxable net income	
\$1,000	\$2,000	\$20.00	plus 3.00%	of excess over \$1,000	
\$2,000	\$3,000	\$50.00	plus 4.00%	of excess over \$2,000	
\$3,000	\$150,000	\$90.00	plus 4.75%	of excess over \$3,000	
\$150,000	\$175,000	\$7,072.50	plus 5.00%	of excess over \$150,000	
\$175,000	\$225,000	\$8,322.50	plus 5.25%	of excess over \$175,000	
\$225,000	\$300,000	\$10,947.50	plus 5.50%	of excess over \$225,000	
\$300,000		\$15,072.50	plus 5.75%	of excess over \$300,000	

**18 EARNED INCOME CREDIT, POVERTY LEVEL CREDIT, CREDITS FOR INDIVIDUALS AND BUSINESS TAX CREDITS.**

**If you claim an earned income credit or poverty level credit, see Instruction 19 for your local credit calculation.**

**Form 500CR Instructions are available online at [www.marylandtaxes.gov](http://www.marylandtaxes.gov). You must file Form 500CR electronically to claim a business income tax credit.**

**Line 22. EARNED INCOME CREDIT.**

If you claimed an earned income credit on your federal return or would otherwise have been eligible to claim an earned income credit on your federal return but for you or your spouse filing with an individual taxpayer identification number (ITIN),

you are eligible for the Maryland earned income credit. If you are a married couple filing either a joint or separate Maryland return, or you have at least one qualifying child, then you may claim one-half (50%) of the federal credit on your Maryland return. Individuals filing as single, head of household, or qualifying widow(er) without a qualifying child may claim 100% of the federal earned income credit, or \$530, whichever is less; see Worksheet (18A.1) to calculate any refundable earned income tax credit. If you are a part-year resident or a member of the military, see Instruction 26(o) before completing this worksheet. If you do not meet the minimum age requirement under the federal credit and are otherwise eligible for the federal credit for those without a qualifying child, you may claim the state earned income credit (calculate federal earned income credit disregarding the minimum age requirement). If you or your spouse do not possess a valid SSN but are otherwise eligible for the federal credit and are filing your Maryland return using an ITIN, you may claim the state earned income credit by calculating the federal earned income credit disregarding the SSN requirement). If you filed a joint federal return but a separate Maryland return, you may claim a combined total of up to one-half the federal credit. For information on how to calculate the amount of the federal earned income credit, go to [www.irs.gov/pub/irs-pdf/p596.pdf](http://www.irs.gov/pub/irs-pdf/p596.pdf).

- If you are a married couple filing either a joint or separate Maryland return or have at least one qualifying child, complete the STATE EARNED INCOME CREDIT WORKSHEET (18A) to calculate the amount to enter on line 22 of Form 502.
- If you are filing as single, head of household, or qualifying widow(er) and DO NOT have a qualifying child, complete the STATE EARNED INCOME CREDIT/ REFUNDABLE EARNED INCOME CREDIT WORKSHEET (18A.1) to calculate the amounts to enter on line 22 and line 42 of Form 502.

**STATE EARNED INCOME CREDIT WORKSHEET (18A) – INDIVIDUAL WITH QUALIFYING CHILD OR MARRIED COUPLE FILING SEPARATELY OR JOINTLY WITH OR WITHOUT QUALIFYING CHILD**

(Part-year residents see Instruction 26(o).)

1. Maryland tax (from line 21 of Form 502) . . . . 1. \_\_\_\_\_
2. Federal earned income credit \_\_\_\_\_ x 50% (.50). Enter this amount here and on line 22 of Form 502 . . . . . 2. \_\_\_\_\_
3. Subtract line 2 from line 1. If less than zero (0), enter zero (0). . . . . 3. \_\_\_\_\_

If line 3 is greater than zero (0), you may qualify for the Poverty Level Credit. See instructions below.

If line 3 is zero (0), you may qualify for the Refundable Earned Income Credit. See Instruction 21.

**STATE EARNED INCOME CREDIT/REFUNDABLE EARNED INCOME CREDIT WORKSHEET (18A.1) – INDIVIDUAL WITHOUT QUALIFYING CHILD**

(Part-year residents see Instruction 26(o).)

1. Maryland tax (from line 21 of Form 502) . . . . 1. \_\_\_\_\_
2. Enter your federal earned income credit or \$530, whichever is less, here and on line 22 of Form 502 . . . . . 2. \_\_\_\_\_
3. If line 1 is greater than or equal to line 2, then subtract line 2 from line 1 and enter here . . . . . 3. \_\_\_\_\_
4. If line 2 is greater than line 1, then subtract line 1 from line 2 enter the amount here and on line 42 of Form 502 . . . . . 4. \_\_\_\_\_

If line 3 is greater than or equal to zero (0), you may qualify for the Poverty Level Credit. See Line 23 Instructions below.

**Line 23. STATE POVERTY LEVEL CREDIT.** If your earned income and federal adjusted gross income plus additions are below the poverty level income for the number of persons in

family/household on your federal tax return, you may be eligible for the poverty level credit. You are not eligible for this credit if you checked filing status 6 (dependent taxpayer) on your Maryland income tax return.

Generally, if your Maryland state tax exceeds 50% of your federal earned income credit and your earned income and federal adjusted gross income are below the poverty income guidelines from the STATE POVERTY LEVEL CREDIT WORKSHEET (18B), you may claim a credit of 5% of your earned income.

Complete the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) to calculate the amount to enter on line 23 of Form 502.

**This is not a refundable credit.**

**STATE POVERTY LEVEL CREDIT WORKSHEET (18B)**

If you checked filing status 6 on your Maryland return, you are not eligible for this credit.

1. Enter the amount from line 7 of Form 502. If you checked filing status 3 (married filing separately) and you filed a joint federal return enter your joint federal adjusted gross income plus any Maryland additions . . . . . 1. \_\_\_\_\_
2. Enter the total of your salary, wages, tips and other employee compensation and net profit from self-employment here, and on line 1b of Form 502, if line 1b is currently blank. (Do not include a farm or business loss.) . . . . . 2. \_\_\_\_\_
3. Find the number of persons in your family/ household from the chart that is the same as the number of persons entered on your federal tax return. Enter the income level that corresponds to the number of persons . . . . . 3. \_\_\_\_\_
4. Enter the amount from line 1 or 2, whichever is larger. Compare lines 3 and 4. If line 4 is greater than or equal to line 3, STOP HERE. You do not qualify for this credit. If line 3 is greater than line 4, continue to line 5. . . . . 4. \_\_\_\_\_
5. Multiply line 2 by 5% (.05). This is your State Poverty Level Credit. Enter that amount here and on line 23 of Form 502. (Part-year residents or members of the military, see Instruction 26(o)) . . . . . 5. \_\_\_\_\_

**POVERTY INCOME GUIDELINES**

NUMBER OF PERSONS IN FAMILY/HOUSEHOLD	INCOME LEVEL
1	12,880
2	17,420
3	21,960
4	26,500
5	31,040
6	35,580
7	40,120
8	44,660

For families/households with more than 8 persons, add \$4,540 for each additional person.

**Line 24. OTHER INCOME TAX CREDITS FOR INDIVIDUALS.** Enter the total of your income tax credits as listed below. Complete and attach Form 502CR with Form 502.

- a. **CREDITS FOR INCOME TAXES PAID TO OTHER STATES.** If you have income subject to tax in Maryland and subject to tax in another state and/or another state's locality, you may be eligible for a tax credit. **Note:** You must attach a copy of Form 502CR and required documentation. If this is not attached, no credit will be allowed. See Administrative Release 42 for required documentation.
- b. **CREDIT FOR CHILD AND DEPENDENT CARE EXPENS-**

**ES.** If you were eligible for a Child and Dependent Care Credit on your federal income tax return and your income is below certain thresholds, you are entitled to a tax credit equal to a percentage of the federal credit. **You may also be entitled to a refundable credit.** See Form 502CR Instructions.

- c. **QUALITY TEACHER INCENTIVE CREDIT.** If you are a qualified teacher who paid tuition to take graduate level courses required to maintain certification, you may be eligible for a tax credit.
- d. **CREDIT FOR AQUACULTURE OYSTER FLOATS.** If you purchased a new aquaculture oyster float during the tax year, you may be entitled to a credit of up to \$500 for the cost of the float.
- e. **LONG-TERM CARE INSURANCE CREDIT.** If you paid a premium for a long-term care insurance policy for yourself or certain Maryland resident family members, you may be eligible for a tax credit.
- f. **CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS.** Individuals may be eligible for a tax credit for an easement conveyed to the Maryland Environmental Trust, the Maryland Agricultural Land Preservation Foundation, or the Maryland Department of Natural Resources to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, view sheds or historic properties. Individuals who are eligible to claim the Credit for Preservation and Conservation Easements and who are not PTE members must claim this credit on Part F of the Form 502CR. PTE members who are eligible for this credit must electronically claim the credit on Form 500CR.
- g. **VENISON DONATION - FEED THE HUNGRY ORGANIZATIONS TAX CREDIT.** Individuals who hunt and harvest an antlerless deer in compliance with State hunting laws and regulations, and donate the processed meat to a venison donation program administered by a qualified tax exempt organization, may claim a credit against their State personal income tax for up to \$50 of qualified expenses to butcher and process an antlerless deer for human consumption. The total amount of the credits may not exceed \$200 in any taxable year unless the individual harvested each deer in accordance with a deer management permit. Any unused portion of the qualified expenses may not be carried over to another taxable year. This credit may be claimed on Part G of Form 502CR.
- h. **COMMUNITY INVESTMENT TAX CREDIT.** Businesses that contribute to approved Neighborhood and Community Assistance Programs may be eligible for a tax credit of 50% of approved contributions with a maximum credit of \$250,000 on Form 500CR (See Line 25 instructions, letter code d). Individuals who make a nonbusiness contribution may also be eligible for this tax credit, and may elect to claim this credit on Part H of Form 502CR instead of Form 500CR. The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR (See Line 25 instructions, letter code d).
- i. **ENDOW MARYLAND TAX CREDIT.** Businesses and individuals that donate \$500 of cash or publicly traded securities to a qualified permanent endowment fund at an eligible community foundation may be eligible for a tax credit of 25% of the approved donation with a maximum credit of \$50,000 on Form 500CR (See Line 25 instructions, letter code q). Individuals who make an approved donation may also be eligible for this tax credit, and may elect to claim this credit on Part I of Form 502CR instead of Form 500CR. The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR (See Line 25 instructions, letter code q).  
**Note:** If you claim the Endow Maryland tax credit, the amount of approved donations which qualify you for this credit is an addition to income and must be included on line 5. (See Instruction 12, letter code e).
- j. **PRECEPTORS IN AREAS WITH HEALTH CARE WORKFORCE SHORTAGES TAX CREDIT.** If you are a qualified

licensed physician, a **qualified physician assistant**, or a qualified nurse practitioner who served without compensation as a preceptor, you may be eligible to claim a nonrefundable credit against your State tax liability.

