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**Maryland Tax Forms**

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- Fill-in forms and the current Withholding Guide are available on [www.marylandtaxes.gov](http://www.marylandtaxes.gov)
- We no longer distribute resident tax booklets through mass mailing.
- We have made a limited number of resident tax booklets available to libraries.

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**Maryland Tax Forms**

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- Forms may be requested through our Central Files Unit via
  - Email-[taxforms@comp.state.md.us](mailto:taxforms@comp.state.md.us)
  - Phone-410-260-7951

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## Legislative Updates & Forms Changes

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## Administrative

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### Legislative Update – Standard Deduction

- **House Bill 570 (Chapter 576, Acts of 2018)**  
**Senate Bill 318 (Chapter 577, Acts of 2018)**  
**Income Tax- Standard Deduction- Alteration and Cost-of-Living**
  - This Act increases the standard deduction beginning in tax year 2018 from \$2,000 to \$2,250 for single filers and from \$4,000 to \$4,500 for taxpayers filing jointly or as head of household
  - Beginning in tax year 2019, the value of the standard deduction is indexed based on the annual change in the cost of living

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**Legislative Update –  
Personal Exemptions**

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- **House Bill 365 (Chapter 574, Acts of 2018) and Senate Bill 184 (Chapter 575, Acts of 2018)- Income Tax- Personal Exemptions- Alteration**
  - These Acts establish that personal exemptions remain for Maryland income tax law in wake of federal Tax Cuts and Jobs Act of 2017
  - An exemption is allowed for the taxpayer, the spouse if the spouse has no other income and no joint return was filed, and any qualifying dependents

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**Subtractions**

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**Legislative Update – Pension Exclusion**

- **House Bill 296 (Chapter 581, Acts of 2018) – Income Tax – Subtraction Modification – Retirement Income of Correctional Officers**
- Expands the existing subtraction modification under TG § 10-209(b) for retired law enforcement officers, fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State to include retired correctional officers.
- The statute defines “correctional officer” as an individual who was (1) employed in a state correctional facility, a local correctional facility, a juvenile facility, or a facility of the U.S. that is equivalent to a state, local, or juvenile facility and (2) is eligible to receive retirement income attributable to the individual’s employment in one of the listed correctional facilities.
- Applies to tax year 2018 and beyond.

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### Legislative Update – Pension Exclusion

- **Senate Bill 996 (Chapter 573, Acts of 2018) House Bill 296 (Chapter 581, Acts of 2018) House Bill 327 (Chapter 572, Acts of 2018) - Hometown Heroes and Veterans Act of 2018 Subtraction Modification- Retirement Income**
  - This Act increases the existing military retirement income tax subtraction modification from \$10,000 to \$15,000
  - Individuals under 55 may subtract the first \$5,000 of military retirement come and individuals over 55 may subtract the first \$15,000
  - The subtraction now also applies to retired correctional officers, law enforcement officers, or fire, rescue, or emergency services personnel who are over 55
  - This Act serves as a bridge to the pension exclusion for residents ages 55 to 64
  - There is a reduction for any Social Security received

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### Resident Income Tax Return Instructions - Instruction 13

- **Pension Exclusion-**
  - The maximum allowable pension exclusion is **\$30,600.00.**

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### Resident Income Tax Return Instructions - Instruction 13

- **Pension Exclusion-Retired Correctional Officer, Law Enforcement Officer or Fire Rescue, or Emergency Services Personnel**

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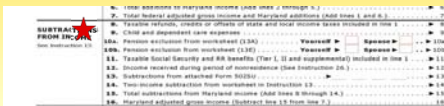
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### Form 502 - Resident Income Tax Return

- We now have **two lines** for the pension exclusion.
  - **Line 10a** for the regular pension exclusion. Worksheet 13 A.
  - **Line 10b** for the retired correctional officer, law enforcement officer or fire, rescue, or emergency services personnel. Worksheet 13E.




