



OR FISCAL YEAR BEGINNING \_\_\_\_\_ 2025, ENDING \_\_\_\_\_

Name as shown on Form

FEIN

**SEE INSTRUCTIONS Note: \*\*Indicates Certification Must Be Included**

- ☐ Check this box if any of the 500CR credits are derived from another entity, see instructions for details.
- ☐ Check this box if the filing entity meets the corporate diversity criteria, see instructions for details.

**PART A - ENTERPRISE ZONE TAX CREDIT \*\* Must Include Required Certification**

**PART A-I CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES NOT LOCATED IN A FOCUS AREA**

1. Number of qualified employees. First year \_\_\_\_\_ Second year \_\_\_\_\_ Third year \_\_\_\_\_  
 2. Credit for first year (limited to \$3,000 of wages paid to each employee) . . . . . 2. \_\_\_\_\_ 00  
 3. Credit for second year (limited to \$2,000 of wages paid to each employee) . . . . . 3. \_\_\_\_\_ 00  
 4. Credit for third year (limited to \$1,000 of wages paid to each employee) . . . . . 4. \_\_\_\_\_ 00  
 5. Total (Add lines 2, 3 and 4.) . . . . . 5. \_\_\_\_\_ 00

**PART A-II CREDIT FOR OTHER QUALIFIED EMPLOYEES NOT LOCATED IN A FOCUS AREA**

6. Number of qualified employees eligible for credit not included in PART A-I. . . . . 6. \_\_\_\_\_  
 7. Credit (limited to \$1,000 of wages paid to each employee) . . . . . 7. \_\_\_\_\_ 00

**PART A-III CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES LOCATED IN A FOCUS AREA**

8. Number of focus area employees. First year \_\_\_\_\_ Second year \_\_\_\_\_ Third year \_\_\_\_\_  
 9. Credit for first year (limited to \$4,500 of wages paid to each employee) . . . . . 9. \_\_\_\_\_ 00  
 10. Credit for second year (limited to \$3,000 of wages paid to each employee) . . . . . 10. \_\_\_\_\_ 00  
 11. Credit for third year (limited to \$1,500 of wages paid to each employee) . . . . . 11. \_\_\_\_\_ 00  
 12. Total (Add lines 9, 10 and 11.) . . . . . 12. \_\_\_\_\_ 00

**PART A-IV CREDIT FOR OTHER QUALIFIED EMPLOYEES LOCATED IN A FOCUS AREA**

13. Number of focus area employees eligible for credit not included in PART A-III . . . . . 13. \_\_\_\_\_  
 14. Credit (limited to \$1,500 of wages paid to each employee) . . . . . 14. \_\_\_\_\_ 00

**PART A - SUMMARY**

Check here ☐ if claiming credit for business located in a RISE Zone.

15. Total Enterprise Zone Tax Credit for the current tax year (Add lines 5, 7, 12 and 14.) . . . . . 15. \_\_\_\_\_ 00

**PART B - RESERVED**

1. RESERVED . . . . . 1. XXXXXXXXXXXX

**PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT FOR EMPLOYEES \*\* Must Include Required Certification**

**PART C-I CREDIT FOR EMPLOYEES WITH A DISABILITY**

1. Number of qualified employees First year \_\_\_\_\_ Second year \_\_\_\_\_  
 2. Credit for first year (30% of first \$15,000 of wages paid to each employee). . . . . 2. \_\_\_\_\_ 00  
 3. Credit for second year (30% of first \$15,000 of wages paid to each employee) . . . . . 3. \_\_\_\_\_ 00  
 4. Total (Add lines 2 and 3.) . . . . . 4. \_\_\_\_\_ 00

**PART C-II CREDIT FOR CHILD CARE AND TRANSPORTATION EXPENSES**

5. Number of qualified employees. First year \_\_\_\_\_ Second year \_\_\_\_\_  
 6. Credit for first year (limited to a combined total of \$1,500 in child care and transportation expenses per qualified employee with a disability) . . . . . 6. \_\_\_\_\_ 00  
 7. Credit for second year (limited to a combined total of \$1,500 in child care and transportation expenses per qualified employee with a disability) . . . . . 7. \_\_\_\_\_ 00  
 8. Total (Add lines 6 and 7.) . . . . . 8. \_\_\_\_\_ 00

**PART C - SUMMARY**

9. Total Maryland Disability Employment Tax Credit for the current tax year (Add lines 4 and 8.) . . 9. \_\_\_\_\_ 00

**PART D - JOB CREATION TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by the Maryland Department of Commerce) . . . . . 1. \_\_\_\_\_ 00



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**PART E - COMMUNITY INVESTMENT TAX CREDIT \*\* Must Include Required Certification**

- |   |    |       |    |
|---|----|-------|----|
| 1. Amount of approved contributions. . . . .                              | 1. | _____ | 00 |
| 2. Enter 50% of line 1 . . . . .  | 2. | _____ | 00 |
| 3. Enter the amount from line 2 or \$250,000, whichever is less . . . . . | 3. | _____ | 00 |

**PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT \*\* Must Include Required Certification**

- |   |    |       |    |
|---|----|-------|----|
| 1. Property tax credit (certified by the State Department of Assessments and Taxation). . . . .           | 1. | _____ | 00 |
| 2. Enhanced property tax credit (certified by the State Department of Assessments and Taxation) . . . . . | 2. | _____ | 00 |
| 3. Total (Add lines 1 and 2.) . . . . .   | 3. | _____ | 00 |

**PART G - CATALYTIC REVITALIZATION PROJECTS AND HISTORIC REVITALIZATION TAX CREDIT**

**\*\* Must Include Required Certification from Maryland Department of Housing and Community Development**

- |   |             |
|---|-------------|
| 1a. Credit Claimed for Completed Project(s). . . . .  | _____       |
| 1b. Credit Claimed for Phased Project(s). . . . .   | _____       |
| 1. Total Credit Claimed for Completed and Phased Projects (add Lines 1a. and 1b.) . . . . . | 1. _____ 00 |

**PART H - INNOVATION AND CYBERSECURITY INCENTIVE TAX CREDITS \*\* Must Include Required Certification**

NOTE: If you are claiming more than one investment, see instructions for PART H-I.

**PART H-I CREDIT FOR INVESTORS IN INNOVATION**

- |  |    |       |    |
|--|----|-------|----|
| 1. Amount of approved investment . . . . . | 1. | _____ | 00 |
| 2. Enter 33% of line 1 . . . . .           | 2. | _____ | 00 |

NOTE: See Special Instructions for Maryland Technology Companies located in Allegany County, Dorchester County, Garrett County, Somerset County, or a Regional Institution Strategic Enterprise zone.

- |                            |    |       |    |
|----------------------------|----|-------|----|
| 3. Maximum Credit. . . . . | 3. | _____ | 00 |
|----------------------------|----|-------|----|

NOTE: See Special Instructions for Maryland Technology Companies located in Allegany County, Dorchester County, Garrett County, Somerset Count, or a Regional Institution Strategic Enterprise zone.

- |  |    |       |    |
|--|----|-------|----|
| 4. Tentative refund (enter the amount from line 2 or line 3, whichever is less) . . . . .  | 4. | _____ | 00 |
| 5. Enter any amount of recapture. See instructions . . . . .   | 5. | _____ | 00 |
| 6. Total credit for investors in innovation. (Subtract line 5 from line 4 and enter this amount here and in PART CCC, line 5. If less than zero, enter negative amount.) . . . . . | 6. | _____ | 00 |

**PART H-II- CREDIT FOR BUYERS OF CYBERSECURITY TECHNOLOGY and/or CYBERSECURITY SERVICES**

- |  |    |       |    |
|--|----|-------|----|
| 7. Credit (certified by the Maryland Department of Commerce) . . . . .   | 7. | _____ | 00 |
| 8. Enter any amount of recapture. See instructions . . . . .   | 8. | _____ | 00 |
| 9. Total credit for buyers of cybersecurity technology and/or cybersecurity services (subtract line 8 from line 7 and enter this amount here and in PART AAA, line 6. If less than zero, enter negative amount.) . . . . . | 9. | _____ | 00 |

**PART I - EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT**

- |   |    |       |    |
|---|----|-------|----|
| 1. Enter 5% of long-term care insurance cost. . . . .                 | 1. | _____ | 00 |
| 2. Multiply the number of eligible employees _____ by \$100 . . . . . | 2. | _____ | 00 |
| 3. Enter the lesser of line 1 or line 2 . . . . .                     | 3. | _____ | 00 |
| 4. Enter the lesser of line 3 or \$5,000 . . . . .                    | 4. | _____ | 00 |

**PART J - FEDERAL SECURITY CLEARANCE COSTS TAX CREDIT \*\* Must Include Required Certification**

**PART J-I CREDIT FOR SENSITIVE COMPARTMENTED INFORMATION FACILITY (SCIF) COSTS AND SECURITY CLEARANCE ADMINISTRATIVE EXPENSES**

- |   |    |       |    |
|---|----|-------|----|
| 1. Enter the amount of Construction and Equipment costs that have been certified by the Maryland Department of Commerce incurred to construct or renovate SCIFs (Include certification) . . . . . | 1. | _____ | 00 |
| 2. Enter the amount of Security Clearance Administrative Expenses approved by the Maryland Department of Commerce not to exceed \$200,000. (Include certification) . . . . .                      | 2. | _____ | 00 |
| 3. Total PART J-I Allowable Security Costs Tax Credit (Add lines 1 and 2.) . . . . .  | 3. | _____ | 00 |

**PART J-II FIRST YEAR LEASING COSTS TAX CREDIT FOR QUALIFIED SMALL BUSINESSES**  
(For first year leasing costs incurred between 1/1/2025 and 12/31/2025.)  
Complete ONLY if you are a Small Business (See Instructions.)



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1. Enter expenses approved by the Maryland Department of Commerce incurred for rental payments owed during the first year of a rental agreement for spaces leased in the State if taxpayer is a small business that performs security-based contracting not to exceed \$200,000. (Include certification.) . . . . . 1. \_\_\_\_\_ 00

**PART K - RESEARCH AND DEVELOPMENT TAX CREDITS \*\* Must Include Required Certification**

PART K-I TO BE COMPLETED IF THE BUSINESS IS NOT CERTIFIED AS A "SMALL BUSINESS" FOR THIS CREDIT

1. Amount certified by the Maryland Department of Commerce. Enter here and on Line 10 of Part AAA . . . . . 1. \_\_\_\_\_ 00

PART K-II TO BE COMPLETED IF THE BUSINESS IS CERTIFIED AS A "SMALL BUSINESS" FOR THIS CREDIT

2. Amount certified by the Maryland Department of Commerce. Enter here and on Line 4 of Part CCC. . . . . 2. \_\_\_\_\_ 00

**PART L - BIOTECHNOLOGY INVESTMENT INCENTIVE TAX CREDIT \*\* Must Include Required Certification**

NOTE: If you are claiming more than one investment see instruction for PART L.

1. Amount of approved investment . . . . . 1. \_\_\_\_\_ 00  
2. Multiply line 1 by the applicable percentage. (See Instructions) . . . . . 2. \_\_\_\_\_ 00

NOTE: See Special Instructions for Maryland Biotechnology Companies located in Allegany County, Dorchester County, Garrett County, Somerset County, or a Regional Institution Strategic Enterprise zone.

3. Maximum Credit. . . . . 3. \_\_\_\_\_ 00

NOTE: See Special Instructions for Maryland Biotechnology Companies located in Allegany County, Dorchester County, Garrett County, Somerset County, or a Regional Institution Strategic Enterprise zone.

4. Tentative refund (Enter the amount from line 2 or line 3, whichever is less.) . . . . . 4. \_\_\_\_\_ 00  
5. Enter any amount of recapture. See instructions. . . . . 5. \_\_\_\_\_ 00  
6. Total Biotechnology Investment Incentive Tax Credit (Subtract line 5 from line 4 and enter this amount here and in PART CCC, line 2. If less than zero, enter negative amount.) . . . . . 6. \_\_\_\_\_ 00

**PART M - COMMUTER TAX CREDIT \*\* Must Include Required Certification**

1. Amount certified by the Maryland Department of Transportation . . . . . 1. \_\_\_\_\_ 00

**PART N - RESERVED**

1. RESERVED. . . . . 1. XXXXXXXXXXXX

**PART O - WORK OPPORTUNITY TAX CREDIT \*\* Must Include federal Form 3800**

1. Federal work opportunity credit. Enter the amount from federal Form 3800, Part III, line 4b. . . 1. \_\_\_\_\_ 00  
2. Multiply qualified first-year wages used to calculate the federal work opportunity credit paid to Maryland employees who worked for you at least 120 hours but fewer than 400 hours \_\_\_\_\_ by .25 . . . . . 2. \_\_\_\_\_ 00  
3. Multiply qualified first-year wages used to calculate the federal work opportunity credit paid to Maryland employees who worked for you at least 400 hours \_\_\_\_\_ by .4 . 3. \_\_\_\_\_ 00  
4. Multiply qualified second-year wages used to calculate the federal work opportunity credit paid to Maryland employees certified as long-term family assistance recipients \_\_\_\_\_ by .5 . . . . . 4. \_\_\_\_\_ 00  
5. Work Opportunity Credit from Partnerships, S-Corps, Cooperatives, Estates, and Trusts attributable to wages paid to Maryland employees. . . . . 5. \_\_\_\_\_ 00  
6. Maryland Work Opportunity Tax Credit. Add lines 2, 3, 4, and 5 and multiply by .5. . . . . 6. \_\_\_\_\_ 00

**PART P-1 - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED AFTER JUNE 30, 2018**

**\*\*Must Include Required Certification**

**PART P-I CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY**

Section A

- |   |   |   |
|---|---|---|
| 1. Enter your Maryland taxable income (See instructions for PART P-I) . . . 1. _____ 00 | Column 1<br>All qualified persons,<br>but NOT PTE members | Column 2<br>PTE members only<br>(enter your pro rata<br>share from PTE) |
| 2a. Enter the number of qualified employees (DO NOT PRORATE.) . . . . 2a. _____         |   |   |



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The minimum number of qualified employees is 50 to qualify for the project tax credit having the maximum amount of \$5,000,000; or 25 for \$2,500,000; or 10 for \$1,000,000.

2b. Have you maintained at least the minimum number of qualified employees required to qualify for the project tax credit for at least 5 years? . . . . . Yes ☐ No ☐

**Column 1**  
All qualified persons,  
but NOT PTE members

**Column 2**  
PTE members only  
(enter your pro rata  
share from PTE)

Yes ☐ No ☐

NOTE: If line 2a is less than the minimum number of qualified employees required to qualify for the project tax credit claimed, and the answer to Question 2b is "No," STOP HERE. You may not claim this tax credit.

NOTE: If line 2a is less than 10, STOP HERE. You may not claim this tax credit.

2c. Prorate factor (Enter line 2a divided by the minimum number of qualified employees required to qualify for the project tax credit claimed; if greater than 1, enter 1.000000.) . . . . . 2c. . . . .

3. Enter the amount of Maryland income tax required to be withheld from qualified employees. . . . . 3. . . . . 00

If PTE, do not complete Section B. Continue to Section C.

**Section B**

4a. Total tax liability: line 14 of Form 500, the sum of lines 21 and 21a, less any amounts from lines 22 through 24 of Form 502; or, line 32d less any amounts from lines 33 and 34 of Form 505. If less than 0, enter 0 . . . 4a. . . . . 00  
PTE member: Multiply the income on line 1, Section A, by the highest tax rate used to calculate the tax on your Maryland tax return. Enter this amount on line 4a.

4b. Multiply line 4a by line 2c . . . . . 4b. . . . . 00

**Section C**

5. Total eligible project costs (\$500,000 minimum) . . . . . 5. . . . . 00

6. Enter the lesser of line 5 or allowable maximum project tax credit based on the number of qualified employees. (See instructions) . . . . . 6. . . . . 00

If you are a PTE, stop here. Do not complete Parts II through IV.

**PART P-II CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME OF THE QUALIFIED BUSINESS ENTITY**

Complete Part P-II to calculate the portion of the credits allowable for this tax year that will reduce your tax liability.