- k. INDEPENDENT LIVING TAX CREDIT.** An individual may claim a credit against their Maryland State income tax equal to 50% of the qualified expenses incurred during a taxable year to install accessibility and universal visitability features to or within a home.

The qualified expenses incurred must be certified by the Department of Housing and Community Development. See Form 502CR Instructions.

- l. ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES TAX CREDIT.** Taxpayers making donations to a qualified permanent fund held at an eligible institution of higher education (Bowie State University, Coppin State University, Morgan State University or University of Maryland Eastern Shore), may be eligible for a credit of 25% of the amount of donations. Taxpayers who make an approved donation and certified as eligible for this tax credit may claim the credit on Part L of Form 502CR instead of Form 500CR. The credit **should not** be claimed on **both** Form 500CR and Form 502CR.

**Line 25. BUSINESS TAX CREDITS.** You must file your Form 502 electronically to claim the following nonrefundable business tax credits from Form 500CR.

- a. ENTERPRISE ZONE TAX CREDIT.** Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees.
- b. MARYLAND DISABILITY EMPLOYMENT TAX CREDIT.** Businesses employing persons with disabilities as certified by the State Department of Education or veterans with disabilities as certified by the Maryland Department of Labor may be eligible for tax credits based upon wages paid, child care, and transportation expenses paid on behalf of those employees.
- c. JOB CREATION TAX CREDIT.** Certain businesses that create new qualified positions in Maryland may be eligible for a tax credit based on the number of qualified positions created or wages paid for these positions.
- d. COMMUNITY INVESTMENT TAX CREDIT.** Businesses that contribute to approved Neighborhood and Community Assistance Programs may be eligible for a tax credit of 50% of approved contributions with a maximum credit of \$250,000. Individuals who make a nonbusiness contribution may also be eligible for this tax credit, and may elect to claim this credit on Form 502CR instead of Form 500CR (See Line 24 instructions, letter code h). The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR.
- e. BUSINESSES THAT CREATE NEW JOBS TAX CREDIT.** Certain businesses located in Maryland that create new positions or establish or expand business facilities in the state may be entitled to an income tax credit if a property tax credit is granted by Baltimore City or any county or municipal corporation of Maryland.
- f. EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT.** A credit may be claimed for costs incurred by an employer who provides long-term care insurance as part of an employee benefit package.
- g. SECURITY CLEARANCE COSTS TAX CREDIT.** Businesses that incur cost certified by the Maryland Department of Commerce to construct or renovate Sensitive Compartmented Information Facilities (SCIF) or for certain Security Clearance Administrative Costs may be eligible to claim a credit for security costs.
- h. FIRST YEAR LEASING COSTS TAX CREDIT FOR QUALIFIED SMALL BUSINESSES.** Certain small businesses performing security-based contracting that incur expenses for rental payments owed during the first year of a

rental agreement costs for spaces leased in Maryland may be eligible to claim a credit for security certified by the Maryland Department of Commerce. This credit can be claimed before January 1, 2022.

- i. RESEARCH AND DEVELOPMENT TAX CREDIT.** Businesses may claim a credit for certain qualified research and development expenses.
- j. COMMUTER TAX CREDIT.** Businesses may claim a credit for the cost of providing qualifying commuter benefits to the business entities' employees.
- k. RESERVED FOR FUTURE USE.**
- l. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT.** Businesses may claim a credit against the project cost to establish, relocate or expand a business in a Tier I county in Maryland.
- m. OYSTER SHELL RECYCLING TAX CREDIT.** An individual or business may claim a credit in an amount of \$5 for each bushel of oyster shells recycled during the taxable year with a maximum credit of \$1,500.
- n. ENERGY STORAGE SYSTEMS TAX CREDIT.** An individual or business may claim a credit for certain costs to install an energy storage system paid or incurred during the taxable year.
- o. CYBERSECURITY INCENTIVE TAX CREDIT.** A credit may be claimed by a buyer of cybersecurity technology or cybersecurity services, subject to certain maximum amounts.
- p. WINERIES AND VINEYARDS TAX CREDIT.** Businesses and individuals may claim a credit of 25% of qualified capital expenses, approved by the Maryland Department of Commerce, made in connection with the establishment of new wineries or vineyards or capital improvements to existing wineries or vineyards.
- q. ENDOW MARYLAND TAX CREDIT.** Businesses that donate \$500 of cash or publicly traded securities to a qualified permanent endowment fund at an eligible community foundation may be eligible for a tax credit of 25% of the approved donation with a maximum credit of \$50,000. Individuals who make an approved donation may also be eligible for this tax credit, and may elect to claim this credit on Form 502CR instead of Form 500CR (See Line 24 instructions, letter code i). The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR.
- r. RESERVED FOR FUTURE USE.**
- s. CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS.** Members of a Pass-Through Entity (PTE) may be eligible for a tax credit for an easement conveyed to the Maryland Environmental Trust, the Maryland Agricultural Land Preservation Foundation, or the Maryland Department of Natural Resources to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, view sheds or historic properties. The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR.
- t. APPRENTICE EMPLOYEE TAX CREDIT.** Certain taxpayers may be eligible for an income tax credit for the first year of employment of eligible apprentices.
- u. QUALIFIED FARMS TAX CREDIT.** Qualified farms that make an eligible food donation may be eligible for an income tax credit.
- v. QUALIFIED VETERAN EMPLOYEES TAX CREDIT.** A credit may be claimed by a small business for each qualified veteran employee hired.
- w. ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES TAX CREDIT.** Taxpayers making donations to a qualified permanent fund held at an eligible institution of higher education (Bowie State University, Coppin State University, Morgan State University or University of Maryland Eastern Shore), may be eligible for

a credit of 25% of the amount of donations. Taxpayers who make an approved donation and certified as eligible for this tax credit may claim the credit on Part BB of Form 500CR instead of Form 502CR. The credit **should not** be claimed on **both** Form 500CR and Form 502CR.

## 19 LOCAL INCOME TAX AND LOCAL CREDITS.

**Maryland counties and Baltimore City levy an income tax which is a percentage of Maryland taxable net income. Use the LOCAL TAX RATE CHART and the LOCAL TAX WORKSHEET (19A) to figure your local income tax. Use the county (or Baltimore City) you resided in on the last day of the tax year and which you showed in the box at the top of Form 502. Military taxpayers should refer to Instruction 29.**

### 2021 LOCAL TAX RATE CHART

Subdivision	Rate
Baltimore City	.0320
Allegany County	.0305
Anne Arundel County	.0281
Baltimore County	.0320
Calvert County	.0300
Caroline County	.0320
Carroll County	.0303
Cecil County	.0300
Charles County	.0303
Dorchester County	.0320
Frederick County	.0296
Garrett County	.0265
Harford County	.0306
Howard County	.0320
Kent County	.0320
Montgomery County	.0320
Prince George's County	.0320
Queen Anne's County	.0320
St. Mary's County	.0317
Somerset County	.0320
Talbot County	.0240
Washington County	.0320
Wicomico County	.0320
Worcester County	.0225

### LOCAL TAX WORKSHEET (19A)

Multiply the taxable net income by your local tax rate from the LOCAL TAX RATE CHART for the county in which you were a resident on the last day of the tax year. Enter the result on line 28 of Form 502. This is your local income tax.

- TAXABLE net income from line 20 of Form 502. . . . . 1. \$ \_\_\_\_\_
- LOCAL tax rate from the 2021 Local Tax Rate Chart. . . . . 2. 0 \_\_\_\_\_
- LOCAL income tax (Multiply line 1 by line 2.) Enter this amount on line 28 of Form 502 rounded to the nearest cent or whole dollar. . . . . 3. \$ \_\_\_\_\_

**SPECIAL NOTE:** If you and your spouse were domiciled in different taxing jurisdictions, you should file separate Maryland returns even though you filed a joint federal return. (See Instruction 7.) However, if you choose to file a joint Maryland return, use the following instructions. Enter both counties and/or local jurisdictions in the county, city, town or special taxing area box of your return. If the local tax rates are the same, complete the worksheets as instructed and attach a schedule showing the local tax for each jurisdiction based on the ratio of each spouse's income to the total income. Also note the words "separate jurisdictions" on line 28 of Form 502. If the local tax rates are different, calculate a ratio of each spouse's income to total income. Then apply this ratio to the taxable net income and calculate the local tax for each spouse separately using the appropriate local tax rates. Enter the combined local tax on line 28 of Form 502 and write the words "separate jurisdictions" on that line. Attach

a schedule showing your calculations.

### Local Earned Income Credit.

If you entered an earned income credit on line 22 of Form 502, complete the LOCAL EARNED INCOME CREDIT WORKSHEET (19B). If you do not meet the minimum age requirement under the federal earned income credit and are otherwise eligible for the federal credit for those without a qualifying child, you may claim the state earned income credit (calculate federal earned income credit disregarding the minimum age requirement). If you or your spouse do not possess a valid SSN but are otherwise eligible for the federal credit and are filing your Maryland return using an ITIN, you may claim the state earned income credit by calculating the federal earned income credit disregarding the SSN requirement).

### LOCAL EARNED INCOME CREDIT WORKSHEET (19B)

(Part-year residents see Instruction 26(o).)

- Enter federal earned income credit from your federal return . . . . . 1. \_\_\_\_\_
- Enter your local tax rate from line 2 of the Local Tax Worksheet . . . . . 2. 0 \_\_\_\_\_
- Multiply line 2 by 10 and enter on line 4. . . . . 3. \_\_\_\_\_  
 Example: 
$$\begin{array}{r} .0320 \\ \times 10 \\ \hline .320 \end{array}$$
- Local earned income credit rate . . . . . 4. \_\_\_\_\_
- Multiply line 1 by line 4. Enter here and on line 29 of Form 502. . . . . 5. \_\_\_\_\_

**Note:** In lieu of multiplying by 10, you may simply move the decimal point one place to the right and enter on line 4.

**Local poverty level credit.** If you entered a poverty level credit on line 23 of Form 502, complete the LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C).

### LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C)

(Part-year residents see Instruction 26(o).)

Refer to the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) in Instruction 18. If the amount on line 3 is greater than the amount on line 4, you are eligible to claim the local poverty level credit. Complete this worksheet to calculate the amount of your credit.

- ENTER the amount from line 2 of the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) . . . . . A. \_\_\_\_\_
- ENTER your local tax rate from line 2 of the LOCAL TAX WORKSHEET (19A) . . . . . B. 0 \_\_\_\_\_
- MULTIPLY line A by line B. Enter the amount here and on line 30 of Form 502 . . . C. \_\_\_\_\_

## 20 TOTAL MARYLAND TAX, LOCAL TAX AND CONTRIBUTIONS.

**Add your Maryland tax from line 27 of Form 502 and your local tax from line 33 of Form 502. Enter the result on line 34 of Form 502. Add to your tax any contribution amounts and enter the total on line 39 of Form 502.**

### CHESAPEAKE BAY AND ENDANGERED SPECIES FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

### DEVELOPMENTAL DISABILITIES SERVICES AND SUPPORT FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

## MARYLAND CANCER FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

## FAIR CAMPAIGN FINANCING FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

**IMPORTANT:** If there are not sufficient credits or other payments to satisfy both your tax and the contribution you have designated, the contribution amount will be reduced. If you have entered amounts for contributions to multiple funds, any reduction will be applied proportionately.