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### Legislative Update – Perpetual Conservation Easement

- **House Bill 43 (Chapter 3031, Acts of 2018) – Income Tax- Subtraction Modification- Perpetual Conservation Easements**
  - New subtraction
  - The first \$50,000 of compensation received by an individual in exchange for the sale of a perpetual conservation easement on real property in Maryland will be subtracted from the FAGI in calculating Maryland adjusted gross income
  - Applies to tax year 2018 and beyond

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### Legislative Update – Organ Donors

- **House Bill 96 (Chapter 36, Acts of 2018)- Income Tax- Subtraction Modification- Living Organ Donors**
  - This Act establishes a subtraction of up to \$7,500 for organ donors who incur qualified expenses in the process of donating liver, kidney, pancreas, intestine, lung or bone marrow.
  - Qualified expenses may include any unreimbursed travel or lodging expenses or lost wages related to the organ donation

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**Legislative Update –  
Classroom Supplies**

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- **House Bill 671 (Chapter 466, Acts of 2018) Income Tax-Subtraction Modification- Classroom Supplies Purchased by Teachers**
  - This Act creates a subtraction modification for unreimbursed classroom supplies purchased by an elementary or secondary school teacher
  - The subtraction cannot exceed \$250
    - A full time teacher who teaches kindergarten through 12<sup>th</sup> grade in Maryland on a full-time basis for an academic year ending during the taxable year may subtract up to \$250.00 of unreimbursed expenses paid or incurred during the taxable year for supplies.
    - The supplies are used by students in the classroom, or the teacher in preparation for classroom teaching.
    - An individual may not subtract an expense that is subtracted from FAGI under another subtraction.
    - If filing a joint return each individual may claim up to the maximum amount.

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**Credits**

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**Legislative Update – Security  
Clearance Costs Credit**

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- **Senate Bill 564 (Chapter 610, Acts of 2018) Income Tax Credit- Security Clearance Costs- Procedure to Claim Credit**
  - Taxpayers can now attach a copy of the tax credit certification to an income tax return filed for any taxable year after the year in which the costs were incurred
  - Taxpayers no longer need to file an amended return
  - The maximum amount of credit that can be awarded is \$2,000,000.

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**Legislative Update –  
Venison Program**

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- **House Bill 7 (Chapter 172, Acts of 2018)  
Senate Bill 182 (Chapter 173, Acts of 2018) –  
Income Tax Credit- Venison Donation- Feed  
the Hungry Organizations**
  - These Acts establish a new credit for 2018 allowing individuals to claim \$50 towards the cost of butchering/processing an antlerless deer if the meat is donated to a nonprofit organization

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**2017 Legislation Now Applicable**

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**Senate Bill 180 (Chapter 229, Acts of 2017) – Independent Living Tax Credit Act:**

- Creates a tax credit against the State income tax for qualifying individuals in an amount equal to 50% of the qualified expenses incurred to renovate an existing home with accessibility and universal visitability features.
- The credit allowed in any taxable year cannot exceed the lesser of \$5,000 or the state income tax.
- This credit requires certification, is not refundable, and cannot be carried forward.
- The credit requires an amended tax return and the taxpayer must attach a copy of the Department's certification of the approved credit.

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**2017 Legislation Now Applicable**

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**Senate Bill 758 (Chapter 389, Acts of 2017) –  
Income Tax Credit – Energy Storage Systems:**

- Created a new credit for 2018 for certain costs of a taxpayer who installs an energy storage system.
- Permits a taxpayer to claim a credit against the State income tax for the total installed costs of an energy storage system paid or incurred during the taxable year.
- Requires certification from the Maryland Energy Administration.

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### Legislative Update -

- **Senate Bill 228 (Chapter 578, Acts of 2018) – Cybersecurity Incentive Tax Credits**
  - This Act extends the credit’s termination date through fiscal year 2023
  - Now the investor who makes the qualifying investment may claim the credit rather than the cybersecurity company
  - A new credit is created for a qualified buyer who purchases cybersecurity technology or services from a MD company that meets certain requirements
  - The amount of the credit equals 50% of the qualified cost of the technology or service, not to exceed \$50,000 for each qualified buyer

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### Legislative Update – Earned Income Tax Credit

- **House Bill 856 (Chapter 612, Acts of 2018) Senate Bill 647 (Chapter 611, Acts of 2018)- Earned Income Tax Credit- Individuals Without Qualifying Children- Repeal of Minimum Age Requirement**
  - The Act extends eligibility of the State and local earned income tax credits to individuals who do not have a qualifying child.
  - For individuals without a qualifying child, the credit allowable for a taxable year is calculated without regard to the minimum age requirement under §32(c)(1)(A)(ii)(II) of the Internal Revenue Code.