7. Enter the sum of project cost credits and refunds taken in prior tax years. . . . . 7. . . . . 00

8. Subtract line 7 from line 6; if less than 0, enter 0 . . . . . 8. . . . . 00

9. Eligible Maryland State tax liability on income of the qualified business entity (Enter the amount from line 4b.) . . . . . 9. . . . . 00

10. Credit against tax on the income of qualified business entity (Enter the lesser of line 8 or line 9.) 10. . . . . 00

**PART P-III Refundable Credit**

11. Tentative refund (Credit remaining after deducting credit against tax on the income of the qualified business entity.) (Subtract line 10 from line 8. If less than 0, enter 0.) . . . . . 11. . . . . 00

12. Maryland income tax required to be withheld during this tax year from qualified employees (Enter the amount from line 3.) . . . . . 12. . . . . 00

13. Refund allowable for this tax year. Enter the lesser of line 11 or line 12 . . . . . 13. . . . . 00

**PART P-IV Summary**

14. Total nonrefundable One Maryland Economic Development Tax Credit. (Enter the amount from line 10.) . . . . . 14. . . . . 00

15. Total refundable One Maryland Economic Development Tax Credit. (Enter the amount from line 13.) . . . . . 15. . . . . 00



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**PART P-2 - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED BEFORE JULY 1, 2018**

**\*\* Must Include Required Certification**

**PART P-I CALCULATION OF TAXABLE INCOME, WITHHOLDING,  
QUALIFIED EMPLOYEES AND TAX LIABILITY**

**Column 1**

**All qualified persons, but  
NOT PTE members**

**Column 2**

**PTE members only (enter  
your pro rata share from  
PTE)**

**Section A**

- |   |             |          |
|---|-------------|----------|
| 1. Enter your Maryland taxable income (See instructions for PART P-I.) . . . . .                            | 1. _____ 00 | _____ 00 |
| 2. Enter your share of Maryland taxable income from the project . . . . .                                   | 2. _____ 00 | _____ 00 |
| 3. Non-project Maryland taxable income (Subtract line 2 from line 1.<br>If less than 0, enter 0.) . . . . . | 3. _____ 00 | _____ 00 |

**PART P-I CALCULATION OF TAXABLE INCOME, WITHHOLDING,  
QUALIFIED EMPLOYEES AND TAX LIABILITY**

- |  |  |  |
|--|--|--|
| 4a. Enter the number of qualified employees <b>(DO NOT PRORATE.)</b> . . . . .   | 4a. _____  | _____  |
| 4b. Have you maintained at least 25 qualified employees for at least 5 years? Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 4c. Tax year in which the project was put in service: . . . . .  | 4c. _____  | _____  |

**NOTE: If line 4a is less than 25, and the answer to Question 4b is "No,"**

**STOP HERE. You may not claim this tax credit.**

**NOTE: If line 4a is less than 10, STOP HERE. You may not claim this tax credit.**

- |  |             |
|--|-------------|
| 4d. Prorate factor (Enter line 4a divided by 25; if greater than 1, enter 1.000000.) 4d. _____           | _____       |
| 5. Enter the amount of Maryland income tax required to be withheld<br>from qualified employees . . . . . | 5. _____ 00 |

**If PTE, do not complete Section B. Continue to Section C.**

**Section B**

- |   |             |          |
|---|-------------|----------|
| 6. Total tax liability:<br>line 14 of Form 500,<br>the sum of lines 21 and 21a, less any amounts from lines 22 through 24 of<br>Form 502; or, line 32d less any amounts from lines 33 and 34 of Form 505.<br>If less than 0, enter 0. . . . . | 6. _____ 00 | _____ 00 |
|---|-------------|----------|

**PTE member: Multiply the highest tax rate calculated on your return by the income on line 1.**

- |  |              |          |
|--|--------------|----------|
| 7a. Tax on income from the project (See instructions for PART P-I.) . . . . .                    | 7a. _____ 00 | _____ 00 |
| 7b. Multiply line 7a by line 4d . . . . .  | 7b. _____ 00 | _____ 00 |
| 8a. Tax on non-project income (Subtract line 7a from line 6. If less than 0, enter 0.) 8a. _____ | _____ 00     | _____ 00 |
| 8b. Multiply line 8a by line 4d . . . . .  | 8b. _____ 00 | _____ 00 |

**Section C**

- |   |              |          |
|---|--------------|----------|
| 9. Total eligible project costs (\$500,000 minimum) . . . . . | 9. _____ 00  | _____ 00 |
| 10. Enter the lesser of line 9 or \$5,000,000 . . . . .       | 10. _____ 00 | _____ 00 |
| 11. Total eligible start-up costs . . . . .                   | 11. _____ 00 | _____ 00 |
| 12. Enter the lesser of line 11 or \$500,000. . . . .         | 12. _____ 00 | _____ 00 |
| 13. Multiply line 4a by \$10,000 . . . . .                    | 13. _____ 00 | _____ 00 |

**If you are a PTE, stop here. Do not complete Parts II through IV.**

**PART P-II CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME FROM THE PROJECT**

Complete Part P-II to calculate the portion of the credits allowable for this tax year that  
will reduce your tax liability.

**All qualified persons  
(except for PTEs) including  
PTE members**

**Section A Project Costs**

- |  |              |
|--|--------------|
| 14. Enter the sum of project cost credits and refunds taken in prior tax years. . . . .                | 14. _____ 00 |
| 15. Subtract line 14 from line 10; if less than 0, enter 0. . . . .                                    | 15. _____ 00 |
| 16. Maryland State tax liability on income from the project (Enter the amount from line 7b.) . . . . . | 16. _____ 00 |
| 17. Credit against tax on income from the project (Enter the lesser of line 15 or line 16.) . . . . .  | 17. _____ 00 |

**Section B Start-up Costs**

- |   |              |
|---|--------------|
| 18. Enter the sum of start-up cost credits and refunds taken in prior tax years . . . . . | 18. _____ 00 |
| 19. Subtract line 18 from line 12. If less than 0, enter 0 . . . . .                      | 19. _____ 00 |
| 20. Enter the lesser of line 13 or line 19 . . . . .                                      | 20. _____ 00 |



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21. Remaining Maryland State tax liability after deducting credits taken for project costs in  
Section A (Subtract line 17 from line 6. If less than 0, enter 0.) . . . . .21. \_\_\_\_\_ 00
22. Nonrefundable portion of the start-up credit. This amount cannot exceed any  
remaining tax liability. (Enter the lesser of line 20 or line 21.) . . . . .22. \_\_\_\_\_ 00

**PART P-III Refundable Credit**

Section A Project costs

23. Credit remaining after deducting credit against tax on income from the project  
(Subtract line 17 from line 15. If less than 0, enter 0.) . . . . .23. \_\_\_\_\_ 00
24. Tax on non-project income (Enter the amount from line 8b.) . . . . .24. \_\_\_\_\_ 00
25. Tax available for application of credit  
(Subtract line 17 and line 22 from line 6. If less than 0, enter 0.) . . . . .25. \_\_\_\_\_ 00
26. Credit against tax on non-project income (Enter the lesser of lines 23, 24 or line 25.) . . . . .26. \_\_\_\_\_ 00
27. Tentative refund (Subtract line 26 from line 23. If less than 0, enter 0.) . . . . .27. \_\_\_\_\_ 00
28. Maryland income tax required to be withheld during this tax year from qualified employees  
(Enter the amount from line 5.) . . . . .28. \_\_\_\_\_ 00
29. Refund allowable for this tax year. Subtract line 26 from line 28 (If less than 0, enter 0.)  
and enter this amount or line 27, whichever is less. . . . .29. \_\_\_\_\_ 00

Section B Start-up costs

30. Tentative refund (Subtract line 22 from line 20. If less than 0, enter 0.) . . . . .30. \_\_\_\_\_ 00
31. Maryland income tax required to be withheld during this tax year from qualified employees  
(from line 5) . . . . .31. \_\_\_\_\_ 00
32. Refund allowable for this tax year (Enter the lesser of line 30 or line 31.) . . . . .32. \_\_\_\_\_ 00

**PART P-IV Summary**

33. Total nonrefundable credit for project costs (Add lines 17 and 26.) . . . . .33. \_\_\_\_\_ 00
34. Total nonrefundable credit for start-up costs (Enter amount from line 22.) . . . . .34. \_\_\_\_\_ 00
35. Total nonrefundable One Maryland Economic Development Tax Credit. (Add lines 33 and 34.) . .35. \_\_\_\_\_ 00
36. Total refundable credit for project costs. (Enter amount from line 29.) . . . . .36. \_\_\_\_\_ 00
37. Total refundable credit for start-up costs. (Enter amount from line 32.) . . . . .37. \_\_\_\_\_ 00
38. Total refundable One Maryland Economic Development Tax Credit. (Add lines 36 and 37.) . . .38. \_\_\_\_\_ 00

**PART Q - RESERVED**

1. RESERVED . . . . .1. XXXXXXXXXXXX

**PART R - RESERVED**

1. RESERVED . . . . .1. XXXXXXXXXXXX

**PART S - MORE JOBS FOR MARYLANDERS TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by the Maryland Department of Commerce) . . . . .1. \_\_\_\_\_ 00

**PART T - AUTOMATED EXTERNAL DEFIBRILLATOR TAX CREDIT**

1. Enter the number of new defibrillators. (Limit 1 per qualifying restaurant. See instructions.) . . .1. \_\_\_\_\_
2. Enter the credit amount. (Limit \$500 per defibrillator. Maximum total credit \$1,500.) . . . . .2. \_\_\_\_\_ 00

**PART U - FILM PRODUCTION ACTIVITY TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by the Maryland Department of Commerce) . . . . .1. \_\_\_\_\_ 00

**PART V - ENDOW MARYLAND TAX CREDIT \*\* Must Include Required Certification**

1. Amount of approved donation to a qualified permanent endowment fund . . . . .1. \_\_\_\_\_ 00
2. Enter 25% of line 1 . . . . .2. \_\_\_\_\_ 00
3. Enter the amount from line 2 or \$50,000, whichever is less . . . . .3. \_\_\_\_\_ 00

**PART W - THEATRICAL PRODUCTION TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by the Maryland Department of Commerce) . . . . .1. \_\_\_\_\_ 00

**PART X - PRESERVATION AND CONSERVATION EASEMENTS Tax Credit \*\* Must Include Required Certification**

1. Enter the portion of the total current-year conveyance amount . . . . .1. \_\_\_\_\_ 00
2. Enter the amount of any payment received for the easement during 2025. . . . .2. \_\_\_\_\_ 00
3. Subtract line 2 from line 1 . . . . .3. \_\_\_\_\_ 00
4. Enter the lesser of line 3 or \$5,000 here and on Part AAA, line 16 . . . . .4. \_\_\_\_\_ 00





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**PART Y - APPRENTICE EMPLOYEE TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by the Maryland Department of Labor) . . . . . 1. \_\_\_\_\_ 00

**PART Z - QUALIFIED FARMS TAX CREDIT \*\* Must Include Required Certification**

1. Credit (Total of Tax Credit Certificates) . . . . . 1. \_\_\_\_\_ 00

**PART AA - RESERVED**

1. RESERVED . . . . . 1. XXXXXXXXXXXX

**PART BB - ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES**

**TAX CREDIT \*\* Must Include Required Certification**

1. Credit (certified by Maryland Comptroller's office) . . . . . 1. \_\_\_\_\_ 00

**PART AAA - NONREFUNDABLE BUSINESS TAX CREDITS**

1. Total Enterprise Zone Tax Credit from PART A, line 15 . . . . . 1. \_\_\_\_\_ 00
2. Total Maryland Disability Employment Tax Credit from PART C, line 9 . . . . . 2. \_\_\_\_\_ 00
3. Total Job Creation Tax Credit from PART D, line 1 . . . . . 3. \_\_\_\_\_ 00
4. Total Community Investment Tax Credit from PART E, line 3 . . . . . 4. \_\_\_\_\_ 00
5. Total Businesses that Create New Jobs Tax Credit from PART F, line 3 . . . . . 5. \_\_\_\_\_ 00
6. Total nonrefundable credit for buyers of cybersecurity technology and/or cybersecurity services from PART H-II, line 9 . . . . . 6. \_\_\_\_\_ 00
7. Total Employer-Provided Long-Term Care Insurance Tax Credit from PART I, line 4. . . . . 7. \_\_\_\_\_ 00
8. Total Security Clearance Costs Tax Credit from PART J-I, line 3 . . . . . 8. \_\_\_\_\_ 00
9. Total First Year Leasing Cost Tax Credit for Small Businesses from PART J-II, line 1 . . . . . 9. \_\_\_\_\_ 00
10. Total nonrefundable Research and Development Tax Credits from PART K-I, line 1 . . . . . 10. \_\_\_\_\_ 00
11. Total Commuter Tax Credit from PART M, line 1 . . . . . 11. \_\_\_\_\_ 00
12. Work Opportunity Tax Credit PART O, line 6 . . . . . 12. \_\_\_\_\_ 00
13. Total nonrefundable One Maryland Economic Development Tax Credit from PART P-IV; if more than one project, see instructions . . . . . 13. \_\_\_\_\_ 00
14. Automated External Defibrillator Tax Credit from PART T, line 2. . . . . 14. \_\_\_\_\_ 00
15. Endow Maryland Tax Credit from PART V, line 3. . . . . 15. \_\_\_\_\_ 00
16. Total Preservation and Conservation Easements Tax Credit from PART X, line 4. . . . . 16. \_\_\_\_\_ 00
17. Total Apprentice Employee Tax Credit from PART Y, line 1 . . . . . 17. \_\_\_\_\_ 00
18. Total Qualified Farms Tax Credit from PART Z, line 1 . . . . . 18. \_\_\_\_\_ 00
19. Total Endowments of Maryland Historically Black Colleges and Universities Tax Credit from PART BB, line 1 . . . . . 19. \_\_\_\_\_ 00
20. Total of current year credits (Add lines 1 through 19.) . . . . . 20. \_\_\_\_\_ 00
21. Carryover of excess credits from PART BBB, line 7, of tax year 2024 Form 500CR . . . . . 21. \_\_\_\_\_ 00
22. Tentative credit. (Add lines 20 and 21.) . . . . . 22. \_\_\_\_\_ 00
23. Enter amount of any credit recapture. (See instructions for PART D and PART F.) . . . . . 23. \_\_\_\_\_ 00
24. Tentative credit after recapture. (Subtract line 23 from line 22.)  
If less than 0, enter negative amount. . . . . ► 24. \_\_\_\_\_ 00
25. Enter tax from:  
line 14 of Form 500;  
the sum of Lines 21, 21a, and 21b, less any amounts from lines 22-24 of Form 502; or  
line 32d less any amounts from lines 33 and 34 of Form 505. If less than 0, enter 0. . . . . ► 25. \_\_\_\_\_ 00
26. Allowable credit (Enter line 25 or line 26, whichever is less.)  
Also enter this amount on line:  
15c of Form 500, 25 of Form 502, or 35 of Form 505. . . . . ► 26. \_\_\_\_\_ 00

**NOTE: An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, V and Part BB. From PART V add line 1. From PART AAA add lines 1, 2, 8, 10 and 19. Also add PART CCC, line 4. Enter the result on line 7f of Form 500, line 5 of Form 502, or line 19 of Form 505.**



25500C799

Name as shown on Form

FEIN

**PART BBB - EXCESS CREDIT CARRYOVER CALCULATION**

If line 24 is less than or equal to line 25 of PART AAA, do not complete this section.