# 21 TAXES PAID AND REFUNDABLE CREDITS.

Write your taxes paid and credits on lines 40-43 of Form 502.

### Instructions for each line:

**Line 40. MARYLAND TAX WITHHELD.** Write the total Maryland and local tax withheld as shown on the wage and tax statements (Forms W-2, W-2G or 1099(s)) you have received. Add the amounts identified as Maryland and local tax withheld on each form and write the total on this line. Attach Forms W-2, W-2G and 1099(s) to your return **if Maryland tax is withheld. You will not get credit for your withholding if you do not attach Forms 1099(s), W-2 or W-2G, substantiating Maryland withholding.**

**IMPORTANT:** Your wage and tax statements contain many numbers. Be sure you add only the amounts identified as Maryland state and local tax withheld. **Do not enter estimated tax paid on this line.**

**Line 41. ESTIMATED TAX PAYMENTS.** Enter on line 41 the total of:

- Maryland estimated tax payments;
- Amount of overpayment applied from 2020 return;
- Payments made with a request for an automatic extension of time to file your 2021 return. See the instructions on Form PV found on the PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW); and
- Reported income tax withheld on your behalf as an estimated payment, if you participated in a nonresident real estate transaction as an individual, partner of a PTE, S-Corp, or beneficiary of a fiduciary. Enter code number **506** on one of the code number lines to the right of the telephone number area. The tax will be identified as Maryland tax withheld on Form MW506NRS. Attach a copy of your federal return and all relevant schedules that report the sale of the property.

**NOTE:** Estimated tax payments are required if you expect to receive any income (like pensions, business income, capital gains, lottery, etc.) from which no tax or not enough Maryland tax will be withheld. Read the instructions for Form PV found on the PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW).

### Line 42. REFUNDABLE EARNED INCOME CREDIT.

If your Maryland earned income credit is greater than your Maryland tax, you may also be eligible for a refundable earned income credit. If you are a married couple filing either a joint or separate Maryland return with or without qualifying child; or you have at least one qualifying child, this credit is the amount by which 45% of your federal earned income credit exceeds your Maryland tax liability. Complete the REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A) and enter the result on this line.

Individual **without** a qualifying child may refer to Worksheet (18A.1) to see if they qualify for the refundable earned income credit.

## REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A) – INDIVIDUAL WITH QUALIFYING CHILD OR MARRIED COUPLE FILING SEPARATELY OR JOINTLY WITH OR WITHOUT QUALIFYING CHILD

TO CLAIM THIS CREDIT, YOU MUST:

- Have an entry on line 22 and line 29 of Form 502, and
  - Have entered zero on line 3 of the STATE EARNED INCOME CREDIT WORKSHEET (18A) in Instruction 18.
- ENTER your federal earned income credit \_\_\_\_\_ x 45% (.45) (Part-year residents see Instruction 26(o)) . . . . . 1. \_\_\_\_\_
  - ENTER your Maryland tax from line 21 of Form 502 . . . . . 2. \_\_\_\_\_
  - SUBTRACT line 2 from line 1. If less than zero (0) enter zero (0). This is your refundable earned income credit. . . . . 3. \_\_\_\_\_

If line 3 is greater than zero (0), enter the amount on line 42 of Form 502.

**Line 43. REFUNDABLE INCOME TAX CREDITS.** Enter the total of your income tax credits as listed below:

- STUDENT LOAN DEBT RELIEF TAX CREDIT.** If you have incurred at least \$20,000 in undergraduate or graduate student loan debt or both, you may qualify for this credit. See Form 502CR Instructions.
- HERITAGE STRUCTURE REHABILITATION TAX CREDIT.** A credit is allowed for a certain percentage of qualified rehabilitation expenditures, as certified by the Maryland Historical Trust. Attach a copy of Form 502S and the certification.
- REFUNDABLE BUSINESS INCOME TAX CREDITS.** One Maryland Economic Development Tax Credit, More Jobs for Marylanders Tax Credit, Biotechnology Investment Incentive Tax Credit, Small Business Relief Tax Credit, Clean Energy Incentive Tax Credit, Cybersecurity Incentive Tax Credits (for Investors only), Film Production Activity Tax Credit, Small Business Research and Development Tax Credit, Aerospace, Electronics, or Defense Contract Tax Credit, and Catalytic Revitalization Projects and Historic Revitalization Tax Credit. See Form 500CR instructions at [www.marylandtaxes.gov](http://www.marylandtaxes.gov).
- IRC SECTION 1341 REPAYMENT CREDIT.** If you repaid an amount this year reported as income on a prior year federal tax return that was greater than \$3,000, you may be eligible for an IRC Section 1341 repayment credit. For additional information, see Administrative Release 40.
- CATALYTIC REVITALIZATION PROJECTS AND HISTORIC REVITALIZATION TAX CREDIT.** If you are an individual, business entity, or nonprofit organization, you may claim a tax credit in an amount equal to 20% of the amount stated in the final tax credit certificate issued by the Secretary of this subtitle for 5 consecutive taxable years beginning with the taxable years in which the Catalytic Revitalization Projects is completed. See Form 502CR instructions.
- FLOW-THROUGH NONRESIDENT PTE TAX CREDIT.** If you are the beneficiary of a trust for which nonresident PTE tax was paid, you may be entitled to a share of that tax. If you are a partner or a member of a pass-through entity for which nonresident PTE tax was paid, you may be entitled to a share of that tax. Complete and attach Form 502CR with Form 502.
- CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES.** If your Maryland credit for child and dependent care expenses exceeds your Maryland Tax, you may qualify for this credit. See worksheet (21B).

**REFUNDABLE CHILD AND DEPENDENT CARE EXPENSES TAX CREDIT WORKSHEET (21B)**

1. Enter your Federal Adjusted Gross Income (FAGI) from line 1 of Form 502 or line 17, column 1 of Form 505 or Form 515.  
If you are filing Individual return and your FAGI is greater than \$52,100\* **STOP you are not eligible for this refundable tax credit.**  
If you are filing Joint return and your FAGI is greater than \$78,150\* **STOP you are not eligible for this refundable tax credit.** . . . 1. \_\_\_\_\_
2. Enter your Child and Dependent Care Expenses tax credit from Part B, line 4 of Form 502CR . . . . . 2. \_\_\_\_\_
3. Enter Maryland tax from line 21 of Form 502, line 32a of Form 505, or line 33 of Form 515.3. \_\_\_\_\_
4. Subtract line 3 from line 2. If this amount is negative or zero (0), enter zero (0). This is your Refundable Child and Dependent Care Expense Tax Credit. Enter this amount in Part CC, line 7 of Form 502CR. . . . . 4. \_\_\_\_\_

\* **NOTE:** The FAGI figures indicated have been adjusted for taxable year 2021. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov)

**8. MARYLAND CHILD TAX CREDIT.** The Maryland Child Tax Credit may be claimed by certain individual and joint married filers with one or more qualifying children. Such filers with a federal adjusted gross income of \$6,000 or less may claim a credit for each qualifying child in the amount of \$500. There is no limit on the number of qualifying children for which the credit may be claimed, so long as they satisfy the requirements.

A "qualified child" is a dependent under the age of 17 on the last day of the tax year who has a disability. "Child with a disability" means a child who has been determined through appropriate assessment as having autism, deaf-blindness, hearing impairment, including deafness, emotional disability, intellectual disability, multiple disabilities, orthopedic impairment, other health impairment, specific learning disability, speech or language impairment, traumatic brain injury, visual impairment, including blindness, and who because of that impairment needs special education and related services. **Note:** A copy of the required certification from a qualified physician stating the nature of the disability must be included with Form 502CR.

If you claimed a federal child tax credit, you must subtract the amount of the federal credit (found on line 19 of federal Form 1040) before entering the amount of the Maryland credit on line 8 of Part CC of Form 502CR.

**REFUNDABLE CHILD TAX CREDIT WORKSHEET (21C)**

**YOU MAY CLAIM THIS CREDIT IF:**

- YOUR federal adjusted gross income is \$6,000 or less; and
- YOUR qualified dependent must be under 17 on the last day of the tax year; and
- YOUR dependent is disabled.

1. Enter your Federal Adjusted Gross Income that is equal or less than \$6,000 from line 1 of Form 502 or line 17, column 1 of Form 505 or Form 515. Is line 1 greater than \$6,000? If yes, then STOP. YOU ARE NOT ELIGIBLE TO CLAIM THIS CREDIT. If no, proceed to line 2. . . . . 1. \_\_\_\_\_
2. Enter your federal child credit included on line 19 of your federal Form 1040 (if any) . 2. \_\_\_\_\_
3. Maryland child tax credit (multiply \$500 by the number of qualified disabled dependents included on Form 502B) \_\_\_\_\_

- X \$500. . . . . 3. \_\_\_\_\_
4. Total (Subtract line 2 from line 3 and enter the amount here and on line 8 of Form 502CR). If the amount is less than zero (0), enter zero (0). This is your child tax credit. 4. \_\_\_\_\_

**9. PTE TAX PAID ON MEMBERS' DISTRIBUTIVE OR PRO RATA SHARES OF INCOME.** Per Senate Bill 496 of 2021, if you are the beneficiary of a trust or a Qualified Subchapter S Trust which elected to pay the tax imposed with respect to members' distributive or pro rata shares, you may be entitled to a credit for your share of that tax. See Form 502CR Instructions and attach the Maryland Schedule K-1 (504) for the trust. You must addback the amount of this credit.

Per Senate Bill 496 of 2021, if you are a member of a PTE (pass-through entity) which elected to pay the tax imposed with respect to members' distributive or pro rata shares, you may be entitled to a credit for your share of that tax paid. See Form 502CR Instructions and attach Maryland Schedule K-1 (Form 510) issued to you. You must addback the amount of this credit.

**22 OVERPAYMENT OR BALANCE DUE.**

**Calculate the Balance Due (line 45 of Form 502) or Overpayment (line 46 of Form 502). Read instructions under UNDERPAYMENT OF ESTIMATED TAX and then go to BALANCE DUE or OVERPAYMENT.**

**UNDERPAYMENT OF ESTIMATED TAX**

If you had income from which tax was not withheld or did not have enough tax withheld during the year, you may have owed an estimated tax. All taxpayers should refer to Form 502UP to determine if they owe interest because they underpaid estimated tax during the year.

If you owe interest, complete Form 502UP, write the amount of interest (line 18 of Form 502UP) and check the box on line 49 of Form 502. Attach Form 502UP.