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### Legislative Update – MD 529 Plans & Student Loan Debt Relief Tax Credit

- **Senate Bill 933 (Chapter 419, Acts of 2018)- College Affordability- Maryland 529 Plans and Student Loan Debt Relief Tax Credit- Revisions**
  - This Act increases the state’s 529 match contribution from \$250 to \$500 for account holders under a certain income threshold
  - Account holders who made a contribution in 2017 not in accordance with the applicable statute will now be eligible for the subtraction modification for Tax Year 2017 and the state will make a \$250 contribution

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**Legislative Update –  
Student Loan Debt Relief Tax Credit**

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- **House Bill 593 (Chapter 382, Acts of 2018) – Income Tax- Student Loan Tax Credit**
  - This Act extends the Student Loan Tax Credit to graduate loan debt.
  - Taxpayers must have incurred at least \$20,000 in student loan debt and have at least \$5,000 in outstanding debt.
  - Applicants must submit an application
  - The Act also nearly doubles the appropriation allotted for the program

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**Other Resident  
Instructions**

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**Resident Income Tax Return Instructions  
- Instruction 22**

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- The annual interest rate is **11.0%** annually per month for any month or part of a month that a tax is paid after the original due date of the 2018 return but before January 1, 2020.

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### Form 502 - Resident Income Tax Return

• **Return Mailing Address**

▪ Form 502 or 505 **with payment**:  
Comptroller of Maryland  
Payment Processing  
PO Box 8888  
Annapolis, MD 21401-8888

▪ Form 502 or 505 **without payment**:  
Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001



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### Legislative Update - Oyster Shell Recycling Credit

• **House Bill 572 (Chapter 603, Acts of 2018) Senate Bill 153 (Chapter 604, Acts of 2018)- Income Tax- Oyster Shell Recycling Credit- Maximum Allowable Amount and Sunset Extension**

- This Act extends the sunset provision of the existing recycled oyster shell credit from June 30, 2018 to June 30, 2023
- This Act also increased the maximum credit that can be claimed from \$750 to \$1,500
- A credit may be claimed against the state income tax equal to \$5 for each bushel of oyster shells

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### Legislative Update – Wineries and Vineyards

• **House Bill 302 (Chapter 613, Acts of 2018) Senate Bill 848 (Chapter 614, Acts of 2018)- Income Tax Credit- Wineries and Vineyards- Procedures to Claim Credit & Sunset Extension**

- Taxpayers can now attach a copy of tax credit certification to an income tax return filed and no longer needs to be filed with an amended return.
- The credit is now extended and won't terminate until June 30, 2021

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### Local Tax Rate Increase

Caroline County has **increased** its 2019 local tax rate to **3.20%**.



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### New Form PV-Payment Voucher

- New form created for the payment of resident, nonresident, estimated and extension payments.
- We have eliminated the 502D and 502E for paper filers.
- The 502D and 502 E have been made into a worksheet the PVW.

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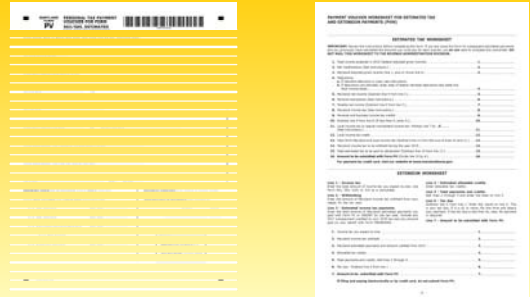
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### New Form PV-Payment Voucher and PVW Worksheet



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# Fiduciary Forms

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## Fiduciary Tax-New Form 504NBD

- **504NBD** is a new form for nonresident beneficiary deductions.
- The Form 504NBD must be returned with the Form 504 if there is an entry on line 7 of the Form 504.