- |   |    |       |    |
|---|----|-------|----|
| 1. Enter amount from line 25 of PART AAA . . . . .  | 1. | _____ | 00 |
| 2. Add lines 6, 11, 12, and 13 of PART AAA. . . . .   | 2. | _____ | 00 |
| 3. Subtract line 2 from line 1. (If less than 0, enter 0.) . . . . .                              | 3. | _____ | 00 |
| 4. Subtract line 2 from line 24 of PART AAA . . . . .   | 4. | _____ | 00 |
| 5. Tentative excess credit carryover (Subtract line 3 from line 4.) . . . . .                     | 5. | _____ | 00 |
| 6. Enter any amount included in line 5 that will expire by the end of this tax year. . . . .      | 6. | _____ | 00 |
| 7. Subtract line 6 from line 5. (If less than 0, enter 0.) This is your credit carryover. . . . . | 7. | _____ | 00 |

**PART CCC - REFUNDABLE BUSINESS INCOME TAX CREDITS**

- |   |     |       |    |
|---|-----|-------|----|
| 1. Total refundable One Maryland Economic Development Tax Credit<br>from PART P-IV; if more than one project, see instructions . . . . .  | 1.  | _____ | 00 |
| 2. Total Biotechnology Investment Incentive Tax Credit from PART L, line 6. . . . .   | 2.  | _____ | 00 |
| 3. Total Film Production Activity Tax Credit from PART U, line 1 . . . . .  | 3.  | _____ | 00 |
| 4. Total refundable Small Business Research and Development Tax Credit from PART K-II, line 2 . . . . .   | 4.  | _____ | 00 |
| 5. Total refundable Credit for Investors in Innovation from PART H-I, line 6. . . . .   | 5.  | _____ | 00 |
| 6. Total Theatrical Production Tax Credit from Part W, line 1. . . . .  | 6.  | _____ | 00 |
| 7. Total More Jobs for Marylanders Tax Credit from PART S, line 1. . . . .  | 7.  | _____ | 00 |
| 8. Total Catalytic Revitalization Projects and Historic Revitalization Tax Credit from PART G, line 1. . . . .  | 8.  | _____ | 00 |
| 9. Subtotal refundable business income tax credits (Add lines 1 through 8.)<br>(If less than 0, enter as a negative amount)   |     |       |    |
| If you are filing Form 502 or Form 505, enter this amount here and on PART CC, line 3<br>of Form 502CR. If you are filing Form 500, Form 510 or 511, continue to line 10 . . . . . ▶              |     |       |    |
| 9. _____  | 9.  | _____ | 00 |
| 10. Amount of pass-through entity tax attributable to your distributive or pro rata share paid by<br>an electing PTE. . . . . ▶   | 10. | _____ | 00 |
| 11. Total refundable business income tax credits (Add lines 9 and 10. If less than 0, enter as<br>a negative amount). If you are filing Form 500, Form 510 or 511, continue to PART DDD . . . . . | 11. | _____ | 00 |

**PART DDD - CORPORATION AND PASS-THROUGH ENTITY (PTE) REFUNDABLE TAX CREDIT**

- |  |    |       |    |
|--|----|-------|----|
| 1. Enter the amount from Form 502S, line 6. . . . . ▶  | 1. | _____ | 00 |
| 2. Total refundable business income tax credits from PART CCC, line 11 . . . . .   | 2. | _____ | 00 |
| 3. Total refundable business income tax credits. Add line 1 and line 2 and enter the amount<br>here and on Form 500, line 15d. (If less than 0, enter as a negative amount.) . . . . . | 3. | _____ | 00 |

**NOTE: If you are filing Form 510 or 511, enter the distributive or pro rata share of each tax credit on your members Maryland Schedule K-1 (510/511).**



**Electronic Format** The paper version of Maryland Form 500CR is no longer available. You must file your Maryland return electronically to claim the business income tax credits available from Form 500CR.

**Tax-exempt organizations** Organizations that are tax-exempt under Internal Revenue Code Section 501(c) may be eligible to claim certain business tax credits against their withholding taxes. These qualified organizations no longer will use Form 500CR, but **will use Form MW508CR** as an attachment to Form MW508 (Annual Employer Withholding Reconciliation Return). See Administrative Release 34.

### GENERAL INSTRUCTIONS

**Purpose** Maryland Form 500CR is used to claim the following business tax credits against corporation and individual income tax.

<b>NONREFUNDABLE TAX CREDITS</b>	<b>Part</b>
Enterprise Zone Tax Credit**	A
Maryland Disability Employment Tax Credit**	C
Job Creation Tax Credit**	D
Community Investment Tax Credit**	E
Businesses That Create New Jobs Tax Credit	F
Cybersecurity Incentive Tax Credit for Buyers of Cybersecurity Technology and/or Cybersecurity Services**	H-II
Employer-Provided Long-Term Care Insurance Tax Credit	I
Federal Employer Security Clearance Costs Tax Credit**	J-I
First-Year Leasing Costs Tax Credit for Qualified Small Businesses**	J-II
Research and Development Tax Credits for Businesses Not Certified as a "Small Business"***	K-I
Commuter Tax Credit**	M
Work Opportunity Tax Credit	O
Non-Refundable One Maryland Economic Development Tax Credit** AFTER JUNE 30, 2018.	P-1 & P-2
RESERVED	Q
RESERVED	R
Automated External Defibrillator Tax Credit for Restaurants	T
Endow Maryland Tax Credit**	V
Preservation and Conservation Easements Tax Credit**	X
Apprentice Employee Tax Credit**	Y
Qualified Farms Tax Credit**	Z
RESERVED	AA
Endowments of Maryland Historically Black Colleges and Universities Tax Credit**	BB
<b>REFUNDABLE TAX CREDITS</b>	<b>Part</b>
RESERVED	B
Catalytic Revitalization Projects and Historic Revitalization Tax Credit**	G
Innovation Incentive Tax Credit for Investors in Technology**	H-I
Research and Development Tax Credits for Businesses Certified as a "Small Business"***	K-II

Biotechnology Investment Incentive Tax Credit**	L
RESERVED	N
Refundable One Maryland Economic Development Tax Credit** BEFORE JULY 1, 2018.	P-1 & P-2
More Jobs for Marylanders Tax Credit **	S
Film Production Activity Tax Credit**	U
Theatrical Production Tax Credit**	W
Heritage Structure Rehabilitation Tax Credit from Form 502S	DDD

**\*\*Required Certification must be included with Form 500CR.**

**Pass-Through Entities (PTEs)** If the business is a PTE, an electronic Form 510 or 511 must be filed and the Form 500CR section must be completed through line 27, Part AAA, for the PTE to pass on these business tax credits to its members. The PTE must provide a Maryland Schedule K-1 (510/511) to each partner, shareholder, or member, or beneficiary with a statement showing their share of each credit in Parts AAA, CCC and DDD. In addition, if the PTE is passing on the Heritage Structure Rehabilitation Tax Credit, it must complete the Form 502S section and enter the amount on line 1 of Part DDD. Required certification must be included.

If you are a PTE claiming the One Maryland Economic Development Tax Credit, refer to the instructions in Part P before completing the Maryland Schedule K-1 (510/511) for your members. There are additional reporting requirements unique to the One Maryland Credit.

**PTE member** Any credit from a PTE filing a fiscal year return is considered to be received by the member(s) on the last day of the PTE's fiscal year. The PTE member should claim the credit on the member's tax return for the same year as the PTE's fiscal year end. Even though the Maryland Schedule K-1 (510/511) listing the credit may reflect the tax year for the beginning of the fiscal year, the credit is still claimed in the year in which the PTE's fiscal year ends.

**Special Note for PTE Members:** If you are a PTE member receiving a distributive or pro rata share of credits, the required certification will have a different Taxpayer Identification Number than you have listed on your return for yourself, or for the business. Be sure to check the box as you begin to enter Form 500CR information into your return. It is important that you provide the PTE's Federal Employer Identification Number (FEIN) to ensure your credit is not disallowed. Check the box on page 1 of Form 500CR to indicate that credits are from a PTE and enter the PTE's FEIN. Include Maryland Schedule K-1 (510/511) from the PTEs showing your share of the credit and any credits passing through to you.

**Note:** Some state agencies will only provide certification to the parent of a corporation, which in turn passes the information down to its subsidiaries. It is important to identify FEINs and business names in this situation to avoid processing delays.

If credits are received from more than one entity, include a list of the other entities with names, FEINs, type of credit and the amount of credit for each entity providing credit information.

**Exception: Credits received from PTEs** If you have received distributive or pro rata share of tax credits reported on a Maryland Schedule K-1 (510/511), you do not need to complete the calculations for the credit. The amount which you enter in each section should be carried over to the appropriate fields in the Parts AAA, BBB or CCC. In addition, PTE members that are corporations or PTEs should complete Part DDD.

**Credits claimed by both spouses on a joint return** Only one

Form 500CR is completed, which will combine the amounts for both spouses.

**Other Information** If a FEIN is to be used and has not been secured, enter "APPLIED FOR" followed by the date of application. If you have not applied for a FEIN, do so immediately.

**Amended Returns** You will need to file an electronic Maryland amended return to make changes affecting Form 500CR.

**Derived From Other Entity Check Box:**

Check box if any of the claimed 500CR credits are derived from an entity other than the filing entity. Enter the other entity's FEIN. If claiming credits from more than one FEIN, include Maryland Schedule K-1 (510/511) from PTEs or statement(s) from corporate entity showing filing entity's share of the credit. Consolidated or combined statements will be accepted.

For One Maryland Economic Development Tax Credit, see instructions for Part P-1 and P-2.

**Corporate Diversity Check Box:**

Entities claiming \$1,000,000 or more in credits on Form 500CR are required to respond to this item. ENTITIES CLAIMING LESS THAN \$1,000,000 IN CREDITS SHOULD LEAVE THIS BOX BLANK.

The following entities are exempt from the corporate diversity requirements and should leave this box blank: (1) sole proprietor; (2) limited liability company owned by a single member; (3) privately held company if at least 75% of the company's shareholders are family members; or (4) entity that: (a) has an annual operating budget or annual sales less than \$5,000,000; and (b) does not qualify for \$1,000,000 or more in tax credits.

All other entities claiming \$1,000,000 or more in credits should check the box if the entity meets at least 4 of the 12 corporate diversity indicators listed at Code of Maryland Regulations 24.01.07.02D(2) (available at [dsd.maryland.gov](http://dsd.maryland.gov)). Do not check the box if the entity meets fewer than 4 corporate diversity indicators. An entity identified in § 19-106 of the Business Regulation Article, Code of Maryland, that fails to demonstrate support for underrepresented communities in the entity's mission may not qualify for a state benefit, including tax credits of at least \$1,000,000.

**PART A - ENTERPRISE ZONE TAX CREDIT  
General Requirements**

Businesses located in an Enterprise Zone may be eligible for tax credits based upon wages paid to qualifying employees. **For the purpose of claiming the credit, Enterprise Zones include Regional Institution Strategic Enterprise (RISE) zones as defined in Section 5-1401(f) of the Economic Development Article.** For businesses located in a Focus Area (an area within an Enterprise Zone that is designated by the Secretary of Commerce as especially in need), the credit amounts are higher.

Businesses that own, operate, develop, construct or rehabilitate property intended for use primarily as single or multifamily residential property are not eligible for the Enterprise Zone tax credit.

A Focus Area Employee is an employee who:

1. Is a new employee or an employee rehired after being laid off for more than one year;
2. Was employed at least 35 hours per week by the business for at least 12 months before or during the business entity's tax year for which a credit is claimed;
3. Spent at least one-half of their working hours in the Focus Area or on activities of the business resulting directly from its location in the Focus Area;
4. Earns 120% or more of the State minimum wage; and

5. Was hired by the business after the later of (1) the date on which the Focus Area was designated, or (2) the date on which the business entity located in the Focus Area.

A Qualified Employee is an employee who is not a Focus Area Employee and who:

1. Is an employee hired to fill a newly created position or, if the employee is an economically disadvantaged individual, is hired to fill a position previously held by another economically disadvantaged individual;
2. Was employed at least 35 hours per week by the business for at least 6 months before or during the business entity's tax year for which a credit is claimed;
3. Spent at least one-half of their working hours either in the Enterprise Zone or on activities of the business resulting directly from its location in the Enterprise Zone;
4. Earns 120% or more of the State minimum wage; and
5. Was hired by the business after the later of (1) the date on which the Enterprise Zone was designated, or (2) the date on which the business entity located in the Enterprise Zone.

In addition, an employee may not have been hired to replace an individual employed by the business in that year or the 3 previous tax years except an economically disadvantaged employee hired to replace a previously qualified economically disadvantaged employee, for whom the business received the corresponding first- or second-year credit in the immediately preceding tax year.

For information on the location of enterprise zones and focus areas and the standards which businesses must meet to qualify, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

Economically disadvantaged employees are those who are certified as such by:

Maryland Department of Labor  
Division of Workforce Development and Adult Learning  
1100 N. Eutaw Street  
Baltimore, MD 21201  
410-767-2047

That office will provide information relating to certification requirements for such employees.

**Specific Requirements**

Complete Parts A-I and A-II to claim the credit for Qualified Employees.

Complete Parts A-III and A-IV to claim the credit for Focus Area Employees.

**PART A-I – Credit for economically disadvantaged employees not located in a Focus Area.** A credit is allowed for each new economically disadvantaged employee for a 3-year period beginning with the year the employee was qualified. The credits are limited to the following amounts of wages paid to the economically disadvantaged employee: \$3,000 in the first year, \$2,000 in the second year, and \$1,000 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

On line 1, Part A-I, enter the number of economically disadvantaged Qualified Employees not located in a focus area in their first year of employment on the "First Year" line. Also, enter the number of these qualified employees on their respective second and third year lines.

On line 2, Part A-I, enter the credit equal to the wages paid to each first year employee up to a maximum of \$3,000 per employee.

On line 3, Part A-I, enter the credit equal to the wages paid to each second year employee up to a maximum of \$2,000 per employee.

On line 4, Part A-I, enter the credit equal to the wages paid to each third year employee up to a maximum of \$1,000 per employee.

On line 5, Part A-I, enter the sum of lines 2 through 4.

**PART A-II - Credit for other Qualified Employees not located in a Focus Area.** A credit is allowed for each new qualified employee not located in a focus area not provided in Part A-I. The credit is limited to \$1,000 of wages paid and is applicable **for only the first year** the employee was qualified.

On line 6, Part A-II, enter the number of first-year qualified employees who are not located in a Focus Area who were not claimed in Part A-I.

On line 7, Part A-II, enter the amount of wages for these employees up to a maximum of \$1,000 per employee.

**PART A-III - Credit for economically disadvantaged Focus Area Employees.** A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the first year the employee was qualified.

The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$4,500 in the first year, \$3,000 in the second year and \$1,500 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

On line 8, Part A-III, enter the number of economically disadvantaged Focus Area Employees located in a focus area in their first year of employment on the "First Year" line. Also, enter the number of these qualified employees on their respective second and third year lines.

On line 9, Part A-III, enter the credit equal to the wages paid to each first year employee up to a maximum of \$4,500 per employee.

On line 10, Part A-III, enter the credit equal to the wages paid to each second year employee up to a maximum of \$3,000 per employee.

On line 11, Part A-III, enter the credit equal to the wages paid to each third year employee up to a maximum of \$1,500 per employee.

On line 12, Part A-III, enter the sum of lines 9 through 11.

**PART A-IV - Credit for other Focus Area Employees located in a focus area.** A credit is allowed for each new qualified employee located in a Focus Area not provided in Part A-III. The credit is limited to \$1,500 of wages paid and is applicable for only the first year the employee was qualified.

On line 13, Part A-IV, enter the number of first-year Focus Area Employees located in a focus area who were not claimed in Part A-III.

On line 14, Part A-IV, enter the amount of wages for these employees up to a maximum of \$1,500 per employee.

#### **PART A - Summary**

Check the box if you are claiming a credit for a business located in a RISE zone as defined in Section 5-1401(f) of the Economic Development Article.

Add lines 5, 7, 12 and 14 and enter total on line 15, Part A and on Line 1 of Part AAA.

The amount on line 15, Part A must be included as an addition modification.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned

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in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years, whichever comes first.

Business must include certification with the return which shows the business is located in a Maryland Enterprise Zone. Maryland has more than 30 Enterprise Zones.

Counties and municipalities are responsible for certifying a business as eligible for the tax credits. Contact the county or municipal enterprise zone administrator for more information. The Maryland Department of Commerce has a list of jurisdictions with enterprise zones on its Website. Visit: **choosemaryland.org** to see the list of Maryland Enterprise Zones by Region.

#### **PART B - RESERVED**

#### **PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT**

**General Requirements** Businesses that employ persons with disabilities, as determined by the Division of Rehabilitation Services (DORS) in the Maryland State Department of Education and/or by the Maryland Department of Labor, may be eligible for tax credits for wages paid to, and for child care expenses and transportation expenses paid on behalf of, qualified employees.

Qualifying employees with a disability are those who are certified as such by the DORS (or by the Maryland Department of Labor if the employee is a disabled veteran). A copy of the DORS or Maryland Department of Labor certification must be included with your tax return when claiming this tax credit.

For certification or for additional information, contact:

Maryland State Department of Education  
Division of Rehabilitation Services  
Darlene Peregoy  
2301 Argonne Drive  
Baltimore, MD 21218  
1-888-554-0334 or 410-554-9408  
**dors.maryland.gov**

or:

Maryland Department of Labor  
1100 N. Eutaw St., Room 201  
Baltimore, MD 21201  
410-767-2047

A "Qualified Employee" with a disability means an individual who:

1. Meets the definition of an individual with a disability as defined by the Americans with Disabilities Act;
2. Has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work; and,
3. Is ready for employment; or,
4. Is a veteran who has been discharged or released from active duty by the American Armed Forces for a service-connected disability.

An employee must not have been hired to replace a laid-off employee or to replace an employee who is on strike or for whom the business simultaneously receives federal or state employment training benefits.

Qualifying child care expenses are those expenses incurred by a business to enable a qualified employee with a disability to be gainfully employed.

Transportation expenses are those expenses incurred by a business entity to enable a qualified employee with a disability to travel to and from work.