Generally, you do not owe interest if:

- a. you owe less than \$500 tax on income that is not subject to Maryland withholding;
- b. each current year payment, made quarterly as required, is equal to or more than one-fourth of 110% of last year's tax, that was developed; OR
- c. you made quarterly payments during the year that equal 90% of this year's tax.
- d. If 90% of your taxable income was taxable to another state or your income was received unevenly, see Instruction 23 for more information.

Special rules apply if your gross income from farming or fishing is at least two-thirds of your total estimated gross income. See Form 502UP for additional information and instructions for claiming this exemption from interest.

**INTEREST FOR LATE FILING**

Interest is due at the rate of 9.5% annually or 0.7916% per month for any month or part of a month that a tax is paid after the original due date of the 2021 return but before January 1, 2023. For assistance in calculating interest for tax paid on or after January 1, 2023, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov). Enter any interest due on the appropriate line of your tax return.

- Penalty up to 10% may be assessed by the Comptroller of Maryland for failing to pay any tax, or failing to file a tax return, when due.

**TOTAL INTEREST AND PENALTY**

Enter the total of interest for underpayment of estimated tax, interest for late filing, and penalty for withdrawal of funds from a First Time Homebuyer Savings Account for an ineligible purpose on line 49 of Form 502.



-Enter 10% of the amount of any addition modification attributed to code letter "s", First Time Homebuyer Savings Account addition, for funds withdrawn for an ineligible purpose.

**Note:** Funds withdrawn from the account and deposited into a new First Time Homebuyer Savings Account or a disbursement of assets of a First Time Homebuyer Savings Account under an account holder's bankruptcy filing are not subject to the penalty.

#### BALANCE DUE

If you have a balance due, add this amount to any amount on line 49. Enter the total on line 50.

Pay your balance due (unless it is less than \$1.00). See Instructions 23 and 24 regarding signatures, attachments and mailing.

#### OVERPAYMENT

If you file Form 502 and have an overpayment on line 46, the Revenue Administration Division will refund any amount of \$1.00 or more. If you want part or all of your overpayment applied to your 2022 estimated tax, then write the amount you want applied on line 47. Overpayments may first be applied to previous years' tax liabilities or other debts as required by federal or state law. If you must pay interest for underpayment of estimated tax, enter the amount of interest from line 18 of Form 502UP on line 49. Subtract lines 47 and 49 from your overpayment (line 46). This is the amount of your refund. Write this amount on line 48. No refunds of less than \$1.00 will be sent. If the amount of interest charges from Form 502UP or line 49 is more than the overpayment or line 46 of Form 502, enter zero (0) on line 47 and 48. Then subtract line 49 from line 46 and enter the result on line 50. If you prefer, you may leave line 49 blank and the Revenue Administration Division will figure the interest charges and send you a bill. See Instructions 23 and 24 regarding signatures, attachments and mailing.

The length of time you have for claiming a refund is limited. See Instruction 28 for more information.

#### DIRECT DEPOSIT OF REFUND

To comply with banking and **National Automated Clearing House Association (NACHA)** rules, we ask you to indicate by checking the appropriate box on your return if the state refund is going to an account outside the United States. If you indicate that this is the case, **STOP!** do not enter your routing and account numbers, as the direct deposit option is not available to you. We will send you a paper check.

By choosing direct deposit of your refund and checking the appropriate box, you authorize the State of Maryland to disclose to your bank and NACHA any tax return information necessary to make the deposit, such as your name and the name(s) as it appears on the bank account. Complete lines 51a, b, c, and d of Form 502 if you want us to deposit your refund directly into your account at a bank or other financial institution (such as a mutual fund, brokerage firm or credit union) in the United States.



Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. **If you enter incorrect account or omit any required information, the State of Maryland will not be responsible for recovering that refund and/or for making direct deposit payment electronically.**

#### Line 51a.

Check the appropriate box to identify the type of account that will be used (checking or savings). You must check one box only or a refund check will be mailed.

#### Line 51b.

The routing number must be **nine** digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check will be mailed.

If you are not sure of the correct routing number or if your check states that it is payable through a financial institution different from the one at which you have your checking account, contact your financial institution for the correct routing number.

#### Line 51c.

The account number can be up to 17 characters (both numbers and letters). Omit spaces, hyphens and special symbols. Enter the number from left to right. If we are notified by the financial institution that the direct deposit is not successful, a refund check will be mailed to you. Have a bank statement for the deposit account available if you contact us concerning the direct deposit of your refund.

#### Line 51d.

Indicate the name(s) as it appears on the bank account.

**DISCLOSURE** By requesting a direct deposit of your Maryland tax refund and entering your bank account number, routing number, account type, and name(s) as it appears on your bank account and on your income tax return, you authorize the Comptroller's Office to disclose this information regarding your refund amount to the Maryland State Treasurer's Office (who performs banking services for the Comptroller's Office).

#### SPLITTING YOUR DIRECT DEPOSIT

If you would like to deposit portions of your refund (Form 502, line 48) to multiple accounts, do not complete any direct deposit information on your income tax return. Instead, you must enter code number 588 on one of the code number lines located to the right of the telephone number area on your return; complete, and attach Form 588. Visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) to obtain a Form 588.

**NOTE: You may not use Form 588 if you are filing Form 502INJ, Maryland Injured Spouse Claim Form, or if you plan to deposit your refund in a bank outside of the United States.**

Individual taxpayers now have the option to use all or part of their Maryland income tax refund to purchase U.S. Series I Savings Bonds. See Form 588 for additional details.

## 23 TELEPHONE NUMBERS, CODE NUMBERS, SIGNATURES AND ATTACHMENTS.

**Enter your telephone numbers and sign and date your return. Be sure to attach all required forms, schedules and statements.**

#### CODE NUMBER

If special circumstances apply, you may not owe interest for underpayment of estimated tax. Enter the applicable code number on one of the code number lines located to the right of the telephone number area. Enter **code 300** if you are a farmer or fisherman, **301** if your income was received unevenly throughout the year, or **302** if 90% of your taxable income is taxable by another state and the underpayment is not greater than the local tax. Attach your completed Form 502UP if you have entered **code 301**.

#### TAX PREPARERS

If another person prepared your return, that person must print name, sign the return and enter their Preparer's Tax Identification Number (PTIN). The preparer declares, under the penalties of perjury, that the return is based on all information required to be reported of which the preparer has knowledge. Income tax preparers who, for compensation, completed 100 or more original Maryland individual income tax returns (paper and electronic forms) for Tax Year 2020 are required to file all original individual income tax returns electronically for Tax Year 2021, except when a taxpayer specifically requests a preparer to file by paper or when a preparer has received a valid written waiver from the Comptroller.

At the bottom of the return at the signature area, we have provided a check box for you to authorize your preparer to discuss your return with us. Another check box is provided for you to authorize your preparer not to file your return electronically.

Penalties may be imposed for tax preparers who fail to sign the

tax return and provide their PTIN, or who failed to file electronically when required.

## SIGNATURES

You must sign your return. Your signature(s) signifies that your return, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under penalties of perjury. Both spouses must sign a joint return. If your spouse cannot sign because of injury or disease and tells you to sign, you can sign your spouse's name in the proper space on the return followed by the words "By (your name), spouse." Be sure to also sign in the space provided for your signature. If a power of attorney is necessary, complete Form 548 and attach to your return.

## ATTACHMENTS

For returns with payment by check or money order, attach the payment to the Form PV. The Form PV and payment are placed before the Form 502 for mailing purposes. **The Form PV and payment are not attached to the Form 502.**

Be sure to attach wage and tax statements (Form W-2, W-2G and 1099) to the front of your Form 502, **if Maryland tax was withheld.** Also attach all other forms (except Form PV), K-1s, schedules and statements required by these instructions. These documents should be attached and placed after page 4 of the Form 502.

# 24 ELECTRONIC FILING, MAILING AND PAYMENT INSTRUCTIONS, DEADLINES AND EXTENSION.

## ELECTRONICALLY FILING YOUR RETURN

The fastest way to file your return, and receive your refund is to file electronically and request direct deposit. If you request direct deposit on your electronic return, your refund should be in your bank account within 72 hours of acknowledgment from the Revenue Administration Division. **You may request electronic funds withdrawal (direct debit) payments on your electronic return.** If you both file and pay electronically, your return is due April 18th. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day. **However, you will have until April 30th to make your electronic payment. Note: An online payment where the bank mails the Comptroller of Maryland a paper check is not considered an electronic payment.** You may file your return electronically through your personal computer. **Do not send a paper copy of the return if you electronically filed.** For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

## ELECTRONIC PAYMENT OF BALANCE DUE

If your paper or electronic tax return has a balance due, you may pay electronically at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) by selecting Bill Pay. The amount that you designate will be debited from your bank or financial institution on the date that you choose.

## PAYMENT BY CHECK OR MONEY ORDER

Make your check or money order payable to "Comptroller of Maryland." Must use blue or black ink. **Do not use red ink or pencil.** Write the type of tax and year of tax being paid on your check. It is recommended that you include your Social Security number of the primary taxpayer (if filing jointly) on the check. **DO NOT SEND CASH.**

Your check or money order should be attached to the completed Form PV. Do not attach the check or money order to your return.

## ALTERNATIVE PAYMENT METHODS

For alternative methods of payment, such as a credit card, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

**NOTE:** Credit card payments are considered electronic payments for the purpose of the April 30th extended due date if you filed your return electronically by April 15th. If the due date falls on a Saturday, Sunday or legal holiday, the return must be

filed by the next business day.

## ELECTRONIC 1099G

At the bottom of the return in the signature area, we have provided a check-box just above the signature for you to indicate that you agree to receive your statement of refund (Form 1099G) electronically. Visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) to print an electronic Form 1099G or request Form 1099G in paper form.

If you have requested an electronic 1099G, we will notify you by email in January that your 1099G is available to be viewed and printed at [www.marylandtaxes.gov](http://www.marylandtaxes.gov), if you are a registered user.

**Note:** We can only honor your request on an electronically-filed return or through your registered request on our website. If you are filing a tax form by paper, we do not capture this request and therefore cannot honor your request to send you an electronic Form 1099G under current IRS regulations.

## MAILING YOUR RETURN

**For returns filed with payments, attach check or money order to Form PV. Make checks payable to Comptroller of Maryland. Do not attach Form PV or check/money order to Form 502. Place Form PV with attached check/money order on top of Form 502 and mail to:**

**Comptroller of Maryland  
Payment Processing  
PO Box 8888  
Annapolis, MD 21401-8888**

For returns filed without payments, mail your completed return to:

**Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001**

Sending your return by certified mail will not result in special handling and may delay your refund.

## Private Delivery Services

If you wish to send your items by a private delivery service (such as FedEx or UPS) instead of the U.S. Postal Service, use the following address:

**Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001**

## DUE DATE

Returns must be mailed by April 15th, 2022, for calendar year taxpayers. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day. If filing on a fiscal year basis, see Instruction 25.