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# Corporate Forms

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**Legislative Update –  
Single Sales Factor Apportionment**

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- **House Bill 1794 (Chapter 342, Acts of 2018), Senate Bill 1090 (Chapter 341, Acts of 2018) – Corporate Income Tax- Single Sales Factor Apportionment**
  - This Act phases in a single sales factor apportionment formula used to apportion corporate income tax over a 5 year period beginning in 2018
  - By 2022, all corporations subject to the state income tax (except for certain specified worldwide corporations), must apportion income by multiplying their Maryland modified income by 100% of the sales factor

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**Corporate - Credits**

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- **More Jobs For Marylanders**
  - Allows a manufacturing business located in Maryland a 10 year income tax credit based on total amount of wages paid for each qualified position at an eligible facility.

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**Legislative Update – Qualified Research and Development Expense**

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- **Senate Bill 563 (Chapter 609, Acts of 2018) Income Tax Credit- Qualified Research and Development Expenses- Application for and Procedure to Claim Credit**
  - Taxpayers can now attach a copy of the tax credit certification to an income tax return filed for any taxable year after the year in which the costs were incurred
  - Taxpayers no longer need to file an amended return
  - The Act terminates December 31, 2020.

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**Legislative Update –  
Small Business Relief Credit**

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- **Senate Bill 134 (Chapter 571, Acts of 2018) – Small Business Relief Tax Credit**
  - This act establishes a new credit for businesses that employ 14 or fewer employees and provide paid sick and safe leave in accordance with the Maryland Healthy Working Families Act
  - Businesses must apply for certification from the Department of Commerce to qualify
  - The credit only applies to benefits paid to employees who make 250% or less of the federal poverty guidelines
  - The credit may not exceed the lesser of \$500 for each qualified employee or the total amount of paid earned sick and safe leave accrued by qualified employees

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**Other Tax  
Legislation**

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**Maryland Estate Tax**

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- **House Bill 308 (Chapter 21, Acts of 2018) Senate Bill 646 (Chapter 15, Acts of 2018) – Maryland Estate Tax- Unified Credit**
  - This Act alters the unified credit used for determining the amount that can be excluded for Maryland estate tax purposes and decouples the Maryland estate tax exclusion from the federal exclusion amounts
  - The increase in the amount that can be excluded for Maryland estate tax purposes is phased over five years and is equal to (1) \$1.5 million for a decedent dying in calendar year 2015; (2) \$2.0 million for a decedent dying in calendar year 2016; (3) \$3.0 million for a decedent dying in calendar year 2017; (4) \$4.0 million for a decedent dying in calendar year 2018; and (5) \$5.0 million for a decedent dying on or after January 1, 2019
  - This legislation also established portability for Maryland estate tax purposes. Surviving spouses may now elect to claim any unused portion of their predeceased spouse's unused estate tax exemptions under certain circumstances

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### Wayfair Decision

- On June 21, 2018, the United State Supreme Court ruled in South Dakota v. Wayfair that sellers can be required to collect sales taxes in states where the sellers do not have physical presence, overruling the Court's prior decision in Quill v. North Dakota.
- The Comptroller's Office promulgated emergency regulations.
- Effective October 1, 2018, out-of-state vendors must maintain records to determine whether they will be required to remit Maryland sales tax on retail sales for delivery into Maryland.
- An out-of-state vendor without a physical presence in Maryland is required to register with the Comptroller of Maryland and to collect and remit Maryland sales tax on retail sales of tangible personal property or taxable services for delivery into Maryland when, during the previous calendar year or the current calendar year, the vendor meets the following criteria: - Gross revenue from the sale of tangible personal property or taxable services delivered into Maryland exceeds \$100,000; or - Sales of tangible personal property or taxable services for delivery into Maryland in 200 or more separate transactions.

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### Important Information

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### Important Information

- Web site at [www.marylandtaxes.gov](http://www.marylandtaxes.gov).
- Tax practitioner hotline: **410-260-7424**.
- Tax practitioner e-mail: [taxprohelp@comp.state.md.us](mailto:taxprohelp@comp.state.md.us).
- E-file tax practitioner hotline: **410-260-7753**.

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**Important Information**

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- Our web site is [www.marylandtaxes.gov](http://www.marylandtaxes.gov)
- E-file tax practitioner e-mail: [efil@comp.state.md.us](mailto:efil@comp.state.md.us).
- Tax forms e-mail: [taxforms@comp.state.md.us](mailto:taxforms@comp.state.md.us).

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**Questions?**

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