**Specific Requirements**

**PART C-I - Credit for employees with a disability hired.** A credit is allowed for each new employee with a disability for a two-year period beginning with the year the employee was qualified. The credit for each disabled employee hired is equal to 30% of the first \$15,000 of qualified first year wages and 30% of the first \$15,000 of qualified second year wages.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee:

- (a) Voluntarily leaves the employer;
- (b) Becomes further disabled or death occurs; or,
- (c) Is terminated for cause. The credit must be prorated for the portion of the year the employee worked unless the employee voluntarily left to take another job.

On line 1, Part C-I, enter the number of qualified employees in their first year of employment on the "First Year" line. Enter the number of qualified employees in their second year of employment on the "Second Year" line.

On line 2, Part C-I, enter the credit equal to 30% of the first \$15,000 of wages paid to each first year qualified employee.

On line 3, Part C-I, enter the credit equal to 30% of the first \$15,000 of wages paid to each second year qualified employee.

On line 4, Part C-I, enter the sum of lines 2 and 3.

**PART C-II - Credit for Child Care and Transportation Expenses**

An additional credit is allowed for expenses incurred by the employer for approved day care services for a child or children of a qualified employee, or for transportation expenses that are incurred to enable a qualified employee to travel to and from work.

A credit of up to \$1,500 is allowed for the first year of employment and up to \$1,500 for the second year. To verify if a child care center qualifies as an approved provider, contact the Department of Human Resources, Child Care Administrator for the county or city in which the child care center is located.

On line 5, Part C-II, enter the number of qualified employees in their first year of employment on the "First Year" line. Enter the number of qualified employees in their second year of employment on the "Second Year" line.

On line 6, Part C-II, enter the credit equal to a combined total of \$1,500 in child care and transportation expenses per each first year qualified employee with a disability.

On line 7, Part C-II, enter the credit equal to a combined total of \$1,500 in child care and transportation expenses per each second year qualified employee with a disability.

On line 8, Part C-II, enter the sum of lines 6 and 7.

**PART C - Summary**

On line 9, Part C, enter the sum of lines 4 and 8.

The amount on line 9, Part A must be included as an addition modification.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years, whichever comes first.

**PART D - JOB CREATION TAX CREDIT**

**General Requirements** Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created.

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The business facility must be certified as having created at least 60 qualified positions, 25 qualified positions if the business facility established or expanded is in a State Priority Funding Area, or 10 qualified positions in a county with an annual average employment that is less than 75,000 or a median household income that is less than two-thirds of the statewide median household income.

A qualified position is a full-time position which pays at least 120% of the State minimum wage, is located in Maryland, is newly created as a result of the establishment or expansion of a business facility in a single location in the state and is filled.

Small businesses that hire at least 1 qualified veteran employee for a full-time position in the State may apply for a credit. The credit amount is \$2,500 multiplied by the number of qualified veteran employees, up to a maximum of 5 veteran employees.

Qualified business entities are those certified as such by the Maryland Department of Commerce. A qualified employee is an employee filling a qualified position.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years after the credit was earned, whichever comes first.

**Recapture Provision** If, at any time during the three tax years after the year the credit was earned, the average number of qualified positions falls more than 5% below the average number of qualified positions during the year in which the credit was earned, a portion of the credit will be recaptured for the tax year in which this occurs.

The amount to be recaptured is the amount originally claimed multiplied by the percentage reduction in the number of qualified employees. The credit to be recaptured is reported on line 23, Part AAA of Form 500CR.

Certification must be included with the Form 500CR when claiming this credit.

For certification or for information on the standards that businesses must meet to qualify, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

**Specific Requirements**

**Job Creation Tax Credit \*\*Must Include Required Certification**

The amount of the approved credit is entered onto line 1, Part D.

**No credits may be earned for any tax year beginning on or after January 1, 2027.**

**PART E - COMMUNITY INVESTMENT TAX CREDIT**

Businesses or individuals who contribute to approved Community Investment Programs may be eligible for a credit against the Maryland State income tax. Contributions must be made to a nonprofit organization approved by the Department of Housing and Community Development (DHCD). The taxpayer must apply to and receive approval by the DHCD for each contribution for which a credit is claimed. The credit is limited to 50% of the approved contributions (including real property) not to exceed \$250,000.

Businesses and PTE members who are eligible to claim the Community Investment Tax Credit must claim the credit on the Form 500CR. Individuals who are eligible to claim the Community Investment Tax Credit and who are not PTE members may claim this credit on the Form 502CR instead of the Form 500CR. However, an individual may not claim the credit on both the Form 502CR and the Form 500CR.



Individuals who anticipate having a carryover of the Community Investment Tax Credit are advised to file using Form 500CR instead of Form 502CR. Individuals who have an existing carryover on Part CC of their 2024 Form 500CR may elect to use Form 502CR, if their excess carryover credit is attributable only to the Community Investment Tax Credit.

**Note:** A copy of the required approval from the DHCD must be included with Form 500CR.

### Specific Instructions

Enter the amount of approved contributions on line 1, Part E.

Enter 50% of line 1 on line 2, Part E.

On line 3, enter the lesser of line 2 or \$250,000.

Also, enter this amount on line 4, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the individual or business is entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

For more information contact:

Department of Housing and Community Development  
Division of Neighborhood Revitalization  
2 N. Charles St., Suite 450  
Baltimore, MD 21201

410-209-5817 or 410-290-5843

Email: [citc.nr@mdhousing.org](mailto:citc.nr@mdhousing.org)

### PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

To qualify, businesses must be located in Maryland and create new positions or establish or expand business facilities in the state. If a property tax credit (or an enhanced property tax credit) as defined in Section 9-230 of the Tax-Property Article is granted by the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation, certain businesses may be entitled to an income tax credit.

These credits are based on percentages of the property tax liability as certified by the Maryland Department of Assessments and Taxation (DAT).

Businesses certified by DAT for the Businesses that Create New Jobs Property Tax Credit will enter the amount of income tax credit for which they have been certified on line 1, Part F. Businesses certified by DAT for the Businesses that Create New Jobs Enhanced Property Tax Credit will enter the amount of income tax credit for which they have been certified on line 2, Part F.

Enter the total of the certified amount by adding lines 1 and 2 and entering the result on line 3, Part F.

Also enter this amount on line 5, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the individual or business is entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

**Recapture Provision** If, at any time during the three tax years after the year the credit was earned, the business fails to satisfy the thresholds to qualify for the credit, the credit must be recaptured. The income tax credit to be recaptured is reported on line 23, Part AAA, of Form 500CR and filed with the tax return for the tax year

in which the business failed to satisfy the applicable thresholds.

For more information contact:

Department of Assessments and Taxation  
301 W. Preston Street  
Baltimore, MD 21201-2395

410-767-1191

Email: [taxcredits@maryland.gov](mailto:taxcredits@maryland.gov)

### PART G - CATALYTIC REVITALIZATION PROJECTS AND HISTORIC REVITALIZATION TAX CREDIT

This is a refundable income tax credit for 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. The Department of Housing and Community Development administers the credit/issue certificates to projects.

If you are an individual, business entity or nonprofit organization, you may claim either: (1) for a project issued a single tax credit certificate on completion, a tax credit in an amount equal to 20% of the amount stated in the final tax credit certificate issued by the Department of Housing and Community Development (DHCD) for 5 consecutive taxable years beginning with the taxable year in which the Catalytic Revitalization Project is completed, or (2) for a phased project issued a tax credit certificate on completion of a phase, a tax credit in an amount equal to the full amount stated in the final tax credit certificate for the taxable year in which the certificate was issued by DHCD for the completion of a phase of the Catalytic Revitalization Project. See Form 502CR instructions.

If the credit is transferred by written instrument, the transferee may claim a refund, or carryforward for succeeding taxable years, of any excess credit.

**NOTE:** A copy of the required certification from the Maryland Department of Housing and Community Development must be included.

### PART H - INNOVATION AND CYBERSECURITY INCENTIVE TAX CREDITS

**PART H-I Refundable Credit for Investors in Innovation General Requirements** A credit is available for an investment in a qualified Maryland technology company (QMTC). The credit is claimed by a qualified investor. A qualified investor is an individual or entity that invests at least \$25,000 in a QMTC that is required to file an income tax return in any jurisdiction. To qualify, a QMTC can be an entity of any form (except a sole proprietorship) that is duly organized and existing under the laws of any jurisdiction (or formed within 4 months of receiving the investment) for the purpose of conducting business for profit, and must be engaged primarily in the development of innovative and proprietary cybersecurity technology.

The QMTC must:

- Have its headquarters and base of operations in Maryland;
- Have not participated in the tax credit program for more than 3 prior fiscal years;
- Have an aggregate capitalization of at least \$100,000;
- Own or have properly licensed any proprietary technology;
- Have fewer than 50 full-time employees;
- Not have its securities publicly traded on any exchange;
- Be in good standing;
- Be current in the payment of all tax obligations to Maryland or any unit or subdivision of Maryland;
- Not be in default under the terms of any contract with,

indebtedness to, or grant from Maryland or any unit or subdivision of Maryland;

- Meet any other requirements of the Maryland Department of Commerce evidencing that the QMTC is a going concern primarily engaged in the development of innovative and proprietary cybersecurity technology; and
- Provide any other information the Maryland Department of Commerce may require.

The amount of the credit is 33% of the investment in the QMTC, not to exceed \$250,000. For a QMTC located in Allegany County, Dorchester County, Garrett County, or Somerset County, the amount of the credit is 50% of the investment in the QMTC, not to exceed \$500,000. For a QMTC located in a Regional Institution Strategic Enterprise Zone that is designated under Title 5, Subtitle 14 of the Economic Development Article, is based on technology that was developed at a qualified institution within that zone, and has been in active business for no more than 7 years, the amount of the credit is 50% of the investment in the QMTC not to exceed \$500,000. The investment cannot include debt unless it is convertible debt. The investment must be the contribution of money in cash or cash equivalents expressed in United States dollars, at risk of loss, to a QMTC in exchange for stock, a partnership or membership interest, or any other ownership interest in the equity of the QMTC, title to which the ownership interest shall vest in the qualified investor. "Qualified investor" means an individual or entity that is required to file an income tax return in any jurisdiction and invests at least \$25,000 in a QMTC. However, the qualified investor may not, after making the investment, own or control more than 25% of the equity interest in the QMTC. See § 10-733 of the Tax-General Article.

At least 30 days prior to making an investment in a QMTC, a **qualified investor** must submit an application to the Maryland Department of Commerce for an initial tax credit certificate.

**A QMTC** must apply for and receive final certification from the Maryland Department of Commerce to claim the credit for Investors in Innovation

For questions on application and certification processes or for additional information on this credit program, visit: <https://commerce.maryland.gov/fund/programs-for-businesses/innovation-investment>

**A QMTC** must apply for and receive final certification from the Maryland Department of Commerce to claim the Cybersecurity Investment Incentive Tax Credit.

### Specific Requirements

Based on the actual amount of the investment made by a qualified investor, the Maryland Department of Commerce will issue a final tax credit certificate to the qualified investor. The qualified investor may claim the tax credit for the amount provided in the final certificate. If the credit exceeds the tax due, then a refund for the excess amount may be claimed. The credit cannot be claimed until the date of issuance of the final certificate. It must be claimed on the Maryland income tax return for the tax year in which the investment is made in the QMTC.

A copy of the final certificate received from the Maryland Department of Commerce is required to be included with your return for the tax credit to be allowed. Complete Part H-I using the information provided in the final certificate and enter the amount of the approved investment on line 1.

On line 2, Part H-I, enter 33% of the approved investment. For a QMTC located in Allegany County, Dorchester County, Garrett County or Somerset County, or a QMTC located in a Regional Institution Strategic Enterprise Zone that is designated under Title 5, Subtitle 14 of the Economic Development Article, is based on technology that was developed at a qualified institution within

that zone, and has been in active business for no more than 7 years enter 50% of the approved investment.

Line 3, Part H-I, reflects the maximum dollar amount of credit per investment. Enter \$250,000. For a QMTC located in Allegany County, Dorchester County, Garrett County or Somerset County, or a QMTC located in a Regional Institution Strategic Enterprise Zone that is designated under Title 5, Subtitle 14 of the Economic Development Article, is based on technology that was developed at a qualified institution within that zone, and has been in active business for no more than 7 years enter \$500,000.

On line 4, Part H-I, enter the lesser of line 2 or line 3.

On line 5, Part H-I, enter any applicable recapture amount. See more information below about recapture amounts.

On line 6, Part H-I, subtract line 5 from line 4. If the amount is less than zero, enter a negative amount.

Enter the amount from line 6, Part H-I, on line 5, Part CCC.

**Note:** If you are claiming a credit for more than one investment, another separate Part H-I must be completed for each investment.

Total the amounts from line 6 from each separate Part H-I. Using only one summary section, combine the total on line 5, Part CCC. To claim the total credit, you must complete a second Part H-I at the time you electronically file your income tax return.

**Recapture of Credit** The credit is subject to recapture if within 2 years of the close of the taxable year in which the credit is claimed; 1) the qualified investor sells, transfers or otherwise disposes of the ownership interest in the QMTC that gave rise to the credit; 2) the QMTC ceases operating as an active business or distributes the equity investmentor pays out as dividends or otherwise distributes the equity investment; 3) the QMTC is not duly organized and existing within 4 months of receiving the qualified investment. The applicable recapture amount is calculated by multiplying the total amount of the credit claimed (or in the case of a sale, transfer, or other disposition of the ownership interest, the portion of the credit attributable to the ownership interest disposed of), by one of the following percentages:

- 100%, if the event requiring recapture of the credit occurs during the tax year for which the tax credit is claimed;
- 67%, if the event requiring recapture of the credit occurs during the first year after the close of the tax year for which the tax credit is claimed; or
- 33%, if the event requiring recapture of the credit occurs more than 1 year but not more than 2 years after the close of the tax year for which the tax credit is claimed. The amount of recapture is entered onto line 5, Part H-I.

The credit may also be subject to a recapture if the certificate is rescinded by the Maryland Department of Commerce due to the qualified investor failing to provide the required notice to the Maryland Department of Commerce of having made the investment, or if the Maryland Department of Commerce revokes the final certification due to false representations made in connection with the application for the certification.

**Pass-Through Entities** If the credit is claimed by a qualified investor that is a PTE, the members of the PTE may claim the distributive or pro rata shares of the credit amount subject to the \$250,000 limitation (or \$500,000 for a QMTC located in Allegany County, Dorchester County, Garrett County or Somerset County). A PTE that earned the Investment in Innovation Tax Credit must electronically file the Form 510 and 511, Form 500CR and all other required attachments for members to be permitted to claim the credit. See Form 510 and 511 instructions.

For a member of the PTE to be allowed the credit, the member

must complete the Form 500CR section of their electronically-filed Maryland return and include a copy of the final certification from the Maryland Department of Commerce and Maryland Schedule K-1 (510/511) showing the allocated share of the credit amount.

**Part H-II – Nonrefundable Credit for Buyers of Cybersecurity Technology and/or Cybersecurity Services**

A qualified buyer may claim a credit in an amount equal to 50% of the cost incurred during the taxable year to purchase cybersecurity technology and/or a cybersecurity services from one or more qualified sellers. For any taxable year, the credit allowed may not exceed \$50,000 for each qualified buyer; and the aggregate credits claimed for cybersecurity technology and/or cybersecurity services purchased from a single qualified seller may not exceed \$200,000.

A “Cybersecurity Business” means an entity organized for profit that is engaged primarily in the development of innovative and proprietary cybersecurity technology or the provision of cybersecurity service.

A “Cybersecurity Service” is an activity that is associated with a category or subcategory identified under the framework core established by the National Institute of Standards and Technology’s Cybersecurity Framework.

A “Cybersecurity Technology” means products or goods intended to detect or prevent activity intended to result in unauthorized access to, exfiltration of, manipulation of, or impairment to the integrity, confidentiality, or availability of an information system or information stored on or transiting an information system.

A “Qualified Buyer” means any entity that has fewer than 50 employees in the State and that is required to file an income tax return in the State.

A “Qualified Seller” means a cybersecurity business that:

- Has its headquarters and base of operations in the State;
- (i) has less than \$5,000,000 in annual revenue; (ii) is a minority-owned, woman-owned, veteran-owned, or service-disabled-veteran-owned business; or (iii) is located in a historically underutilized business zone designated by the United States Small Business Administration;
- Owns or has properly licensed any proprietary cybersecurity technology; or provides cybersecurity service;
- Is in good standing;
- Is current in the payment of all tax obligations to the State or any unit or subdivision of the State; and
- Is not in default under the terms of any contract with, indebtedness to, or grant from the State or any unit or subdivision of the State.