## EXTENSION OF TIME TO FILE

Follow the instructions on Form PV found on the PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW) to request an automatic extension of the time to file your 2021 return. Filing Form PV extends the time to file your return, **but does not extend the time to pay your taxes.** Payment of the expected tax due is required with Form PV on or before April 15th, 2022. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day. You can file and pay by credit card or electronic funds withdrawal (direct debit) on our website. **If no tax is due and you requested a federal extension, you do not need to file Form PV or take any other action to obtain an automatic six-month extension.** If no tax is due and you did not request a federal extension, file your extension online at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) or by phone at 410-260-7829. Only submit Form PV if tax is due.

## COMBAT ZONE EXTENSION

Maryland allows the same six-month extension for filing **and paying** personal income taxes for military and support person-

nel serving in a designated combat zone or qualified hazardous duty area and their spouses as allowed by the IRS. For more detailed information, visit [www.irs.gov](http://www.irs.gov). If you are affected by the extension enter **912** on one of the code number lines to the right of the telephone number area.

## 25 FISCAL YEAR.

**You must file your Maryland return using the same tax year and the same basis (cash or accrual) as you used on your federal return.**

To file a fiscal year return, complete the fiscal year information at the top of Form 502, and print "FY" in bold letters in the upper left hand corner of the form. Whenever the term "tax year" appears in these instructions, fiscal year taxpayers should understand the term to mean "fiscal year." Use the 2021 forms for fiscal years which begin during calendar year 2021.

Fiscal year returns are due on the 15th day of the 4th month following the close of the fiscal year.

## 26 SPECIAL INSTRUCTIONS FOR PART-YEAR RESIDENTS.

**Your return must show all income reported on your federal return, regardless of when or where earned. However, you are permitted to subtract income received when not a resident of Maryland. The following instructions describe the adjustments which must be made for a part-year resident return and returns filed by certain military taxpayers (see Instruction 29) and married couples who file a joint return when one spouse is not a resident of Maryland.**

- You must file Form 502.
- Whenever the term "tax year" is used in these instructions, it means that portion of the year in which you were a resident of Maryland. If you began residence in Maryland in 2021, the last day of the "tax year" was December 31, 2021. If you ended residence in Maryland in 2021, the last day of the "tax year" was the day before you established residence in another state.
- Complete the name and address information at the top of Form 502. On Current Mailing Address Line 1, enter the street number and street name of your current address. If using a PO Box address, enter "PO Box" and the PO Box number on Current Mailing Address Line 1. On Current Mailing Address Line 2, if applicable enter the floor, suite, or apartment number for your current mailing address. If using a PO Box address, leave Current Mailing Address Line 2 blank.
- Complete the Maryland political subdivision information using Instruction 6. The Maryland political subdivision information includes the 4 DIGIT POLITICAL SUBDIVISION CODE, MARYLAND POLITICAL SUBDIVISION, MARYLAND PHYSICAL ADDRESS LINE 1, MARYLAND PHYSICAL ADDRESS LINE 2, CITY, ZIP CODE + 4, and MARYLAND COUNTY fields. Use the county, city, town or taxing area of which you were a resident on the last day of your Maryland residence.
- Complete the filing status area using the same filing status that you used on your federal return. Married couples who file joint federal returns may file separate Maryland returns under certain circumstances. See Instruction 7. If you are a dependent taxpayer, use filing status 6.
- Complete the EXEMPTIONS area. Additional exemptions are allowed for age and blindness for Maryland purposes which will be computed in this area.
- Complete the Part-year/MILITARY area on the front of Form 502. Place a "P" in the box and show the dates of residence in Maryland. Certain military taxpayers following these instructions should place an "M" in the box and enter the non-Maryland military income. If you are both part-year and military, place a "P" and "M" in the box. Married taxpayers with different tax periods filing a joint Maryland return should enter

a "D" in the box, follow the remainder of this instruction and write "different tax periods" in the dates of residence area. Married taxpayers who file a joint return when one spouse is not a resident of Maryland should place a "P" in the part year resident box and enter the name and the other state of residence of the nonresident spouse.

- Enter on line 1 the adjusted gross income from your federal return for the entire year regardless of your length of residence.
- Complete the ADDITIONS TO INCOME area using Instruction 12. If you had losses or adjustments to income on your federal return, write on line 5 those loss or adjustment items that were realized or paid when you **were not** a resident of Maryland.
- Complete the SUBTRACTIONS FROM INCOME area using Instruction 13. **You may include only subtractions from income that apply to income subject to Maryland tax.** Include on line 12 any income received during the part of the year when you were **not** a resident of Maryland.
- You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Complete the MARYLAND INCOME FACTOR WORKSHEET (26A) to figure the percentage of Maryland income to total income.
- If you itemize deductions, complete lines 17a and b. Prorate the itemized deductions using the following formula:

$$\begin{array}{rcccl} \text{NET} & & \text{MARYLAND} & & \text{MARYLAND} \\ \text{ITEMIZED} & \times & \text{INCOME} & = & \text{ITEMIZED} \\ \text{DEDUCTIONS} & & \text{FACTOR} & & \text{DEDUCTIONS} \end{array}$$

Enter the prorated amount on line 17 of Form 502 and check the ITEMIZED DEDUCTION METHOD box. Another method of allocating itemized deductions may be allowed. Send your written request along with your completed Maryland return, a copy of your federal return including federal Schedule A and a copy of the other state's return. If the other state does not have an income tax, then submit a schedule showing the allocation of income and itemized deductions among the states. The Maryland return must be completed in accordance with the alternative method requested. This request should be sent to the Revenue Administration Division, Taxpayer Accounting Section (Special Allocations), P.O. Box 1829, Annapolis, MD 21404-1829.

- If you are not itemizing deductions, you must use the standard deduction. The standard deduction must be prorated using the Maryland income factor. Calculate the standard deduction using a worksheet in Instruction 16. Prorate the standard deduction using the following formula:

$$\begin{array}{rcccl} \text{STANDARD} & \times & \text{MARYLAND} & = & \text{PRORATED} \\ \text{DEDUCTION} & & \text{INCOME} & & \text{STANDARD} \\ & & \text{FACTOR} & & \text{DEDUCTION} \end{array}$$

Enter the prorated amount on line 17 of Form 502 and check the STANDARD DEDUCTION METHOD box.

- The value of your exemptions (line 19) must be prorated using the Maryland income factor. Prorate the exemption amount using the following formula:

$$\begin{array}{rcccl} \text{TOTAL} & \times & \text{MARYLAND} & = & \text{PRORATED} \\ \text{EXEMPTION} & & \text{INCOME} & & \text{EXEMPTION} \\ \text{AMOUNT} & & \text{FACTOR} & & \text{AMOUNT} \end{array}$$

Enter the prorated exemption amount on line 19 of Form 502.

- You must prorate your earned income, poverty level and refundable earned income credits using the Maryland income factor.

### MARYLAND INCOME FACTOR WORKSHEET (26A)

- Enter amount from line 16 of Form 502 . . . \$ \_\_\_\_\_
- Enter amount from line 1 of Form 502 . . . . \$ \_\_\_\_\_
- Divide line 1 above by line 2. Carry this amount to six decimal places.

The factor cannot exceed 1 (100%)

and cannot be less than zero (0%).  
If line 1 is 0 or less, the factor is 0.  
If line 1 is greater than 0 and line 2 is 0  
or less, the factor is 1. . . . . \_\_\_\_\_

### EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET (26A). Enter the result as the federal earned income credit amount on line 2 of the STATE EARNED INCOME CREDIT WORKSHEET (18A) in Instruction 18 and on line 1 of the LOCAL EARNED INCOME CREDIT WORKSHEET (19B) in Instruction 19.

Multiply the amount from line 5 of the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) in Instruction 18 by the Maryland income factor and enter this amount as the credit on line 23 of Form 502. Multiply the amount from line c of the LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C) in Instruction 19 by the Maryland income factor and enter this amount as the credit on line 30 of Form 502.

### REFUNDABLE EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET (26A). Enter the result as the federal earned income credit amount on line 1 of the REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A) in Instruction 21.

p. Complete the remainder of the form using the line instructions.

## 27 FILING RETURN OF DECEASED TAXPAYER.

Enter code 321 on one of the code number lines located to the right of the telephone number area on page 4 of Form 502. Use the following special instructions:

### FILING THE RETURN

If an individual required to file an income tax return dies, the final income tax return shall be filed:

- a. By the personal representative of the individual's estate;
- b. If there is no personal representative, by the decedent's surviving spouse; or,
- c. Jointly by the personal representatives of each if both spouses are deceased.

### JOINT RETURN

If the spouse of the deceased taxpayer filed a joint federal return with the decedent, generally a joint Maryland return must be filed. (See Instruction 7.)

The word "DECEASED" and the date of death should be written after the decedent's name at the top of the form. The name and title of any person, other than the surviving spouse, filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration or, if the return is filed solely by the surviving spouse, attach a death certificate.

### ALL OTHER RETURNS

If the return is filed by the personal representative, write the words "Estate of" before the decedent's first name and the date of death after the last name. The name and title of the person filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration.

If there is no personal representative, write the word "deceased" and the date of death after the decedent's last name. The name and title of the person filing the return should be clearly noted on the form. A copy of federal Form 1310 **must** be attached if requesting a refund. The form can be found at [www.irs.gov](http://www.irs.gov).

### KILLED IN ACTION

Maryland will abate the tax liability for an individual who is a member of the U.S. Armed Forces at death, and dies while in ac-

tive service in a combat zone or at any place from wounds, disease, or injury incurred while in active service in a combat zone. To obtain an abatement, a return must be filed. The abatement will apply to the tax year in which death occurred, and any earlier tax year ending on or after the first day the member served in a combat zone in active service.

Maryland will also abate the tax liability of an individual who dies while a military or civilian employee of the United States, if such death occurs as a result of wounds or injury incurred outside the United States in a terrorist or military action. In the case of a joint return, Maryland applies the same rules for these taxpayers as does the IRS. For more information on filing a return, see Publication 3 Armed Forces Tax Guide available at [www.irs.gov](http://www.irs.gov). Place code number **915** on one of the lines marked "code numbers" to the right of the telephone number area, if you are filing a return for a taxpayer who was killed in action meeting the above criteria.

### ESTATE TAX RETURN REQUIRED

In addition to an income tax return, a Maryland estate tax return is required for every estate whose federal gross estate, plus certain additions, equals or exceeds the Maryland estate tax exemption amount for the year of the decedent's death. For decedents dying in tax year 2019 and later, the Maryland estate tax exemption amount is \$5,000,000. An estate tax return must be filed within nine months of the date of death. For more information, see the Maryland Estate Tax Return, Form MET-1.

## 28 AMENDED RETURNS.

If you need to change a return that you have already filed, or if the IRS changes your return, you must file an amended return.

### FILING AN AMENDED RETURN

You must file an amended return to make certain changes to your original return. These include changes in income, filing status, amount of deductions, the number of exemptions, and the amount of additions to income and subtractions from income.

**Note:** Changes made as part of an amended return are subject to audit for up to three years from the date the amended return is filed.