A qualified buyer eligible for the credit may apply to the Maryland Department of Commerce for a credit certificate that states the amount of the credit the qualified buyer may claim. A qualified buyer must attach a copy of the credit certificate to the income tax return on which the qualified buyer claims the credit. The Maryland Department of Commerce approves each application that qualifies for a credit certificate.

**Subject to Recapture** The Maryland Department of Commerce may revoke its certification of a credit if any representation made in connection with the application for the certification is determined by the Maryland Department of Commerce to have been false. The revocation may be in full or in part as the Maryland Department of Commerce may determine.

For information on the qualifications and application process, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

**PART I – EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT**

A credit is allowed for premiums paid by employers to provide long-term care insurance to their employees as part of their benefits package. The employer may claim a credit of 5% of the premiums paid during the tax year or \$100 for each Maryland employee covered by long-term care insurance provided, whichever is less, but cannot be more than \$5,000.

**Specific Instructions**

On line 1, Part I, enter 5% of the long-term care insurance premiums paid as part of an employee benefit package.

On line 2, Part I, enter the number of employees within Maryland covered under the employee benefit package on the line provided.

Multiply this by \$100 and enter the result on line 2.

On line 3, Part I, enter the lesser of line 1 or line 2.

On line 4, Part I, enter the lesser of line 3 or \$5,000.

Also enter the amount from line 4, Part I, on line 7, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years after the credit was earned, whichever comes first.

State Department of Assessments and Taxation  
301 West Preston Street  
Baltimore, MD 21201-2395  
410-767-1191

**PART J – EMPLOYER SECURITY CLEARANCE COSTS (ESCC) TAX CREDIT**

A business may be eligible to claim credits against the State income tax for certain costs related to federal-based security contracting. For a business to be eligible, it must apply to and be certified by the Maryland Department of Commerce.

**PART J-I – Credits for Sensitive Compartmented Information Facilities (SCIFs) and Security Clearance Administrative Expenses**

A business may claim a credit against its Maryland State income tax for costs related to the construction or renovation of SCIF located in Maryland. The SCIF must be accredited by the appropriate federal

agency. For costs related to a single SCIF, the credit is equal to the lesser of 50% of the costs or \$200,000. For costs related to multiple SCIFs, the credit is the amount of costs up to \$500,000 per calendar year.

Also, a business may claim a credit against its Maryland State income tax up to \$200,000 per tax year for qualified security clearance administrative expenses.

Qualified expenses include:

- Processing application requests for federal security clearance;
- Maintaining, upgrading or installing computer systems in Maryland that are required to obtain federal security clearance; and,
- Training employees in the State to administer the clearance application process.



Whenever a credit is claimed against the income tax, an addition modification must be made in the amount of the credit claimed in Part J-I, line 3.

### Claiming the Tax Credit

To claim the ESCC tax credit, a business must submit an application to the Maryland Department of Commerce by September 15th following the tax year in which the related expenses and costs were incurred. By December 15th of that year, the Maryland Department of Commerce will certify the approved amount. To claim the credit, the applicant must: 1) file an electronic Maryland income tax return with the Comptroller of Maryland for any taxable year after the taxable year in which the costs were incurred; or 2) file an electronic amended Maryland income tax return with the Comptroller of Maryland. A copy of the Maryland Department of Commerce certification must be included with the return.

The business will enter the Maryland Department of Commerce certified amount of construction and equipment costs incurred to construct or renovate SCIFs on line 1, Part J-I. On line 2, Part J-I, the business will enter the amount of certified Security Clearance Administrative expenses, not to exceed \$200,000. Line 3, Part J-I, will reflect the sum of line 1 and line 2. This amount also is an addition modification on the tax return.

### PART J-II – The First Year Leasing Costs Tax Credit for Qualified Small Businesses

A qualified small business also may claim a credit against its Maryland income tax up to \$200,000 for costs for rental payments during the first year of a rental agreement for leasing spaces to perform security-based contracting work. In Part J-II, a qualified small business will claim the amount of First Year Leasing Costs Tax Credit approved by the Maryland Department of Commerce.

The total ESCC tax credit approved by the Maryland Department of Commerce may not exceed \$2 million for any calendar year. If the total amount of credits applied for by all businesses exceeds \$2 million, the credits will be approved on a pro rata basis. Excess credit may be carried forward until the excess amount is fully used.

For more information, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

### PART K - RESEARCH AND DEVELOPMENT TAX CREDITS

Businesses that incur qualified research and development expenses in Maryland may be entitled to tax credits. The total of research and development credits for all businesses may not exceed \$12,000,000 per year. \$3,500,000 in credits are reserved for applicants that are small businesses.

To claim the credit, the applicant must: 1) file an electronic Maryland income tax return with the Comptroller of Maryland for any of the 7 taxable years after the taxable year in which the expenses were incurred; or 2) file an electronic amended Maryland income tax return with the Comptroller of Maryland. Whenever this credit is claimed against the income tax, an addition modification must be made for the tax year in which the research and development expenses were paid. For certification and more information contact the Maryland Department of Commerce.

Certification must be obtained from the Maryland Department of Commerce before the credit can be claimed. A copy of the certification from the Maryland Department of Commerce must be included with the return.

### PART K-I – Research and Development Tax Credits for Businesses Not Certified as a “Small Business”

The credit is 10% of the Maryland research and development expenses paid during the tax year that **exceed** the base amount.

#### Claiming the Tax Credit

On line 1, Part K-I, the business will enter the credit amount certified by the Maryland Department of Commerce. This amount is carried to line 10, Part AAA. Also, this amount must be taken as an addition modification on the tax return.

### PART K-II – Research and Development Tax Credits for Businesses Certified as a “Small Business”

If a business is certified to claim the Research and Development Tax Credit as a “Small Business,” the credit is calculated in the same manner by the Maryland Department of Commerce, but Part K-II is used. The credit is refundable for small businesses.

A “Small Business” is defined as a for-profit corporation, limited liability company, partnership or sole-proprietorship with net book value assets totaling at the beginning or the end of the tax year for which the Maryland qualified research and development expenses are incurred, as reported on the balance sheet, less than \$5,000,000.

#### Claiming the Tax Credit

On line 2, Part K-II, the small business will enter the credit amount certified by the Maryland Department of Commerce. This amount is carried to line 4, Part CCC. Also, this amount must be taken as an addition modification on the tax return.

For certification and further information contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

### PART L - BIOTECHNOLOGY INVESTMENT INCENTIVE TAX CREDIT

**General Requirements** A credit is available for an investment in a qualified Maryland biotechnology company (QMBC). To qualify, a company can be any entity of any form (except a sole proprietorship) that is duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit, and must be primarily engaged in, or within 2 months will be primarily engaged in, the research, development, or commercialization of innovative and proprietary technology that comprises, interacts with, or analyzes biological material including biomolecules (DNA, RNA, or protein), cells, tissues or organs.

#### QMBC Requirements

The QMBC must:

- Have its headquarters and base of operations in Maryland;
- Have fewer than 50 full-time employees;
- Have been in active business no longer than 12 years;
- Have been certified as a biotechnology company by the Maryland Department of Commerce;
- Must not have any securities publicly traded on any exchange; and,
- The qualified investors in the company have not received more than \$ 7,000,000 in tax credits in the aggregate under this section.

A QMBC includes:

- A company that, within 2 months of the receipt of the investment, has met the requirements of a QMBC. Failure to meet the requirements of a QMBC may result in revocation of the tax credit certificate and recapture of any tax credits already claimed by the qualified investor.

The investor:

- Can be an individual or any entity (except a retirement plan), and must make an investment of at least \$25,000 in a QMBC (but not own more than 25% of the equity interests in the company after making the investment);
- Must be required to file an income tax return in any jurisdiction; and,
- Must apply for and receive final certification from the Maryland Department of Commerce to claim the Biotechnology Investment Incentive Tax Credit.

The amount of the credit is 50% of the investment in the QMBC for certificates issued before July 1, 2021, or 33% of the investment for certificates issued after June 30, 2021, not to exceed \$250,000. For a QMBC (1) located in Allegany County, Dorchester County, Garrett County or Somerset County, or (2) located in a Regional Institution Strategic Enterprise Zone, is based on technology that was developed at a qualified institution within that zone, and has been in active business not longer than 7 years, the amount of the credit is 75% of the investment in the QMBC for certificates issued before July 1, 2021 or 50% of the investment for certificates issued after June 30, 2021, not to exceed \$500,000. The investment must be the contribution of money in cash or cash equivalents expressed in United States dollars, at risk of loss, to a QMBC in exchange for stock, a partnership or membership interest, or other ownership interest in the equity of the company title to which ownership shall vest in the qualified investor. The investment cannot include debt. See §10-725 of the Tax-General Article and Code of Maryland Regulations 24.05.03.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

### Specific Requirements

The investor may claim the tax credit for the amount provided in the final certificate. If the credit amount exceeds the tax due, then a refund for the excess amount may be claimed. The credit cannot be claimed until the date of issuance of the final certificate. It must be claimed on the Maryland income tax return for the tax year in which the investor makes the investment in the QMBC.

Both the final certificate received from the Maryland Department of Commerce and a statement of affidavit (see below) as prepared by the investor are required to be included with your return for the Biotechnology Investment Incentive Tax Credit to be allowed. Complete Part L using the information provided in the final certificate and enter the amount of the approved investment on line 1.

On line 2, Part L, enter 50% of the investment in the QMBC for certificates issued before July 1, 2021 or 33% of the investment for certificates issued after June 30, 2021. For a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County, enter 75% of the investment in the QMBC for certificates issued before July 1, 2021 or 50% of the investment for certificates issued after June 30, 2021.

Line 3, Part L, reflects the maximum dollar amount of credit per investment. Enter \$250,000. For a QMBC (1) located in Allegany County, Dorchester County, Garrett County or Somerset County, or (2) located in a Regional Institution Strategic Enterprise Zone, is based on technology that was developed at a qualified institution within that zone, and has been in active business not longer than 7 years, enter \$500,000.

On line 4, Part L, enter the lesser of line 2 or line 3.

On line 5, Part L, enter any applicable recapture amount. See Required Statement and Recapture of Credit.

On line 6, Part L, subtract line 5 from line 4. If the amount is less than zero, enter a negative amount.

Enter the amount from line 6, Part L, on line 2, Part CCC.

**Note:** If you are claiming a credit for more than one investment, another separate Part L must be completed for each investment.

Total the amount from line 6, from each separate Part L. Using only one summary section, combine the total on line 2, Part CCC. To claim the total credit, you must complete a second Part L at the time you file your electronic income tax return.

**Required Statement and Recapture of Credit** The statement of affidavit must include the Taxpayer Identification Number and name of the investor, signature of the investor under penalties of perjury (or its authorized representative), and date.

The statement of affidavit must stipulate that if, within 2 years after the close of the tax year for which the credit is claimed, (1) the investor sells, transfers or disposes of the ownership interest in the QMBC, for which this tax credit was certified, or, (2) the QMBC ceases operating as an active business with its headquarters and base of operations in Maryland, the investor must notify the Comptroller by reporting the applicable recapture amount on the investor's Maryland tax return for the tax year in which the event causing the recapture occurred.

The applicable recapture amount is calculated by multiplying the total amount of the credit claimed (or in the case of a sale, transfer or other disposition of the ownership interest, the portion of the credit attributable to the ownership interest disposed of), by one of the following percentages:

- 100%, if the event requiring recapture of the credit occurs during the tax year for which the tax credit is claimed;
- 67%, if the event requiring recapture of the credit occurs during the first year after the close of the tax year for which the tax credit is claimed; or,
- 33%, if the event requiring recapture of the credit occurs more than 1 year but not more than 2 years after the close of the tax year for which the tax credit is claimed. The amount of recapture is entered onto line 5, Part L.

An investor's credit also may be subject to a recapture if the certificate is rescinded by the Maryland Department of Commerce due to the investor failing to provide the required notice to the Maryland Department of Commerce of having made the investment, or if the Maryland Department of Commerce revokes the final certificate due to false representations made in connection with application for the certification. The credit will also be subject to recapture if the issued certificate is revoked by the Maryland Department of Commerce because a company failed to satisfy the requirements of a QMBC within 2 months. See Code of Maryland Regulations 24.05.03 for rescission and revocation procedures.

**Pass-Through Entities** If the credit is earned by an investor that is a PTE, the members of the PTE may claim the distributive or pro rata shares of the credit amount subject to the \$250,000 limitation (or \$500,000 for a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County). A PTE that earned the Biotechnology Investment Incentive Tax Credit must electronically file the Form 510 or 511, Form 500CR and all other required attachments for members to be permitted to claim the credit. See Form 510 or 511 instructions.

For a member of the PTE to be allowed the credit, the member must complete the Form 500CR section of their electronically-filed Maryland return and include the following: copies of the final certification from the Maryland Department of Commerce and statement of affidavit; and Maryland Schedule K-1 (510/511) showing the allocated share of credit amount.

**PART M - COMMUTER TAX CREDIT\*\***

A credit is allowed for businesses that conduct or operate a trade or business in Maryland and provide commuter benefits for their employees. The business must pay a portion of the cost of travel between the employee's home and the workplace. Qualified commuter benefits include the cost of transit instruments (tickets, passes, vouchers, fare cards, smartcards and tokens) used to transport an employee of the business to or from home and the workplace. The portion of the cost an employer pays to provide a "Cash in Lieu of Parking" program, "Guaranteed Ride Home" program, "Telework" program, "Active Transportation" program, or "Multimodal Commuter Program" are also qualified commuter benefits.

This credit is administered by the Maryland Department of Transportation.

**Note:** A copy of the certificate from the Maryland Department of Transportation must be included.

**Specific Instructions**

On line 1, Part M, enter the amount of the credit certified by the Maryland Department of Transportation. The amount of this credit is limited to the Maryland State income tax on the return and is not carried forward to another tax year.

For more information contact:

Maryland Department of Transportation  
7201 Corporate Center Drive  
Hanover, MD 21076  
410-865-1100

[mdot.maryland.gov](http://mdot.maryland.gov) (search "Commuter Credit")

**PART N - RESERVED**

**PART O - WORK OPPORTUNITY TAX CREDIT**

**Specific Instructions**

To receive the Work Opportunity Tax Credit, you must be eligible for the federal credit.

On line 1, Part O, enter the amount of the Federal Work Opportunity Tax Credit.

On line 2, Part O, enter the qualified first-year wages used to calculate the federal work opportunity credit paid to Maryland employees who worked for you at least 120 hours but fewer than 400 hours multiplied by .25.

On line 3, Part O, enter the qualified first-year wages used to calculate the federal work opportunity credit paid to Maryland employees who worked for you at least 400 hours multiplied by .4.

On line 4, Part O, enter the qualified second-year wages used to calculate the federal work opportunity credit paid to Maryland employees certified as long-term family assistance recipients multiplied by .5.

On line 5, Part O, enter the Work Opportunity Credit from Partnerships, S-Corps, Cooperatives, Estates, and Trusts attributable to wages paid to Maryland employees.

On line 6, Part O, add lines 2, 3, 4, and 5, and multiply by .5. This is the credit amount.

Enter the amount from line 6, Part O, on line 12, Part AAA.

The Work Opportunity Tax Credit is allowed for wages paid to an individual with barriers to employment who is employed in the State. The credit is limited to the lesser of 50% of the federal work opportunity credit properly claimed on the employer's federal income tax return for qualifying Maryland wages, excluding any amount carried back or forward from another taxable year, or the

07/25

State income tax imposed for that taxable year.

**Note:** A copy of federal Form 3800 must be attached.

**PART P-1 - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED AFTER JUNE 30, 2018**

**General requirements** Credits may be claimed for eligible project costs incurred to establish, relocate or expand a business facility in a Tier I Maryland county. To qualify for the credit for project costs, a minimum of \$500,000 must be spent on eligible project costs. At least 50 newly hired qualified employees must be employed for at least one year at the new or expanded facility for eligibility for the maximum credit of \$5,000,000, or at least 25 but fewer than 50 for eligibility for a maximum credit of \$2,500,000, or at least 10 but fewer than 25 for eligibility for a maximum credit of \$1,000,000.

This credit may also be claimed by tax-exempt nonprofit organizations that are qualified business entities against their unrelated business taxable income.

If claiming a credit for multiple projects, complete a separate Part P-1 for each project.

For information on Tier I counties, qualified employees, eligible costs and other requirements businesses must satisfy to qualify for credit, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

A business cannot be certified as a qualified business entity by the Secretary of the Maryland Department of Commerce unless the business notifies the Maryland Department of Commerce of its intent to seek certification before hiring any qualified employees to fill the qualified positions.