Use Form 502X to file an amended return and include a copy of your federal return. Form 502X and instructions may be obtained by visiting [www.marylandtaxes.gov](http://www.marylandtaxes.gov) or by calling 410-260-7951.

### CHANGES TO YOUR FEDERAL RETURN

If the IRS makes any changes to your federal return, you must notify the State of Maryland. Send notification to the Revenue Administration Division within 90 days of the final determination of the changes by the IRS. If you file an amended federal return that changes your Maryland return, you must file an amended Maryland return.

### IF YOUR ORIGINAL RETURN SHOWED A REFUND

If you expect a refund from your original return, do not file an amended return until you have received your refund check. Then cash the check; do not return it. If your amended return shows a smaller refund, send a check for the difference with the amended return. If your amended return shows a larger refund, the Revenue Administration Division will issue an additional refund check.

### ADDITIONAL INFORMATION

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks.

Generally, a claim for a refund or overpayment credit must be filed within three years from the date the original return was filed or within two years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due. If a claim is filed within three years after the date the

return was filed, the credit or refund may not be more than that part of the tax paid within three years, plus extension of time for filing the return, prior to the filing of the claim. If a claim is filed after the three year period, but within two years from the time the tax was paid, the refund or credit may not be more than the tax paid within two years immediately before filing the claim for a refund or credit.

A claim for refund based on a federal net operating loss carry-back must be filed within three years from the due date of the return for the tax year of the net operating loss (farming loss only).

If the claim for refund resulted from a federal adjustment or final decision of a federal court which is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund must be filed within one year from the date of the adjustment or final decision.

If the claim for refund resulted from a notification received from another state for income taxes due which is more than three years from the date of filing the Maryland return or more than two years from the time the tax was paid, a claim for refund resulting from a credit for taxes paid to that state must be filed within one year of the date of the notification that the other state's tax was due.

If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than three years from the date of filing the return or more than two years from the time the tax was paid, the claim for refund must be filed within one year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.

No refund for less than \$1.00 will be issued. No payment of less than \$1.00 is required.

## **29 SPECIAL INSTRUCTIONS FOR MILITARY TAXPAYERS.**

**See Administrative Release 1.**

### **MILITARY PERSONNEL WHO ARE LEGAL RESIDENTS OF MARYLAND**

**1. Without overseas pay:**

Must file a resident return (Form 502) and report all income from all sources, wherever earned. You must calculate the local portion of the tax regardless of whether you were stationed in Maryland or not. The location of your legal residence determines which county should be entered on your return. See Instructions 6 and 19. If you filed a joint federal return, see Instruction 7.

**2. With overseas pay:**

Same as above, may subtract up to \$15,000 in military pay earned outside U.S. boundaries or possessions, depending upon total military income. If you filed a joint federal return, see Instruction 7.

### **MILITARY PERSONNEL WHO ARE LEGAL RESIDENTS OF ANOTHER STATE**

Military personnel and their spouses who are legal residents of another state should see the MARYLAND NONRESIDENT INSTRUCTIONS and Administrative Release 1.

















# PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW)

## Estimated Tax Worksheet Instructions

**Purpose of declaration** The filing of a declaration of estimated Maryland income tax is a part of the pay-as-you-go plan of income tax collection adopted by the State. If you have any income such as pensions, business income, lottery, capital gains, interest, dividends, etc., from which no tax is withheld, or wages from which not enough Maryland tax is withheld, you may have to pay estimated taxes. The law is similar to the federal law.

**Who must file a declaration** You must file a declaration of estimated tax if you are required to file a Maryland income tax return and your gross income would be expected to develop a tax of more than \$500 in excess of your Maryland withholding.

You must file a declaration with payment in full within 60 days of receiving \$500 or more of income from awards, prizes, lotteries or raffles, whether paid in cash or property if Maryland tax has not been withheld. A married couple may file a joint declaration. If you are filing a joint declaration, both Social Security numbers must be entered. If filing on behalf of a minor, the name and Social Security number of the minor must be entered.

**When to file a declaration** You must pay at least one-fourth of the total estimated tax on line 15 of this form on or before **April 15, 2022**. The remaining quarterly payments are due **June 15, 2022, September 15, 2022** and **January 15, 2023**. You may pay the total estimated tax with your first payment. If you are filing on a fiscal year basis, each payment is due by the 15th day of the 4th, 6th, 9th and 13th months following the beginning of the fiscal year.

**Overpayment of tax** If you overpaid your 2021 income tax (Form 502 or 505), you may apply all or part of the overpayment to your 2022 estimated tax. If the overpayment applied equals or exceeds the estimated tax liability for the first quarterly payment, you are not required to file the declaration. If the overpayment applied is less than the estimated tax liability, you should file the declaration and pay the balance of the first installment.

**How to estimate your 2022 tax** The worksheet is designed to develop an estimate of your 2022 Maryland and local income tax. Be as accurate as you can in forecasting your 2022 income. You may use your 2021 income tax as a guide, but if you will receive more income than you did in 2021, you must pay at least 110% of your prior year tax to avoid interest for underpayment of estimated tax. For the purpose of estimating, rounding all amounts to the nearest dollar is recommended.

Nonresidents who want to estimate 2022 Maryland taxes may use the Nonresident Estimate Tax Calculator at [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

### Specific Instructions:

**Line 1.** Total income expected in 2022 is your estimated federal adjusted gross income.

**Line 2.** Net modifications. You must add certain items to your federal adjusted gross income. See Instruction 12 of the tax instructions. You may subtract certain items from federal adjusted gross income. See Instruction 13 of the tax instructions. Enter on this line the net result of additions and subtractions.

**Line 4.** Deductions. You may compute your tax using the standard deduction method or the itemized deduction method.

**Standard deduction.** Compute 15% of line 3.

**If Filing Status 1, 3, 6:** If the amount computed is less than \$1,550, enter \$1,550; if the amount is between \$1,550 and \$2,350, enter that amount; if the amount is more than \$2,350, enter \$2,350.

**If Filing Status 2, 4, 5:** If the amount computed is less than \$3,100, enter \$3,100; if the amount is between \$3,100 and \$4,700, enter that amount; if the amount is more than \$4,700, enter \$4,700.

**Itemized deductions.** Enter the total of federal itemized deductions less state and local income taxes.

**Line 6.** Personal exemptions. If your FAGI will be \$100,000 or less, you are allowed:

- \$3,200 each for taxpayer and spouse.
- \$1,000 each for taxpayer and spouse if age 65 or over and/or blind.
- \$3,200 for each allowable dependent, other than taxpayer and spouse. The amount is doubled for allowable dependents age 65 or over.

If your FAGI will be more than \$100,000, see chart below to determine the amount of exemption you can claim for items a and c above.

If Your federal AGI is		If you will file your tax return	
		Single or Married Filing Separately Each Exemption is	Joint, Head of Household or Qualifying Widow(er) Each Exemption is
\$100,000 or less		\$3,200	\$3,200
Over	But not over		
\$100,000	\$125,000	\$1,600	\$3,200
\$125,000	\$150,000	\$800	\$3,200
\$150,000	\$175,000	\$0	\$1,600
\$175,000	\$200,000	\$0	\$800
In excess of \$200,000		\$0	\$0

**Line 8.** Maryland income tax. Use the tax rate schedules below to compute your tax on the amount on line 7.

For taxpayers filing as Single, Married Filing Separately, or as Dependent Taxpayers. This rate also is used for taxpayers filing as Fiduciaries.

### Tax Rate Schedule I

**If taxable net income is:**

**Maryland Tax is:**

At least: but not over:

\$0	\$1,000		2.00%	of taxable net income
\$1,000	\$2,000	\$20.00	plus 3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00	plus 4.00%	of excess over \$2,000
\$3,000	\$100,000	\$90.00	plus 4.75%	of excess over \$3,000
\$100,000	\$125,000	\$4,697.50	plus 5.00%	of excess over \$100,000
\$125,000	\$150,000	\$5,947.50	plus 5.25%	of excess over \$125,000
\$150,000	\$250,000	\$7,260.00	plus 5.50%	of excess over \$150,000
\$250,000	--	\$12,760.00	plus 5.75%	of excess over \$250,000

# PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW)

For taxpayers filing Joint Returns, Head of Household, or for Qualifying Widows/Widowers.

## Tax Rate Schedule II

If taxable net income is:		Maryland Tax is:	
At least:	but not over:		
\$0	\$1,000	2.00%	of taxable net income
\$1,000	\$2,000	\$20.00 plus 3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00 plus 4.00%	of excess over \$2,000
\$3,000	\$150,000	\$90.00 plus 4.75%	of excess over \$3,000
\$150,000	\$175,000	\$7,072.50 plus 5.00%	of excess over \$150,000
\$175,000	\$225,000	\$8,322.50 plus 5.25%	of excess over \$175,000
\$225,000	\$300,000	\$10,947.50 plus 5.50%	of excess over \$225,000
\$300,000	--	\$15,072.50 plus 5.75%	of excess over \$300,000

**Line 11.** Local or special nonresident income tax. Maryland counties and Baltimore City levy an income tax on residents that is a percentage of taxable net income. The amount you entered on line 7 is your taxable net income. Multiply that amount by your local tax rate (see below) and enter on line 11.

Baltimore City . . . . .	.0320
Allegany County . . . . .	.0305
Anne Arundel County . . . . .	.0281
Baltimore County . . . . .	.0320
Calvert County . . . . .	.0300
Caroline County . . . . .	.0320
Carroll County . . . . .	.0303
Cecil County . . . . .	.0300
Charles County . . . . .	.0303
Dorchester County . . . . .	.0320
Frederick County . . . . .	.0296
Garrett County . . . . .	.0265
Harford County . . . . .	.0306
Howard County . . . . .	.0320
Kent County . . . . .	.0320
Montgomery County . . . . .	.0320
Prince George's County . . . . .	.0320
Queen Anne's County . . . . .	.0320
St. Mary's County . . . . .	.0310
Somerset County . . . . .	.0320
Talbot County . . . . .	.0240
Washington County . . . . .	.0300
Wicomico County . . . . .	.0320
Worcester County . . . . .	.0225
<b>Nonresidents use . . . . .</b>	<b>.0225</b>

**Filing a return instead of fourth payment** Instead of making the fourth declaration payment on or before **January 15, 2023**, you may file your 2022 personal income tax return, provided you file it on or before **January 31, 2023** and pay in full with the return any balance of tax due.

**Farmers and fishermen** If your estimated gross income from farming or fishing is at least two-thirds of your total estimated gross income for the year, special provisions may apply. Your 2022 declaration and full payment of the estimated tax are due on or before **January 15, 2023**. You do not have to file the declaration if you file your complete tax return (Form 502 or 505) and pay the full amount of tax due on or before **March 1, 2023**.

**Changes in income or exemptions** Your situation may not require you to file a declaration on **April 15, 2022**. However, a large increase in income after that date may require you to file a declaration. If at any time during the year you need to amend your original declaration, simply increase or decrease the remaining payments.

**Forms and information** Can be found by visiting [www.marylandtaxes.gov](http://www.marylandtaxes.gov), at any of the Comptroller of Maryland branch offices, or calling 410-260-7980 from Central Maryland or 1-800-MD-TAXES from elsewhere.

**Electronic filing** You may file and pay your 2022 estimated taxes electronically by using our iFile program. There, you will have the ability to make one single estimated payment or schedule all of your payments at one time. These scheduled payments will be deducted from your bank account on the dates that you specify. Visit [www.marylandtaxes.gov/online-services/individuals.php](http://www.marylandtaxes.gov/online-services/individuals.php)

### ALTERNATIVE PAYMENT METHODS

For alternative methods of payment, such as a credit card, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

**Payment by check or money order** Make your check or money order payable to Comptroller of Maryland. Use blue or black ink. Write the type of tax, year of tax and tax being paid on your check. It is recommended that you include your Social Security number on check. **DO NOT SEND CASH.**



**File and pay your estimated tax online.** Scan this code with your mobile phone or tablet's QR Reader. Free readers are available at your favorite APP store.

# PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW)

## Extension Worksheet Instructions

### Who must file for an extension?

If you cannot complete and file your Form 502, 505, 510C or 515 by the due date, you should complete the Tax Payment Worksheet to determine if you must file for an extension. If line 6 of the worksheet shows you owe tax, you must file Form PV and pay the full amount due by April 15, 2022, (or the 15th day of the fourth month following the close of the tax year). If the due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day.

**NOTE:** Filing an extension does not extend the time for paying your taxes.

**Do not file for an extension if, after completing the PVW, you find that you do not owe additional tax.** However, be aware that if an unpaid liability is disclosed when you file your return, you may owe penalty and interest charges in addition to the tax. See **"Will I owe penalties and interest?"**.

### Automatic Maryland six-month extension

If you filed a federal extension and expect to owe zero tax to Maryland we grant you an automatic six-month extension of time to file your Form 502, 505, 510C or 515. **You are not required to file for an extension in order to obtain this automatic extension.** However, you should use Form PV to pay any tax due of forms 502, 505, and 515, but you should use Form EL102B to pay any tax due or payment with extension of Form 510C in order to avoid any late-payment penalty and interest on tax not paid by April 15, 2022.

**Note:** In the case of Form 510C, the PVW must be completed to estimate the payment.

### Requesting a Maryland extension when not requesting a federal extension:

- (1) Request your extension by telefile at 410-260-7829 from Central Maryland or 1-800-260-3664 from elsewhere; or,
- (2) Request your extension at [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

### When should I mail Form PV without a payment?

Never.

### When requesting an extension beyond six months, how should I file?

No extension request will be granted for more than six months, except in the case of individuals who are out of the United States. Even when an individual is out of the U.S. an extension will not be granted for more than one year. An extension request for beyond six months without a payment should be filed by telefile or on our website. For more information, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).

### When should I file?

If you owe any tax, file Form PV along with your payment on or before April 15, 2022. If you are filing on a fiscal year basis, file by the regular due date of your return. If any due date falls on a Saturday, Sunday or legal holiday, the return and payment must be filed by the next business day.

### How should I file?

For an extension request with payment, use electronic funds withdrawal (direct debit) from savings or checking account, or to make payment(s) by credit card, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov); otherwise, make check or money order payable to: **COMPTROLLER OF MARYLAND**.

**It is recommended that you include your Social Security number on check using blue or black ink and attach to Form PV.**

Mail to: **Payment Processing  
PO Box 8888  
Annapolis, MD 21401-8888**

### Will I owe penalties and interest?

You will owe interest on tax not paid by the regular due date of your return. The interest will accrue until you pay the tax. Even if you had a good reason for not paying on time, you will still owe interest.

If tax and interest are not paid promptly, a penalty will be assessed on the tax.

### Should I attach a copy of the extension form to my Form 502, 505, or 515?

No, Form PV has replaced the extension Form 502E.

### If you need assistance:

- Visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov); or
- Email [TAXHELP@marylandtaxes.gov](mailto:TAXHELP@marylandtaxes.gov); or
- Contact our Taxpayer Services Division by calling 1-800-638-2937 or from Central Maryland 410-260-7980.

To file and pay your extension electronically, visit [www.marylandtaxes.gov/online-services/individuals.php](http://www.marylandtaxes.gov/online-services/individuals.php).

**PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW)**

**ESTIMATED TAX WORKSHEET**

**IMPORTANT:** Review the instructions before completing this form. If you are using this form for subsequent estimated payments and you previously have calculated the amounts you must pay for each quarter, you **do not** need to complete this worksheet. **DO NOT MAIL THIS WORKSHEET TO THE REVENUE ADMINISTRATION DIVISION.**

- 1. Total income expected in 2022 (federal adjusted gross income) . . . . . **1.** \_\_\_\_\_
  - 2. Net modifications (See instructions.) . . . . . **2.** \_\_\_\_\_
  - 3. Maryland adjusted gross income (line 1, plus or minus line 2) . . . . . **3.** \_\_\_\_\_
  - 4. Deductions:
    - a. If standard deduction is used, see instructions.
    - b. If deductions are itemized, enter total of federal itemized deductions less state and local income taxes. . . . . **4.** \_\_\_\_\_
  - 5. Maryland net income (Subtract line 4 from line 3.) . . . . . **5.** \_\_\_\_\_
  - 6. Personal exemptions (See instructions.) . . . . . **6.** \_\_\_\_\_
  - 7. Taxable net income (Subtract line 6 from line 5.) . . . . . **7.** \_\_\_\_\_
  - 8. Maryland income tax (See instructions.) . . . . . **8.** \_\_\_\_\_
  - 9. Personal and business income tax credits . . . . . **9.** \_\_\_\_\_
  - 10. Subtract line 9 from line 8 (If less than 0, enter 0.) . . . . . **10.** \_\_\_\_\_
  - 11. Local income tax or special nonresident income tax: Multiply line 7 by **.0** (See instructions.) . . . . . **11.** \_\_\_\_\_
  - 12. Local income tax credit . . . . . **12.** \_\_\_\_\_
  - 13. Total 2022 Maryland and local income tax (Subtract line 12 from the sum of lines 10 and 11.) . . **13.** \_\_\_\_\_
  - 14. Maryland income tax to be withheld during the year 2022. . . . . **14.** \_\_\_\_\_
  - 15. Total estimated tax to be paid by declaration (Subtract line 14 from line 13.) . . . . . **15.** \_\_\_\_\_
  - 16. **Amount to be submitted with Form PV** (Divide line 15 by 4.) . . . . . **16.** \_\_\_\_\_
- For payment by credit card, visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov).**

**EXTENSION WORKSHEET**

**Line 1 - Income tax**

Enter the total amount of income tax you expect to owe. Use Form 502, 505, 510C or 515 as a worksheet.

**Line 2 - Withholding**

Enter the amount of Maryland income tax withheld from your wages for the tax year.

**Line 3 - Estimated income tax payments**

Enter the total amount of Maryland estimated payments you paid with Form PV or 502DEP for the tax year. Include any 2020 overpayment credited to your 2021 tax and any amount paid on your behalf with Form MW506NRS.

**Line 4 - Estimated allowable credits**

Enter allowable tax credits.

**Line 5 - Total payments and credits**

Add lines 2 through 4 and enter the total on line 5.

**Line 6 - Tax due**

Subtract line 5 from line 1. Enter the result on line 6. This is your tax due. If it is \$1 or more, file this form and attach your payment. If the tax due is less than \$1, stop. No payment is required.

**Line 7 - Amount to be submitted with Form PV.**

- 1. Income tax you expect to owe. . . . . **1.** \_\_\_\_\_
- 2. Maryland income tax withheld . . . . . **2.** \_\_\_\_\_
- 3. Maryland estimated payments and amount credited from 2020. . . . . **3.** \_\_\_\_\_
- 4. Allowable tax credits . . . . . **4.** \_\_\_\_\_
- 5. Total payments and credits. Add lines 2 through 4. . . . . **5.** \_\_\_\_\_
- 6. Tax due - Subtract line 5 from line 1 . . . . . **6.** \_\_\_\_\_
- 7. **Amount to be submitted with Form PV** . . . . . **7.** \_\_\_\_\_

**If filing and paying electronically or by credit card, do not submit Form PV.**



**VERIFY YOUR TAX PREPARER**

If you use a paid tax preparer in Maryland, other than a CPA, Enrolled Agent or attorney, make sure the preparer is registered with the Maryland Board of Individual Tax Preparers. For information about blocked Tax Preparers visit: **[www.marylandtaxes.gov](http://www.marylandtaxes.gov)**

Check the REGISTRATION SEARCH on the Maryland Department of Labor at: **[www.dllr.state.md.us/license/taxprep](http://www.dllr.state.md.us/license/taxprep)**

Check the LICENSE SEARCH for CPAs on the Maryland Department of Labor at: **[www.dllr.state.md.us/license/cpa/](http://www.dllr.state.md.us/license/cpa/)**

Check the ACTIVE STATUS for attorneys on the Maryland Courts at: **[www.mdcourts.gov/lawyers/attylist.html](http://www.mdcourts.gov/lawyers/attylist.html)**

**GET YOUR 1099-G ELECTRONICALLY**

Visit **[www.marylandtaxes.gov](http://www.marylandtaxes.gov)** to sign up to receive your 1099-G electronically. Once registered, you can view and print your 1099-G from our secure website **[www.marylandtaxes.gov](http://www.marylandtaxes.gov)**.

FINAL AS OF 01/26/2022

# State of Maryland General Fund Expenditures

For Fiscal Year Ending June 30, 2020 - Expressed in Thousands



Public education	\$8,815,604	47.40%
Health, hospitals and mental hygiene	\$5,118,305	27.52%
Other	\$3,406,881	18.32%
Public safety and correctional services	\$1,258,447	6.77%
<b>Total</b>	<b>\$18,599,237</b>	<b>100.00%</b>

## Maryland ABLE Tax Benefits



The following deduction is only available for contributions to a Maryland ABLE account and does not apply to an account with any other state ABLE program (e.g. an ABLEnow account, the Virginia ABLE program).



Did you know that Maryland taxpayers may be eligible for a State income deduction if they open a new OR contribute to an existing Maryland ABLE account?

### Who may be eligible for income deductions?

The account holder and family/friends who contribute to an existing account.



ACCOUNT HOLDER	ACCOUNT CONTRIBUTORS	
\$2,500	\$2,500	\$2,500
<b>\$2,500</b>	<b>\$5,000</b>	<b>\$2,500</b>

Deductions up to \$2,500 for each contributor to a Maryland ABLE account. \* Deductions apply to Maryland taxable income for your contributions in that tax year.

Each ABLE account is limited to a total annual contribution of \$15,000 from all contributors.

A Beneficiary may qualify to contribute the lesser of their earnings up to an additional \$12,760 for 2021 so long as they or their employer did not contribute to any retirement plan for the Beneficiary within the taxable year.