The qualified business entity must report to the Maryland Department of Commerce the amount of the project tax credit that the entity claims on the entity's tax return for each taxable year that the entity claims any portion of the project tax credit. Failure of the qualified business entity to report the amount claimed disqualifies the entity from claiming any unclaimed amount of the project tax credit.

For any taxable year, if a qualified business entity claims the project tax credit, the qualified business entity cannot also claim a Job Creation Tax Credit authorized under Section 6-304 of the Maryland Economic Development Article.

Pass-through entities (PTEs), filing Form 510 or 511 with eligible project costs must follow the additional instructions following Part P-IV Summary.

**Note:** A qualified business entity, which has been certified for the tax credit, may claim a prorated share of this credit, if: (1) the number of qualified positions falls below the minimum number of qualified positions required to qualify for the project tax credit, but does not fall below 10, and (2) the qualified business entity has maintained at least the minimum number of qualified positions required to qualify for the project tax credit for at least five years.

**PART P-I - CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY**

**Note:** Part P-I has two columns. Column 1 is used by all qualified business entities, except PTE members. Column 2 is used by PTE members only and should reflect a member's distributive or pro rata share of the reported items, except lines 2a through 2c (see the instructions below for Part P-I, Section A). **PTEs complete only Sections A and C of Part P-I.**

**Read the Special Instructions-I For Qualified Entities That Are Pass-Through Entities, following Part-IV Summary.**

**PTE members** must read the Special Instructions-II For Members

Of Qualified Business Entities That Are Pass-Through Entities **BEFORE** completing Part P-I.

**Section A** For taxpayers that are not PTE members, enter your Maryland taxable net income from your return on line 1.

For PTE members of a qualified business entity, enter your Maryland taxable net income from the PTE on line 1.

Enter on line 2a the number of qualified employees. This number is not allocated or pro-rated; a PTE would report this same number on Maryland Schedule K-1 (510/511) to all PTE members.

A qualified employee is an employee filling a qualified position. Generally, this is a position that is full-time and of indefinite duration, is paid at least 120% of the State minimum wage, is located in a Tier I Maryland county, and is newly created as a result of the establishment of a business facility.

**Note:** If the number of employees entered on line 2a is fewer than 10, do not continue. You are not eligible to claim the tax credit for this year.

Enter a "Yes" or a "No" to the question on line 2b, whether the qualified business entity had maintained at least the minimum number of qualified positions required to qualify for the project tax credit for at least five years. If the answer is "No" AND the number of employees entered on line 2a is fewer than the minimum number of qualified positions required to qualify for the project tax credit, a credit may not be claimed for this year. The minimum number of qualified positions is 50 to qualify for the project tax credit having the maximum amount of \$5,000,000. The minimum number of qualified positions is 25 to qualify for the project tax credit having the maximum amount of \$2,500,000. The minimum number of qualified positions is 10 to qualify for the project tax credit having the maximum amount of \$1,000,000.

Calculate the prorated factor on line 2c. If line 2a is greater than or equal to the minimum number of qualified positions required to qualify for the project tax credit, enter 1.000000.

A PTE will report the same numbers and information that appear on lines 2a through 2c of its Form 500CR to its members using Maryland Schedule K-1 (510/511). Do not report the distributive share of this information on the K-1.

Enter on line 3 the amount of Maryland income tax the qualified business entity was required to withhold during this tax year from the wages of qualified employees under §10-908 of the Tax-General Article.

**If you are a PTE, skip Section B. Continue to Section C. All other taxpayers complete Part B.**

## Section B

Enter on line 4a:

- The total tax liability from line 14 of Form 500;
- The total tax liability from the sum of lines 21 and 21a less any amounts from lines 22 through 24 of Form 502 (if you are **not a PTE member** of a qualified business entity); or,
- The total tax liability from line 32d less any amounts from lines 33 and 34 of Form 505 (if you are **not a PTE member** of a qualified business entity).

If you **are a PTE member** of a qualified business entity, multiply the amount on line 1, Section A, by the highest rate used to calculate the tax on your Maryland tax return. Enter this amount on line 6a.

Enter on line 4b the amount calculated by multiplying line 4a by line 2c.

## Section C

**Note:** PTE members will enter the distributive or pro rata share of

the total eligible project costs as stated on their Maryland Schedule K-1 (510/511) when completing Column 2.

**Project costs** Eligible project costs are the costs and expenses that a qualified business entity incurs to acquire, construct, rehabilitate, install, or equip the eligible economic development project.

Enter on line 5, the total eligible project costs for the eligible economic development project.

Enter on line 6 the lesser of the amount reported on line 5 or the allowable maximum project tax credit based on the number of qualified employees. The total eligible project costs must be at least \$500,000, and cannot exceed the allowable maximum.

**PTEs stop here.** PTEs do not complete the remainder of Part P-I.

## PART P-II - CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME OF THE QUALIFIED BUSINESS ENTITY

Beginning with Part P-II, the computation returns to one column and is used by all taxpayers eligible to claim this credit, except for PTEs.

Part P-II is used to calculate the credit that can be claimed for the project credit during nonrefundable tax years for the One Maryland Economic Development Tax Credit. Part P-III is used to claim the refundable tax credit.

The nonrefundable tax years consist of the initial tax year and any carryover years. During this period, the nonrefundable credit is limited up to the amount of the entity's State tax liability.

A carryover credit may be claimed for the project tax credit against the State income tax on the taxable income of the qualified business entity until the earlier of the full amount of excess eligible project costs is used, or until the 10th taxable year following the taxable year in which the qualified business entity claims the tax credit.

Part P-II also is used to calculate a certain nonrefundable portion of the project credit that may be claimed during the tax years when the credit may have a refundable portion.

On line 7, enter the sum of the amount of the project credits allowed for the eligible project costs in the initial tax year (the first tax year in which this credit was claimed), prior carryover tax years, and any refundable tax year amounts.

On line 8, subtract line 7 from line 6 and enter the result. If the result is 0 or less, enter 0.

The amount on line 8 is the amount of remaining excess eligible project costs that are available to be claimed by the qualified business entity as a project credit for this tax year. The project credit that may be claimed in Part P-II is limited up to the amount of your Maryland state income tax liability on the taxable income of the qualified business entity.

Enter on line 9 the amount of the eligible Maryland state income tax liability attributable to the income of the qualified business entity (line 4b).

Enter on line 10, the lesser of line 8 or line 9. This amount is the "Credit against tax on the income of the qualified business entity."

## PART P-III - REFUNDABLE ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

Generally, at any time after the 4th taxable year in which the qualified business entity claims the project tax credit, the business may request a refund of any excess credit.

For any taxable year, the total amount claimed as a refund must not exceed the amount of tax that the qualified business entity is required to withhold for the taxable year from the wages of qualified employees under Section 10-908 of the Maryland Tax-General Article.



The refundable portion of the project credit for the tax year is calculated after the nonrefundable portion of the credit is claimed.

The refundable portion is calculated by subtracting the amount allowed as the nonrefundable portion of this credit (line 10, Part P-II) claimed for this tax year from the remaining available project credit amount (line 8, Part P-II).

Subtract line 10, Part P-II, from line 8, Part P-II, and enter result on line 11, Part P-III. If the result is 0 or less, enter 0.

This amount is the remaining excess eligible project costs for the eligible economic development project. It is the tentative refund amount.

The refundable portion is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 3). Enter the amount from line 3 on line 12, Part P-III.

Enter the allowable refund amount on line 13, Part P-III. This amount is the lesser of line 11 or line 12.

#### **PART P-IV – SUMMARY**

Complete the summary of credit amounts claimed for the project credits for the One Maryland Economic Development Tax Credit.

Enter on line 14 the nonrefundable portion of the project costs credit from line 10. This is the total nonrefundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 13, Part AAA.

Enter on line 12 the refundable portion of the project costs credit from line 15. This is the total refundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 1, Part CCC.

**Note:** A copy of the final credit certification from the Maryland Department of Commerce must be included.

#### **SPECIAL INSTRUCTIONS-I FOR QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES (PTEs)**

A qualified business entity that is a PTE (partnership, LLC, S corporation, or business trust) must complete the Form 500CR section of the electronic PTE income tax return, Form 510 or 511.

PTEs must provide the following information on Form 500CR if they are eligible for the One Maryland Economic Development Tax Credit:

1. Maryland taxable income;
2. Number of qualified employees;
3. If the number of employees is fewer than the minimum number of qualified employees required to qualify for the project tax credit, a PTE must state whether or not the qualified business entity had filled the minimum number of qualified positions required to qualify for the project tax credit for at least five years from the time they have been eligible for the credit;
4. Amount of Maryland income tax required to be withheld from these qualified employees;
5. Total eligible project costs;
6. The allowable maximum;
7. \$500,000 minimum

Therefore, a PTE must complete Sections A and C of Part P-I. The distributive or pro rata portion of these items must be furnished to each member of the PTE on the member's respective Maryland Schedule K-1 (510/511). The PTE also must indicate on the Schedule K-1 whether or not the PTE is a qualified business entity which would be entitled to pass on a refundable credit or whether

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the credit is nonrefundable only. The PTE must provide a copy of the final certification to each member.

#### **SPECIAL INSTRUCTIONS-II FOR MEMBERS OF QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES**

Based on the Maryland Schedule K-1 (510/511), a member then may file the applicable Maryland income tax return, completing the Form 500CR section of their electronic Maryland income tax return, to claim the One Maryland Economic Development Tax Credit. The member should complete Part P-I of Form 500CR in its entirety to compute the credit amounts and claim any of the credits allowed for the tax year.

For the sections in Part P-I, the member would only complete Column 2.

The PTE member (the member of the qualified business entity) must limit the amounts claimed for the project credit to the distributive or pro rata portion of the PTE's taxable income as reported on Maryland Schedule K-1 (510/511).

The PTE member computes the tax on the member's share of the PTE's Maryland taxable income (line 1) using the highest rate actually used on the member's return and enters the result on line 4a. Multiply the tax amount entered on 4a by the factor on line 2c and enter the result on line 4b.

All amounts entered in Section C of Part P-I, should reflect the PTE member's share of items as reported on the Maryland Schedule K-1 (510/511).

For Parts P-II, P-III, and P-IV, the PTE member should follow the preceding instructions for the respective parts.

**Note:** The member must include a copy of the PTE's final credit certification to claim the credit.

#### **PART P-2 – ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED BEFORE JULY 1, 2018**

**General requirements** Credits may be claimed for eligible project costs and for eligible start-up costs incurred to establish, relocate or expand a business facility in a distressed Maryland county. To qualify for the credit for project costs, a minimum of \$500,000 must be spent on eligible project costs. **At least 25 newly hired qualified employees must be employed for at least one year at the new or expanded facility.**

This credit may also be claimed by tax-exempt nonprofit organizations that are qualified business entities against their unrelated business taxable income.

If claiming a credit for multiple projects, complete a separate Part P-2 for each project.

For information on distressed counties, qualified employees, eligible costs and other requirements businesses must satisfy to qualify for credit, contact:

Maryland Department of Commerce  
Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

Pass-through entities (PTEs), filing Form 510 or 511 with eligible project costs and eligible start-up costs must follow the additional instructions following Part P-IV Summary.

**Note:** For tax years beginning after December 31, 2010, a qualified business entity, which has been certified for the tax credit, may claim a prorated share of this credit, if: (1) the number of qualified positions falls below 25, but does not fall below 10, and (2) the qualified business entity has maintained at least 25 qualified positions for at least five years.

#### **PART P-I - CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY**

**Note:** Part P-I has two columns. Column 1 is used by all qualified

business entities, except PTE members. Column 2 is used by PTE members only and should reflect a member's distributive or pro rata share of the reported items, except lines 4a through 4d (see the instructions below for Part P-I, Section A). **PTEs complete only Sections A and C of Part P-I.**

**Read the Special Instructions-I For Qualified Entities That Are Pass-Through Entities, following Part-IV Summary.**

**PTE members** must read the Special Instructions-II For Members Of Qualified Business Entities That Are Pass-Through Entities **BEFORE** completing Part P-I.

**Section A** This section is used to separate the qualified business entity's Maryland taxable income from the project (the "project taxable income") from the Maryland taxable income not associated with the project (the "non-project taxable income"). Project taxable income is the income generated by or arising out of the eligible economic development project.

For taxpayers that are not PTE members, enter your Maryland taxable net income from your return on line 1.

For PTE members of a qualified business entity, enter your Maryland taxable net income from the PTE on line 1.

On line 2, enter your share of the Maryland taxable income from the project ("project taxable income") of the qualified business entity.

To calculate the project taxable income, proceed as follows:

1. If the project is a totally separate facility, then project income is figured by using separate accounting, reflecting only the gross income, deductions, expenses, gains, and losses directly attributable to the facility and overhead expenses apportioned to the facility.
2. If the project is an expansion to a previously existing facility, then figure net income attributable to the entire facility by using separate accounting reflecting only the gross income, deductions, expenses, gains, and losses directly attributable to the facility and overhead expenses apportioned to the facility and net income attributable to the project. Next, figure the project income by apportioning the entire facility income to the project.

Or,

3. If separate accounting method is shown to be not practicable, use an alternate method approved by the Comptroller of Maryland or the Maryland Department of Commerce.

Enter the non-project Maryland taxable income on line 3. This result is determined by subtracting line 2 from line 1. If less than 0, enter 0.

Enter on line 4a the number of qualified employees. This number is not allocated or pro-rated; a PTE would report this same number on Maryland Schedule K-1 (510/511) to all PTE members.

A qualified employee is an employee filling a qualified position. Generally, this is a position that is full-time and of indefinite duration, is paid at least 150% of the federal minimum wage, is located in a qualified distressed Maryland county, and is newly created as a result of the establishment of a business facility.

**Note:** If the number of employees entered on line 4a is fewer than 10, do not continue. You are not eligible to claim the tax credit for this year.

Enter a "Yes" or a "No" to the question on line 4b, whether the qualified business entity had maintained at least 25 qualified positions for at least five years. If the answer is "No" **AND** the number of employees entered on line 4a is fewer than 25, a credit may not be claimed for this year.

Enter on line 4c the tax year the project was put into service.

Calculate the prorate factor on line 4d. If line 4a is greater than 07/25

or equal to 25, enter 1.000000.

A PTE will report the same numbers and information that appear on lines 4a through 4d of its Form 500CR to its members using Maryland Schedule K-1 (510/511). Do not report the distributive share of this information on the K-1.

Enter on line 5 the amount of Maryland income tax the qualified business entity was required to withhold during this tax year from the wages of qualified employees under §10-908 of the Tax-General Article.

**If you are a PTE, skip Section B. Continue to Section C. All other taxpayers complete Part B.**

**Section B** This section is used to calculate the qualified business entity's total State tax liability, and to separate the State tax liability on project taxable income (the amount computed on line 2, Section A) and the State tax liability on non-project taxable income (the amount on line 3, Section A).

Enter on line 6:

- The total tax liability from line 14 of Form 500;
- The total tax liability from the sum of lines 21 and 21a less any amounts from lines 22 through 24 of Form 502 (if you are **not a PTE member** of a qualified business entity); or,
- The total tax liability from line 32d less any amounts from lines 33 and 34 of Form 505 (if you are **not a PTE member** of a qualified business entity).

**If you are a PTE member** of a qualified business entity, multiply the amount on line 1, Section A, by the highest rate used to calculate the tax on your Maryland tax return. Enter this amount on line 6.

Enter on line 7a, Section B, the State tax on the amount of income reported on line 2, Section B. Corporations multiply this income by 8.25%. Individuals may use the highest tax rate used to calculate tax on their individual returns if they have no other reasonable basis for determining the tax amount.

PTE members of qualified business entities must multiply the amount on line 2 by the highest rate used to calculate the tax on their Maryland tax returns. Enter this amount on line 7a.

This section also reflects the application of the prorate factor to the tax liabilities computed on line 7a and 8a, when a qualified business entity has between 10 and 24 employees, but has had at least 25 qualified employees for at least five years since they have been eligible for this tax credit.

Multiply the tax amount entered on line 7a by the prorate factor on line 4d and enter the result on line 7b.

Calculate the tax on non-project income by subtracting line 7a from line 6 and enter the result on line 8a. If less than 0, enter 0

Multiply the amount of tax calculated on line 8a by the prorate factor on line 4d and enter the result on line 8b.

## Section C

**Note:** PTE members will enter the distributive or pro rata share of the total eligible project and start-up costs as stated on their Maryland Schedule K-1 (510/511) when completing Column 2.

**Project costs** Eligible project costs are the costs and expenses that a qualified business entity incurs to acquire, construct, rehabilitate, install, or equip the eligible economic development project.

Enter on line 9, the total eligible project costs for the eligible economic development project.

Enter on line 10 the lesser of the amount reported on line 9 or \$5,000,000. The total eligible project costs must be at least \$500,000, and cannot exceed \$5,000,000.

**Start-up costs** Eligible start-up costs to furnish and equip a new or expanding location for ordinary business functions and those expenses for moving costs, separation costs, and any other expenses directly related to a move from an existing non-Maryland location to a location in a qualified distressed Maryland county.

Enter on line 11, the total eligible start-up costs to establish or expand a business facility in a qualified distressed county.

Enter on line 12, the lesser of the amount reported on line 11 or \$500,000. The total amount of eligible start-up costs cannot exceed \$500,000.

Enter on line 13, the number of qualified employees employed at the new or expanded business facility (from line 4a, Part P-I) multiplied by \$10,000.

**PTEs stop here.** PTEs do not complete the remainder of Part P-2.

**PART P-II - CREDITS AGAINST TAX LIABILITY AND TAX ON INCOME FROM THE PROJECT**

Beginning with Part P-II, the computation returns to one column and is used by all taxpayers eligible to claim this credit except for PTEs.

Part P-II is used to calculate the credits that can be claimed for the project credit and the start-up credit during nonrefundable tax years for the One Maryland Economic Development Tax Credit.

The nonrefundable tax years consist of the initial tax year and any carryover years. During this period, these credits are limited up to a certain amount of the entity's State tax liability.

A carryover credit may be claimed for the project tax credit against the State income tax on the project taxable income until the earlier of the full amount of excess eligible project costs is used, or until the 14th tax year following the tax year in which the eligible economic project is placed in service. A carryover credit may be claimed for the start-up tax credit against State income tax until the earlier of the full amount of the excess eligible startup costs, or until the 14th tax year following the tax year in which the entity locates in a qualified distressed county.

Part P-II also is used to calculate a certain nonrefundable portion of the project credit and the nonrefundable start-up credit that may be claimed during the tax years when these credits may have refundable portions.

**Section A - Project Costs Tax Credit**

On line 14, enter the sum of the amount of the project credits allowed for the eligible project costs in the initial tax year (the first tax year in which this credit was claimed), prior carryover tax years, and any refundable tax year amounts.

On line 15, subtract line 14 from line 10 and enter the result. If less than 0, enter 0.

The amount on line 15 is the amount of remaining excess eligible project costs that are available to be claimed by the qualified business entity as a project credit for this tax year. The project credit that may be claimed in Part P-II is limited up to the amount of your Maryland state income tax liability on the project taxable income.

Enter on line 16 the amount of the Maryland State income tax liability attributable to income from the project (line 7b).

Enter on line 17, the lesser of line 15 or line 16. This amount is the "Credit against tax on income from the project."

**Section B - Start-up Costs Tax Credit**

On line 18, enter the sum of the amount of the start-up credits allowed in the initial tax year, prior carryover tax years, and any refunds (these are the amounts claimed as refunds for the start-up credit during the tax years when this credit becomes a refundable credit).

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On line 19, subtract line 18 from line 12 and enter the result. If the result is 0 or less, enter 0.

The amount calculated on line 19 is the excess amount available to be claimed by the qualified business entity as a start-up credit.

On line 20, enter the lesser of line 13 or line 19. The start-up credit is equal to the lesser of the amount on line 19 or line 13 (qualified employees multiplied by \$10,000).

On line 21, subtract line 17 from line 6 and enter the result. If the result is 0 or less, enter 0.

On line 22, enter the lesser of line 20 or line 21.

The start-up credit that may be claimed in Part P-II is limited to the qualified business entity's Maryland State income tax liability. If a project credit was claimed in Part P-II, then the amount of the start-up credit on line 22 is limited to the remaining Maryland State income tax liability after taking the nonrefundable project credit (line 21).

**PART P-III - REFUNDABLE ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT**

Generally, at any time after the 4th tax year but before the expiration of the 15th tax year after the project was placed in service or the business locates to a qualified county (Tier I), the business may apply the excess to the entity's total Maryland State income tax liability and may request a refund of any excess credit.

If the majority of the qualified positions are paid at least 250% of the federal minimum wage, then the refundable years will begin after the 2nd tax year rather than the 4th tax year.

**Section A - Project Costs**

The refundable portion of the project credit for the tax year is calculated after the nonrefundable portions of the credit are claimed.

The refundable portion is calculated by subtracting the amount allowed as the nonrefundable portion of this credit (line 17, Part P-II) claimed for this tax year from the remaining available project credit amount (line 15, Part P-II).

Subtract line 17, Part P-II, from line 15, Part P-II, and enter result on line 23, Part P-III. If the result is 0 or less, enter 0.

This amount is the remaining excess eligible project costs for the eligible economic development project. This project credit amount is applied against the remaining, available State income tax liability.

This section is used to calculate the portion of the nonrefundable tax credit that is allowed against the State income tax on non-project taxable income during the refundable tax years of the One Maryland Economic Development Tax Credit.

On line 24, re-enter the amount of the tax on non-project income that you had previously entered on line 8b, Part P-I.

Subtract line 17 and line 22 from line 6 and enter the result on line 25, Part P-III. If the result is 0 or less, enter 0. This is the amount of tax available for application of the tax credit.

On line 26, calculate the credit against non-project income by entering the lesser of lines 23, 24, or 25.

Enter the tentative refund amount on line 27, Part P-III. This amount is calculated by subtracting line 26 from line 23. If the result is 0 or less, enter 0.

The tentative refund is the amount, if any, by which any unused excess project credit amount exceeds the State income tax liability.

The refundable portion is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 5).

On line 28, Part P-III, re-enter the amount of Maryland income



tax required to be withheld from the qualified employees. This is the amount that you entered on line 5, Part P-I.

On line 29, enter the refund from project costs allowable this year. Calculate this amount by subtracting line 26 from line 28 (if less than 0, you will use 0) and enter that result on line 27, whichever is less.

### **Section B - Start-up Costs**

The refundable portion of the startup credit is calculated after the nonrefundable portion of this credit is claimed.

Subtract line 22 from line 20 and enter the result on line 30, Part P-III. If the result is 0 or less, enter 0. This is the tentative refund amount for start-up costs.

On line 31, Part P-III, re-enter the amount of Maryland income tax required to be withheld from the qualified employees. This is the amount that you entered on line 5, Part P-I.

The tentative refund is the amount of the remaining excess start-up credit. The refundable portion of the start-up credit is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 5).

Enter the refund from start-up costs allowable this year. Calculate this amount by entering the lesser of line 30 or line 31.

### **PART P-IV - SUMMARY**

Complete the summary of credit amounts claimed for the project credits and start-up credit for the One Maryland Economic Development Tax Credit.

Enter on line 35 the nonrefundable portions of the project and start-up costs credits from lines 33 and 34. This is the total nonrefundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 1, Part CCC. Add lines 36 and 37 and enter this amount on line 38. This is the total refundable One Maryland Economic Development Tax Credit.

**Note:** A copy of the final credit certification from the Maryland Department of Commerce must be included.

### **SPECIAL INSTRUCTIONS-I FOR QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES (PTEs)**

A qualified business entity that is a PTE (partnership, LLC, S corporation, or business trust) must complete the Form 500CR section of the electronic PTE, Form 510 or 511.

PTEs must provide the following information on Form 500CR if they are eligible for the One Maryland Economic Development Tax Credit:

1. Maryland taxable income;
2. Maryland taxable income from the project;
3. Non-project taxable income;
4. Number of qualified employees;
5. If the number of employees is fewer than 25 employees, a PTE must state whether or not the qualified business entity had 25 filled qualified positions for at least five years from the time they have been eligible for the credit;
6. The tax year the project was put into service;
7. Amount of Maryland income tax required to be withheld from these qualified employees;
8. Total eligible project costs;
9. \$5,000,000 maximum;
10. Total eligible start-up costs;
11. \$500,000 maximum.

Therefore, a PTE must complete Sections A and C of Part P-I. The distributive or pro rata portion of these items must be furnished to each member of the PTE on the member's respective Maryland Schedule K-1 (510/511). The PTE also must indicate on the Schedule K-1 whether or not the PTE is a qualified business entity which would be entitled to pass on a refundable credit or whether the credit is nonrefundable only. The PTE must provide a copy of the final certification to each member.

### **SPECIAL INSTRUCTIONS-II FOR MEMBERS OF QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES**

Based on the Maryland Schedule K-1 (510/511), a member then may file the applicable Maryland income tax return, completing the Form 500CR section of their electronic Maryland income tax return, to claim the One Maryland Economic Development Tax Credit. The member should complete Part P-II of Form 500CR in its entirety to compute the credit amounts and claim any of the credits allowed for the tax year.

For the sections in Part P-I, the member would only complete Column 2.

The PTE member (the member of the qualified business entity) must limit the amounts claimed for the project credit and start-up credit to the distributive or pro rata portion of the PTE's taxable income as reported on Maryland Schedule K-1 (510/511).

The PTE member computes the tax on the member's share of the PTE's Maryland taxable income (line 1) using the highest rate actually used on the member's return and enter the result on line 6. The PTE member then will enter on line 7a that portion of line 6 which is attributable to the member's share of project taxable income. The tax on non-project income on line 8a is calculated by taking the tax calculated on line 7a, prorating it further on line 7b, and then subtracting line 7a from line 6; if the amount on line 8a is less than 0, enter 0. Line 8a also is further prorated by the factor on line 4b, to arrive at line 8b.

All amounts (except for line 13) entered in Section C of Part P-I, should reflect the PTE member's share of items as reported on the Maryland Schedule K-1 (510/511).

For Parts P-II, P-III, and P-IV, the PTE member should follow the preceding instructions for the respective parts.

**Note:** The member must include a copy of the PTE's final credit certification to claim the credit.

### **PART Q - RESERVED**

### **PART R - RESERVED**

### **PART S - MORE JOBS FOR MARYLANDERS TAX CREDIT**

An eligible business entity that is located in Maryland may be entitled to a 5-year or 10-year income tax credit based on the total amount of wages paid for each qualified position at an eligible facility. The eligible business must be either (1) conducting or operating a trade or business that is primarily engaged in activities that, in accordance with the North American Industrial Classification System (NAICS), United States Manual, United States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32, or 33; or (2) a business that is located in an opportunity zone. The eligible business cannot be (i) a refiner, as defined in Section 10-101 of the Business Regulation Article; (ii) a business that provides adult entertainment, engages in retail activities (unless operating a grocery store in an opportunity zone), or primarily sells or distributes alcoholic beverages; or (iii) is a private or commercial golf course or country club, a tanning salon, or a bail bondsman.

A qualified position:

- (i) is full-time and of indefinite duration;
- (ii) pays at least 150% of the State minimum wage (for a position

of a manufacturing business) or at least \$50,000 (for a position located in an opportunity zone);

(iii) is located in a facility;

(iv) is newly created at a single facility in the State; and

(v) is filled.

"Qualified position" does not include a position that is: (i) created when an employment function is shifted from an existing facility of a business entity in the State to another facility of the same business entity if the position is not a net new job in the State; (ii) created through a change in ownership of a trade or business; (iii) created through a consolidation, merger, or restructuring of a business entity if the position is not a net new job in the State; (iv) created when an employment function is contractually shifted from an existing business entity to another business entity in the State if the position is not a net new job in the State; or (v) filled for a period of less than 12 months.

A business entity may apply to the Department to enroll an eligible project in the Program if the eligible project: (1) is in a Tier I area and the business entity intends: (i) with respect to notice provided to the Department before June 1, 2022, to create at least five qualified positions at the project location; or (ii) with respect to notice provided to the Department on or after June 1, 2022, to create at least 10 qualified positions at the project location; or (2) is in a Tier II area and the business entity intends: (i) with respect to notice provided to the Department before June 1, 2022, to create at least 10 qualified positions at the project location; or (ii) with respect to notice provided to the Department on or after June 1, 2022, to create at least 20 qualified positions at the project location.

**Note:** The income tax credit may be claimed by a Qualified Business Entity for (1) up to 10 consecutive benefit years, or (2) for a business entity located in a Tier II area and is provided a certificate after June 1, 2022, up to 5 years. However, if the number of qualified positions at the eligible project decreases to a number less than the number established in the first benefit year, the project shall be removed from the tax credit eligibility, and the tax credit terminates.

The Department may not provide a qualified business entity a certificate on or after June 1, 2024.

A new business entity that operates an eligible project in a Tier I area, or an existing business entity that operates an eligible project, may claim a credit against the State income tax equal to the amount stated in the final tax credit certificate approved by the Maryland Department of Commerce for an eligible project. The amount of the credit authorized is equal to the product of (i) 5.75% if the qualified business entity received the certificate before June 1, 2022; or 4.75% if the qualified business entity received the certificate on or after June 1, 2022; and (ii) the total amount of wages paid for each qualified person at an eligible project.

If the tax credit allowed in any taxable year exceeds the total tax otherwise payable by the qualified business entity for that taxable year, the qualified business entity may claim a refund in the amount of the excess.

This credit is claimed on Part S, line 1, and is also entered on Refundable Business Income Tax Credits, Part CCC, line 7.

**Recapture of Credit** The credit may be subject to recapture if the credit is revoked by the Maryland Department of Commerce due to false representations made by a qualified business entity determined to have been false when made.

For questions on qualifications for the credit, Tier I or Tier II areas, application and certification processes, or for additional information on this credit program, contact:

Maryland Department of Commerce

Email: [taxincentives.commerce@maryland.gov](mailto:taxincentives.commerce@maryland.gov)

**PART T – AUTOMATED EXTERNAL DEFIBRILLATOR TAX CREDIT FOR RESTAURANTS**

An individual or business entity that operates a qualifying restaurant in Maryland may claim a nonrefundable credit to cover up to the first \$500 of the cost of an automated external defibrillator purchased for use at a restaurant during the taxable year. An "automated external defibrillator" is a medical heart monitor and defibrillator device that: (a) is cleared for market by the federal Food and Drug Administration; (b) recognizes the presence or absence of ventricular fibrillation or rapid ventricular tachycardia; (c) determines, without intervention by an operator, whether defibrillation should be performed; (d) after a determination that defibrillation should be performed, automatically discharges; and (e) operates in a manner that requires operator intervention to deliver an electrical impulse or automatically continues with delivery of an electrical impulse. A "qualifying restaurant" is a restaurant location in Maryland with annual gross income of at least \$400,000. An individual or business entity operating one or more qualifying restaurants may claim a credit of up to \$500 per qualifying restaurant to a maximum total credit of \$1,500.

To calculate the credit, enter the following information on the lines provided.

On line 1, enter the number of new automated external defibrillators that were purchased during the taxable year. (Limit 1 per qualifying restaurant.)

On the lines below, enter the lesser of the cost of the automated external defibrillator and \$500 for each location.

Location 1 \_\_\_\_\_  
Location 2 \_\_\_\_\_  
Location 3 \_\_\_\_\_  
Location 4 \_\_\_\_\_  
Location 5 \_\_\_\_\_

Total (Max \$1,500) \_\_\_\_\_

On line 2, enter the credit amount. The maximum total credit for an individual or business entity that purchases defibrillators for multiple qualifying restaurants is \$1,500.

This credit is not refundable and is only applied against the Maryland State income tax. Excess credit may not be carried over to any other taxable year.

**PART U – FILM PRODUCTION ACTIVITY TAX CREDIT**

A qualified film production entity may claim a credit against the State income tax for film production activities in the state in an amount equal to the amount stated in the final tax credit certificate approved by the Maryland Department of Commerce.

If the tax credit allowed exceeds the total tax otherwise payable by the qualified film production entity for that tax year, the qualified film production entity may claim a refund in the amount of the excess.

To claim the credit, before beginning a film production activity, a qualified film production entity shall apply with the Maryland Department of Commerce for an initial credit certificate for the estimated production costs. Generally to qualify as a film production entity, the estimated total direct costs incurred in Maryland must exceed \$250,000. However, for a Maryland small or independent film entity to qualify as a film production entity, the estimated total direct costs incurred in Maryland must exceed \$25,000 and at least 50% of the filming of the film production activity must occur within Maryland. The credit claimed cannot exceed the amount stated in the final certificate.

Enter on line 1, Part U, the amount of tax credit certified by the Maryland Department of Commerce. This amount is also entered on line 3, Part CCC.

For additional information, contact:

Catherine Batavick, Deputy Director  
Maryland Film Office  
Email: catherine.batavick@maryland.gov or  
Email: taxincentives.commerce@maryland.gov

**Note:** A copy of the certification by the Maryland Department of Commerce must be included.

#### **PART V - ENDOW MARYLAND TAX CREDIT**

A taxpayer who makes a donation to a qualified permanent endowment fund at an eligible community foundation may be eligible for a credit against the Maryland State income tax. The taxpayer must apply to the Maryland Department of Housing and Community Development (DHCD) for a certification for the donation. This certification must be attached to the Form 500CR at the time the Maryland income tax return is filed.