**\$5,000** combined annual income deduction.

\* Based on the example of a beneficiary, single parent, family, or friend contributing to the ABLE plan.  
 \*\* Parents filing separately can each claim up to \$2,500 per ABLE account, and claim up to \$5,000 per ABLE account if filing jointly.

Visit [marylandable.org](http://marylandable.org) for complete details.

Please carefully read the Plan Disclosure Statement, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in a Maryland ABLE account. Also if you or the ABLE account beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its ABLE plan. Tax benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors, as applicable. As with all State and Federal tax matters, please consult with your tax advisor.

# FAIR CAMPAIGN FINANCING FUND

A GOVERNMENT OF THE PEOPLE, BY PEOPLE  
AND FOR THE PEOPLE STARTS HERE.



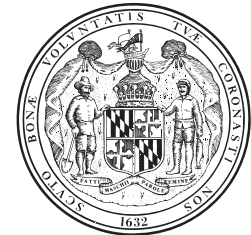
## It is easy to participate in our democracy:

1. Donate to the Fair Campaign Financing Fund when you file your taxes.
2. Donations of any dollar amount can be made.

Use Line 38 on Form 502 or Line 41 on Form 505 or Line 25 on Form 504.

Your contribution will be deducted from your tax refund or added to your tax payment.

Only for gubernatorial campaigns.



## How to Maximize Your Maryland 529 Tax Benefits



## Maryland529

Did you know that Maryland taxpayers may be eligible for a State income deduction if they open a new **OR** contribute to an existing Maryland 529 Account?

The example on the right is based on Parent 1 opening an MCIP and MPCT plan for a single Beneficiary and Parent 2 making an additional contribution to both plans.



### Two Available Plans: Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT)

Plans	Parent 1 Account Holder 	Parent 2 Account Contributor 	Estimated Tax Saving
MCIP <sup>1</sup>	\$2,500	\$2,500	\$190 <sup>2</sup> x 2
MPCT	\$2,500	\$2,500	\$190 <sup>2</sup> x 2
<b>Deductions:</b> Deduct up to \$2,500 per year for each Beneficiary in MCIP plan and/or each MPCT contract. Deductions apply to Maryland taxable income for the parent's contributions in that tax year.		\$5,000 + \$5,000 = <b>\$10,000</b> combined annual income deduction <sup>3</sup>	\$760 + \$760 = <b>\$760</b> total State and local tax savings on \$10,000 deduction

<sup>1</sup> Contributions to an MCIP account cannot be deducted for any calendar year in which the Account Holder received a State Contribution through the Save4College State Contribution Program. <sup>2</sup> Note that this is a hypothetical scenario assuming a 7.6% State and local tax rate with no federal deduction. The amount of savings from your income deduction may vary. <sup>3</sup> Account Holders and contributors can each deduct contributions regardless of their marital status or tax filing status (individual or joint). A contributor need not be a parent or family member of the Beneficiary to be eligible for the income deduction.

Visit **Maryland529.com** for complete details.

Please read the entire Enrollment Kit carefully before deciding to enroll. The Maryland Senator Edward J. Kasemeyer Prepaid College Trust and Maryland Senator Edward J. Kasemeyer College Investment Plan Disclosure Statements provide investment objectives, risks, expenses and costs, fees, and other information you should consider carefully before investing. If you or your Beneficiary live outside of Maryland, you should compare Maryland 529 to any college savings program offered by your home state or your Beneficiary's home state, which may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. Tax benefits may be conditioned on meeting certain requirements, such as residency purpose for or timing of distributions, or other factors, as applicable. If you receive a State contribution for any Account in a given year, you are not eligible in that year for the income deduction on your State taxes for contributions that you made to that or any other MCIP Account. You should consult with a tax or legal professional for additional information. T. Rowe Price Investment Services, Inc., Distributor/Underwriter of the Maryland Senator Edward J. Kasemeyer College Investment Plan.

## STATE DEPARTMENT OF ASSESSMENTS AND TAXATION INFORMATION REGARDING PROPERTY TAX CREDITS AND EXEMPTIONS

Under Maryland law, you may be eligible for a substantial credit on the property tax bill issued on your home, based upon your gross household income. This program is available to homeowners of all ages and the credit is calculated solely on the basis of gross income. The application form is not provided in this income tax booklet because the credits are issued as a deduction from the homeowner's July property tax bill. The property tax credit application forms are processed separately by the State Department of Assessments and Taxation.

Use the chart printed below to see if it would be worthwhile for you to submit a Homeowners' Tax Credit application. If the actual property taxes on your home (based on no more than \$300,000 of assessed value) exceed the "Tax Limit" amount shown on the table below for your household income level, you may be eligible for a credit and are urged to file an application. The table is printed for illustrative purposes, and therefore, the income amounts are listed in increments of \$1,000. For purposes of this program, the applicant must report total income, which means the combined gross household income before any deductions are taken. Nontaxable income, such as Social Security, Railroad Retirement or Veterans' benefits, also must be reported as income for the tax credit program.

2021 COMBINED GROSS HOUSEHOLD INCOME		2021 COMBINED GROSS HOUSEHOLD INCOME		2021 COMBINED GROSS HOUSEHOLD INCOME	
BEFORE DEDUCTIONS	TAX LIMIT	BEFORE DEDUCTIONS	TAX LIMIT	BEFORE DEDUCTIONS	TAX LIMIT
\$0 - \$8,000	\$ 0	17,000	510	26,000	1,320
9,000	40	18,000	600	27,000	1,410
10,000	80	19,000	690	28,000	1,500
11,000	120	20,000	780	29,000	1,590
12,000	160	21,000	870	30,000	1,680
13,000	225	22,000	960	and up to a maximum	*
14,000	290	23,000	1,050	of \$60,000	
15,000	355	24,000	1,140		
16,000	420	25,000	1,230		

\* For each additional \$1,000 of Income add \$90 to \$1,680 to find the amount that your tax must exceed.

If you think you might qualify on the basis of your household income, there are certain other legal requirements which must be met. Due to space restrictions, all of the other special limitations cannot be listed in this notice. The purpose of this notice is simply to advise you of the availability of the program and to suggest that you inquire further if you think you qualify on the basis of the income chart provided above. **To obtain a Homeowners' Tax Credit application form or to receive further information about your eligibility for the program, you should telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland.** Applications can also be found on the SDAT website at [www.dat.maryland.gov](http://www.dat.maryland.gov). The deadline for filing a Homeowners' Tax Credit application is generally October 1, 2022.

### RENTERS' TAX CREDIT PROGRAM

The State of Maryland also makes available a Renters' Tax Credit of up to \$1000 a year for renters age 60 and over or those 100% disabled if they qualify on the basis of income. Renters under age 60 who have a dependent child may be eligible for a credit if certain separate income requirements are met. **To obtain a Renters' Tax Credit application form or to receive further information about the program, you may telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland.** Applications can also be found on the SDAT website at [www.dat.maryland.gov](http://www.dat.maryland.gov). The filing deadline for the Renter's Program is October 1, 2022.

### REAL PROPERTY TAX EXEMPTIONS FOR 100% DISABLED VETERANS AND BLIND PERSONS

There is a complete exemption from real property taxes on the dwelling house owned by disabled veterans with a 100% service connected permanent disability or by their surviving spouses. The State also allows an exemption on the first \$15,000 of valuation on the dwelling house owned by legally blind persons.

**For additional information regarding property tax credits and exemptions please visit the State Department of Assessments and Taxation website at [www.dat.maryland.gov](http://www.dat.maryland.gov).**

Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001

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MARYLAND  
REVENUE ADMINISTRATION

## TAX INFORMATION AND ASSISTANCE

Visit [www.marylandtaxes.gov](http://www.marylandtaxes.gov) or call 1-800-638-2937 or from Central Maryland 410-260-7980

### SCHEDULE TAXPAYER ASSISTANCE

Free tax assistance is available. Schedule your virtual or in-person appointment by visiting the Comptroller's website at [www.marylandtaxes.gov](http://www.marylandtaxes.gov). All appointments are available, Monday-Friday, 8:30 a.m. – 4:30 p.m. except for State Holidays. Click the Locations tab and scroll down to make your virtual or in-person appointment.

### SPECIAL ASSISTANCE

Hearing impaired individuals may call:  
Maryland Relay Service (MRS) ..... 711

Larger format tax forms ..... 410-260-7951

ADA accommodations for Walk-in Service:  
from Central Maryland ..... 410-260-7980  
from elsewhere ..... 800-638-2937

### TELEPHONE SERVICE

Telephone service is available 8:30 a.m. until 4:30 p.m., Monday through Friday. The Comptroller of Maryland offers extended hours for telephone assistance from February 1 - April 15, 2022. During this period, telephone assistance is available from 8:30 a.m. until 7:00 p.m., Monday through Friday except for State Holidays.

### EMAIL SERVICE

Email to: [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov). Include your name, address and the last four digits of your Social Security Number in your email message. This will help us generate a quick response to your inquiry.

### REFUND INFORMATION

Central Maryland ..... 410-260-7701  
Elsewhere ..... 1-800-218-8160

### MAILING YOUR RETURN

**For returns filed with payments, mail your completed return to:**

**Comptroller of Maryland  
Payment Processing  
PO Box 8888  
Annapolis, MD 21401-8888**

**For returns filed without payments, mail your completed return to:**

**Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001**

Sending your return by certified mail will not result in special handling and may delay your refund.

## BRANCH OFFICES

### Annapolis

60 West St., Ste. 102  
Annapolis, MD 21404-2434

### Baltimore

State Office Building  
301 W. Preston St., Rm. 206  
Baltimore, MD 21201-2326

### Cumberland

3 Pershing St., Ste. 101  
Cumberland, MD 21502-3042

### Elkton

Upper Chesapeake Corporate Center  
103 Chesapeake Blvd., Ste. D  
Elkton, MD 21921-6313

### Frederick

Courthouse/Multiservice Center  
100 West Patrick St., Rm. 2603  
Frederick, MD 21701-5578

### Greenbelt

6401 Golden Triangle Dr., Ste. 100  
Greenbelt, MD 20770-3201

### Hagerstown

Crystal Building  
1850 Dual Hwy., Ste. 201  
Hagerstown, MD 21740-6686

### Salisbury

Sea Gull Square  
1306 South Salisbury Blvd., Ste. 182  
Salisbury, MD 21801-6846

### Towson

Hampton Plaza  
300 East Joppa Rd., Ste. PL 1A  
Towson, MD 21286-3020

### Upper Marlboro

Prince George's County Courthouse  
14735 Main St., Rm. 083B  
Upper Marlboro, MD 20772-3051

### Waldorf

1036 St. Nicholas Dr., Ste. 202  
Waldorf, MD 20603-4760

### Wheaton

Westfield Wheaton South Building  
11002 Veirs Mill Road, Ste. 408  
Wheaton, MD 20902-5919

**DUE DATE: MONDAY, APRIL 18, 2022**