Individuals who are eligible to claim the Endow Maryland Tax Credit, and who are not PTE members may elect to claim this credit on Part I of Form 502CR, instead of claiming the credit on Form 500CR. However, an individual may not claim this credit on both Form 500CR and Form 502CR. PTE members who are eligible for this credit must claim the credit on Form 500CR.

Individuals who anticipate having a carryover of the Endow Maryland Tax Credit are advised to use Form 500CR instead of Form 502CR. Individuals who have an existing carryover on Part BBB of their 2024 Form 500CR may elect to use Form 502CR, if their excess carryover credit is attributable only to the Endow Maryland Tax Credit.

The credit is limited to 25% of the approved donation (in cash or publicly traded securities) not to exceed \$50,000.

**Note:** A copy of the required approval from the DHCD must be included with Form 500CR.

#### **SPECIFIC INSTRUCTIONS**

Line 1 - Enter the amount of approved donation to a qualified permanent endowment fund.

Line 2 - Enter 25% of line 1.

Line 3 - Enter the amount from line 2 or \$50,000, whichever is less. Also, enter this amount on line 15 of Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, you are entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

**Note:** The amount of donation shown on line 1 requires an addition to income. See Instruction 12 in the Resident Instruction Booklet.

For more information contact:

Department of Housing and Community Development  
Division of Neighborhood Revitalization  
2 N. Charles St., Suite 450  
Baltimore, MD 21202  
410-209-5800  
Email: endowmaryland.nr@maryland.gov

#### **PART W - THEATRICAL PRODUCTION TAX CREDIT**

A qualified theatrical production entity may claim a credit against state income tax for theatrical production activities in the State in an amount equal to the amount stated in the tax credit certificate approved by the Maryland Department of Commerce.

If the tax credit allowed exceeds the total tax otherwise payable by the qualified theatrical production entity for that tax year, the qualified theatrical production entity may claim a refund in the amount of the excess. To claim the credit, before beginning a theatrical production activity, a theatrical production entity shall submit to the Maryland Department of Commerce an application to qualify as a theatrical production entity. After completion of the theatrical production activity, the qualified theatrical production entity shall apply to the Maryland Department of Commerce for a tax credit certificate.

Enter on line 1, Part W, the amount of tax credit certified by the Maryland Department of Commerce. This amount is also entered on line 6, Part CCC.

For additional information, contact the Maryland Department of Commerce.

**Note:** A copy of the certification by the Maryland Department of Commerce must be included.

For more information contact:

Liz Fitzsimmons  
Managing Director  
(410) 767-6331  
Email: liz.fitzsimmons@maryland.gov or taxincentives.commerce@maryland.gov

#### **PART X - PRESERVATION AND CONSERVATION EASEMENTS TAX CREDIT**

Individuals or members of a Pass-Through Entity (PTE) may be eligible for a 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, viewsheds or historic properties if:

1. The easement is perpetual;
2. The easement is accepted and approved by the Board of Public Works; and
3. The fair market value of the property before and after the conveyance of the easement is substantiated by a certified real estate appraiser.

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 claim the credit on Form 500CR. PTE members who are fiduciaries should see the Form 504CR for instructions on claiming this credit.

The credit is equal to the difference in the fair market values of the property reduced by payments received for the easement. The credit amount is limited to the lesser of the State tax liability for the taxable year or the maximum allowable credit of \$5,000. The sum of all credits claimed by members of a PTE in a taxable year may not exceed \$5,000.

If the allowable credit amount of a PTE member exceeds the maximum of \$5,000, up to \$5,000 may be carried forward each subsequent year until the allowable credit is used up or 15 years, whichever first occurs.

Complete lines 1-4 of Part X. For line 1, enter the amount by which the fair market value of the property before the conveyance of the easement exceeds the fair market value after the conveyance as substantiated by a certified real estate appraiser.

For additional information contact:

Maryland Environmental Trust  
410-697-9515  
dnr.maryland.gov/met/

or

Maryland Agricultural Land Preservation Foundation  
410-841-5860

or

Department of Natural Resources  
410-260-8367

**Note:** A copy of the approval and acceptance of the conveyance by the Board of Public Works must be included. Provide a copy of this approval with Maryland Schedules K-1 (510/511) and/or Maryland Schedules K-1 (504) issued to PTE members.

#### **PART Y - APPRENTICE EMPLOYEE TAX CREDIT**

**General Requirements** Certain taxpayers may be eligible for an income tax credit for the first year of employment of eligible apprentices. The income tax credit is based on the number of eligible apprentices employed by the taxpayer.

"Eligible apprentice" means an individual who is enrolled in an apprenticeship training program registered with the Maryland Apprenticeship and Training Council. Eligible apprentices must have been employed by the taxpayer for at least 7 full months of the taxable year. Youth apprentices must have been employed by the taxpayer for at least 450 hours of the taxable year through a youth apprenticeship program.

#### **Specific Instructions**

Line 1 - Enter the credit amount certified by the Maryland Department of Labor

Enter the amount from line 1, Part Y on line 17, Part AAA.

This credit is not refundable and is applied against only the Maryland State income tax. Excess credit may be carried forward until the excess amount is fully used. The excess credit amount is applied against the Maryland State income tax after the application of all other business income tax credits on the Form 500CR.

**Note:** A copy of the certificate issued by the Maryland Department of Labor must be included. For more information, contact:

Maryland Department of Labor  
1100 N. Eutaw St., Room 209  
Baltimore, MD 21201

410-767-2246

Email: info@mdapprenticeship.com

#### **PART Z - QUALIFIED FARMS TAX CREDIT**

"Qualified farms" means a farm business that is located in the state.

Qualified farms that make an eligible food donation may be eligible for an income tax credit. A qualified farm that makes an eligible food donation is eligible for a tax credit amount equal to 100% of the value of the eligible food donation. A qualified farm that makes a donation of certified organic produce is eligible for a tax credit amount equal to 100% of the value of the donated certified organic produce. Certification of the tax credit is issued by an individual or organization authorized by the State Department of Agriculture to receive eligible food donations from a qualified farm and to issue the qualified farm a tax credit certificate. For any taxable year, the aggregate amount of credits authorized for a qualified farm may not exceed \$5,000 unless the Maryland Secretary of Agriculture increases the credit limitation for a qualified farm to an amount not to exceed \$10,000. If the allowable credit amount exceeds the State income tax, the unused credit may be carried forward each

subsequent year until the allowable credit is used up or 5 years, whichever first occurs.

"Eligible food donation" means fresh farm products for human consumption. "Certified organic produce" means an eligible food donation certified under Title 10, Subtitle 14 of the Agriculture Article as an organically produced commodity.

The credit is claimed on Part Z, line 1, and is also entered on the Business Tax Credit Summary, Part AAA, line 18.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, Maryland 21401

410-841-5770

Email: marylands.best@maryland.gov.  
**mda.maryland.gov**

**Note:** A copy of all certificates issued by a Tax Credit Certificate Administrator must be included with Form 500CR.

#### **PART AA - RESERVED**

#### **PART BB - ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES TAX CREDIT.**

Taxpayers making donation to a qualified permanent endowment 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 donation. HBCU Tax Credit Application can be found at **marylandcomptroller.gov** and must be emailed to HBCUtaxinfo@marylandtaxes.gov and will be approved on a first-come, first served basis by the Comptroller of Maryland. The application must be submitted in the calendar year the donation was made. Donors are required to submit documentation from the institution showing proof of donation within 30 days before a final tax credit certificate is issued.

A taxpayer may claim this tax credit against the State income tax in the amount stated on the tax credit certificate issued by the Comptroller. If the credit exceeds the State income tax for the taxable year, the excess credit is non-refundable, but it may be carried forward and applied to succeeding taxable years until fully utilized. A taxpayer is required to add back the amount of the credit claimed to Maryland adjusted gross income or Maryland modified income to the extent excluded from federal adjusted gross income.

Individual taxpayers that are eligible and are NOT PTE members, may elect to claim the credit using Form 502CR instead of Form 500CR. However, a donor may NOT claim the credit on both Form 500CR and Form 502CR. The credit is claimed on Part BB, line 1, and is also entered on the Business Tax Credit Summary, Part AAA, Line 19.

#### **PART AAA - NONREFUNDABLE BUSINESS TAX CREDITS**

This part is used to summarize all available nonrefundable tax credits reported on this form. If the total credits available in a particular tax year exceed the State income tax developed for that year, the excess may not be refunded.

Taxpayers will enter their respective current year credits in lines 1 through 19 of Part AAA.

Enter on line 20, the total of the credits listed on lines 1 through 19.

Enter on line 21 the carryover of excess credits unable to be used on last year's return. This amount comes from line 7, Part BBB, from 2024 Form 500CR.

Add lines 20 and 21 and enter the result on line 22. This is the tentative tax credit.



On line 23, enter the amount of recaptured tax credits (See instructions for Parts D and F).

Subtract line 23 from line 22 and enter the result on line 24.

On line 25, Part AAA, enter the State income tax from your return. Corporations will enter line 14 of Form 500 on line 25, Part AAA. Individuals will enter the sum of lines 21 and 21a, less amounts from lines 22 through 24 from Form 502 on line 26, Part AAA, or line 32d less any amounts from lines 33 and 34 from Form 505 on line 25, Part AAA of the 500CR.

On line 26, enter the lesser of line 24 or 25.

An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, V, and BB. These additions are comprised of lines 1, 2, 8, 10, and 19 from Part AAA; line 1 from Part V; and line 4 from Part CCC. The totals of these amounts are included on line 7f of Form 500, line 5 of Form 502, and line 19 of Form 505. Pass-through entities will report the distributive or pro rata share of any of these items as additions on the Maryland Schedule K-1 (510/511) issued to members.

#### **PART BBB - EXCESS CREDIT CARRYOVER CALCULATION**

Most credits may not exceed the Maryland income tax liability, but may be carried forward for a specified number of successive tax years or until fully applied. It is your responsibility to maintain a record of credits for which you qualify, credits that have been taken in prior years, and the amount of each credit that may be carried forward. To assist you, we have provided a table with the number of years for which each credit may be carried forward.

#### **PART CCC - REFUNDABLE BUSINESS INCOME TAX CREDITS**

Part CCC is used to report the refundable portion of business income tax credits:

On line 1, enter the One Maryland Economic Development Tax Credit from Part P-IV.

On line 2, enter the Biotechnology Investment Incentive Tax Credit from line 6, Part L.

On line 3, enter the Film Production Activity Tax Credit from line 1, Part U.

On line 4, enter the Small Business Research and Development Tax Credit from line 2, Part K-II.

On line 5, enter the Innovation and Incentive Tax Credit for Investors in innovation from line 6, Part H-I.

On line 6, enter Theatrical Production Tax Credit from line 1, Part W.

On line 7, enter the More Jobs for Marylanders Tax Credit from line 1, Part S.

On line 8, enter the Catalytic Revitalization Projects and Historic Revitalization Tax Credit from line 1, Part G.

On line 9, enter the subtotal of all of the business income tax credits from lines 1 through 8.

If you are filing Form 502 or Form 505, enter this amount on line 9 and on Part CC, line 3 of Form 502CR.

If line 9 is less than 0, enter the result on the appropriate return as a negative number.

If you are filing Form 500 or Form 510, continue to line 10.

On line 10, enter the amount of pass-through entity tax attributable to your distributive or pro rata share paid by an electing PTE.

If you are filing Form 500 or Form 510, then on line 11, enter the total refundable business income tax credits (Add lines 9 and 10. If less than 0, enter as a negative amount). Continue to PART DDD.

#### **PART DDD – CORPORATION AND PASS-THROUGH ENTITY (PTE) REFUNDABLE TAX CREDIT SUMMARY**

Part DDD is used by corporations and PTEs to summarize the refundable portion of business income tax credits.

On line 1, enter the amount from Line 6 of Form 502S - Heritage Structure Rehabilitation Tax Credit.

On line 2, enter the refundable business income tax credits from Part CCC, line 11. If this number is less than 0, enter as a negative number.

Add lines 1 and 2 and enter the amount on line 3. If this number is less than 0, enter as a negative number. This is the total refundable business income tax credit. If you are filing Form 500, enter this amount on Form 500, line 15d.

**Note:** If you are filing Form 510 or 511, you will not report the total amount from line 12 to your members. A PTE will report on Maryland Schedule K-1 (510/511) the distributive or pro rata share of each tax credit to its members.

**Reminder:** One Maryland Economic Development Tax Credit requires additional entries on Maryland Schedule K-1 (510/511).

Part	Credit	No Carry-over (Refundable)	No Carry-over (Nonrefundable)	5 years	7 years	10 years	14 years	15 years	Until Fully Used
A	Enterprise Zone Tax Credit			X					
B	RESERVED								
C	Maryland Disability Employment Tax Credit			X					
D	Job Creation Tax Credit			X					
E	Community Investment Tax Credit			X					
F	Businesses That Create New Jobs Tax Credit			X					
G	Catalytic Revitalization Projects and Historic Revitalization Tax Credit*	X	X						
H-I	Innovation Incentive Tax Credit for Investors in technology	X							
H-II	Cybersecurity Incentive Tax Credit for Buyers of Cybersecurity Technology and/or Cybersecurity Services		X						
I	Employer-Provided Long-Term Care Insurance Tax Credit			X					
J-I	Employer Security Clearance Costs Tax Credit								X
J-II	First-Year Leasing Costs Tax Credit for Qualified Small Businesses								X
K-I	Research and Development Tax Credit for Businesses not Certified as a "Small Business"***				X				
K-II	Research and Development Tax Credits for Businesses Certified as a "Small Business"	X							
L	Biotechnology Investment Incentive Tax Credit	X							
M	Commuter Tax Credit		X						
N	RESERVED								
O	Work Opportunity Tax Credit		X						
P-1 & -2	One Maryland Economic Development Tax Credit***					X	X		
Q	RESERVED								
R	RESERVED								
S	More Jobs for Marylanders Tax Credit	X							
T	Automated External Defibrillator Tax Credit For Restaurants		X						
U	Film Production Activity Tax Credit	X							
V	Endow Maryland Tax Credit			X					
W	Theatrical Production Tax Credit	X							
X	Preservation and Conservation Easements Tax Credit							X	
Y	Apprentice Employee Tax Credit								X
Z	Qualified Farms Tax Credit			X					
AA	RESERVED								
BB	Endowments of Maryland Historically Black Colleges and Universities Tax Credit								X

\* Either 20% of the credit for each of five consecutive years for a project issued a single tax credit certificate or 100% of the credit for the taxable year of issue for a phased project. If the credit is transferred by written instrument, the transferee may claim a refund, or carryforward for succeeding taxable years, of any excess credit.

\*\* The carryforward period for unused Research and Development Tax Credits from tax years prior to 2005 remains 15 years. The same credit cannot be applied against more than one type of tax by the same taxpayer.

\*\*\*The carryover for the One Maryland Economic Development Tax Credit is calculated within Parts P -1 and P-2 by total credit available and subtracting prior year credits from the total. Therefore, the Excess Credit Carryover calculation is not used to calculate an additional carryover. The carryover is 10 years for credits approved after June 30, 2018. The carryover is 14 years for credits approved prior to July 1, 2018. Refundable credits are only available in taxable years after the 4th credit year and limited to the tax withheld from the wages of qualifying employees.

**Expired Tax Credits**

The following credits have expired, but are eligible for the following carryover periods to the extent that the credit exceeds the tax.

Part	Credit	No carry- over	5 years	7 years	10 years	14 years	15 years	Until Fully Used
	Green Building Tax Credit				X			
	Cellulosic Ethanol Technology Research & Development Tax Credit						X	
	Small Business Relief Tax Credit	X						
	Energy Storage Systems Tax Credit	X						
	Wineries and Vineyards Tax Credit						X	

**TY2025 Form 500CR tax credits requiring addback**

Part/Line	Credit	Form 500, Line 7f code letter	Form 502, Line 5 code letter	Form 505, Line 19 code letter
Part A Line 15	Enterprise Zone Tax Credit	b	e	c
Part J-I Line 3	Employer Security Clearance Tax Credit	b	e	c
Part K-I Line 1	Research and Development Tax Credit for Businesses not certified as "Small Business"	b	e	c
Part K-II Line 2	Research and Development Tax Credit for Businesses certified as "Small Business"	b	e	c
Part V Line 1	Endow Maryland Tax Credit	b	e	c
Part BB Line 1	Endowments of Maryland Historically Black Colleges and Universities Tax Credit	b	e	c