

Maryland Tax Forms


- Fill-in forms and the current Withholding Guide are available on 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.

Maryland Tax Forms

- Forms may be requested through our Central Files Unit via
 - Email-taxforms@comp.state.md.us
 - Phone-410-260-7951

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Form 502 - Resident Income Tax Return



- Filing Due Date - April 15, 2020

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Form 502 - Resident Income Tax Return

- New check box on line 22 for those who qualify for the Maryland Earned Income Tax Credit, but not the Federal Earned Income Tax Credit.
- This change identifies qualifying taxpayers based on Maryland's repeal of the minimum age requirement.

18. Net income (Subtract line 17 from line 16.) 18.

19. Exemption amount from Exemptions area (See Instruction 10.) 19.

20. Taxable net income (Subtract line 19 from line 18.) 20.

21. Maryland tax (from Tax Table or Computation Worksheet Schedules I or II) 21.

22. Earned income credit (EIC)(See Instruction 18.) 22.

Check this box if you are claiming the Maryland Earned Income Credit, but do not qualify for the federal Earned Income Credit.

YN

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Form 502 - Resident Income Tax Return

- New check box on line 49 of the Form 502 to indicate if the taxpayer is attaching Form 502UP.
- The change will improve efficiency of returns processing.

47. AMOUNT OF REFUND TO BE APPLIED TO YOUR ESTIMATED TAX

48. Amount of overpayment to be refunded to you (Subtract line 47 from line 46.) See line 51.

49. Check here if you are attaching Form 502UP. Enter interest charges from line 58 of Form 502UP or for late filing.

50. TOTAL AMOUNT DUE (Add lines 47 and 49). IF AN OVERPAY, PAY IN FULL WITH THIS RETURN. ENCLOSE FORM PV.



Legislative Updates & Forms Changes



Prior Year Legislation

**Legislative Update –
Manufacturing:**

- **Senate Bill 317 (Chapter 149, Acts of 2017) – More Jobs for Marylanders Act of 2017**
 - It expands the depreciation limitations under Tax-General Article, Section 10-210.1(b)(1) and (b)(3) to exempt property placed into service by manufacturing entities on or after January 1, 2019. A manufacturing entity is defined as conducting or operating a trade or business that is primarily engaged in activities that are covered under the NAICS Sectors 31, 32, or 33. No special application is required for this. It will be reflected on the entity’s tax return with an addition or subtraction.

**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**
 - Beginning in tax year 2019, the value of the standard deduction is indexed based on the annual change in the cost of living.
 - For 2019 income for MFJ, HH or QW if income is \$20,333 or less standard deduction is \$3,050. If income is between \$20,333-\$30,333 multiply by .15 for standard deduction amount. If income is \$30,333 or more standard deduction is \$4,550.

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**Legislative Update –
Personal Exemptions**

- **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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**Resident Income Tax Return Instructions-
Instruction 10**

- The exemption amounts for the Maryland tax return have remained the same. The amounts begin at \$3,200 and phase out to zero based on income.
- We no longer make reference to the number of exemptions allowed on the federal return.

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Legislative Update – Estate Tax

- House Bill 308 (Chapter 21, Acts of 2018) and Senate Bill 646 (Chapter 15, Acts of 2018)
 - The Act makes permanent the amount of unified credit used to determine the Maryland estate tax for a decedent to \$5,000,000 for a decedent dying on or after January 1, 2019.
 - Portability now exists. This allows any deceased spousal unused exemption (DSUE) to be added to the \$5,000,000 exclusion amount.

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**2019
Legislation**



Administrative

Legislative Update

- **House Bill 814 (Chapter 423, Acts of 2019) and Senate Bill 802 (Chapter 424, Acts of 2019) - Maryland Easy Enrollment Health Insurance Program:**
 - The purpose of these acts is to enroll more eligible uninsured individuals in insurance affordability programs and minimum essential coverage.
 - The Comptroller must revise income tax forms to collect information on uninsured individuals and to share the information with the Maryland Health Benefit Exchange. The Exchange will then reach out to those individuals.
 - Return changes for 2019 include additional check boxes on the face of the return and Form 502B. The checkboxes will allow the individual to choose whether to share the information with the Exchange to make determinations about coverage.
 - The Comptroller will then share the information for those individuals that elect to have the Exchange make such determinations.

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Legislative Update

- **House Bill 814 (Chapter 423, Acts of 2019) and Senate Bill 802 (Chapter 424, Acts of 2019) - Maryland Easy Enrollment Health Insurance Program, *cont.*:**
 - The Act creates an advisory workgroup, which includes representation from the Comptroller's Office, to provide ongoing advice regarding the implementation of the program
 - Further changes may be included on the 2020 form. Possible future changes include an additional form requiring more eligibility information.

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Form 502 - Resident Income Tax Return

- New check boxes for Maryland Health Care Exchange on page 2 of Form 502.



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Legislative Update

- **Senate Bill 484 (Chapter 225, Acts of 2019) – Tax Liens-Expiration:**
 - The Act establishes an expiration date of specified tax liens including liens related to unpaid taxes, liens on personal property, and liens on real property.
 - Previously liens remained in effect until the lien was satisfied or released by the tax collector because it was unenforceable or uncollectible.
 - The Act creates a 20 year expiration on all liens that are not otherwise satisfied or released by the tax collector.
 - Liens now expire 20 years after the date of the assessment.

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Subtractions

Resident Income Tax Return Instructions - Instruction 13

- Pension Exclusion-

- The maximum allowable pension exclusion is **\$31,100.00.**

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

	You	Spouse
1. Qualifying pension and retirement annuity included in your federal adjusted gross income (Do not include Social Security or Railroad Retirement)		
2. Maximum allowable exclusion	\$31,100	\$31,100
3. Total benefits you received from Social Security and/or Railroad Retirement (Tax 1 and Tax 11)		
4. Taxable exclusion (Subtract line 3 from line 2; if less than 0, enter 0)		
5. Pension Exclusion (Enter the greater of line 1 or 4 here and on line 10a, Form 502; if you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on line 10a, Form 502)		

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Legislative Update

- **House Bill 1093 (Chapter 380, Acts of 2019) – Income Tax – Subtraction Modification – Retirement Income (The Jonathan Porto Act):**

- This Act expands the existing military retirement income tax subtraction modification by expanding it to include death benefits paid as a result of service in the U.S. Uniformed Services.
- This may be taken by a beneficiary to exclude a certain portion of any death benefits included in federal adjusted gross income.
- The subtraction is \$15,000 for individuals 55 and over and \$5,000 for others.

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Credits

Legislative Update


- **Senate Bill 870 (Chapter 432, Acts of 2019) – Income Tax Credit – Child and Dependent Care Tax Credit - Alterations:**
 - This bill expands the existing child and dependent care tax credit by 1) increasing the current phase-out that reduces or eliminates the benefit for an individual whose income exceeds specified amounts and 2) making the credit refundable for taxpayers with federal adjusted gross income of \$50,000 or less (\$75,000 if married filing jointly).
 - Beginning in tax year 2020, the applicable phase-outs are indexed for the cost of living.

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Legislative Update

- **House Bill 482 – Income Tax Credits – Endowments of Maryland Historically Black Colleges and Universities and Film Production Activity – Establishment and Alterations:**
 - The Act establishes a tax credit against the Maryland income tax for 25% of a donation made to a qualified permanent endowment fund at Bowie State University, Coppin State University, University of Maryland Eastern Shore, or Morgan State University.
 - The Comptroller may award no more than \$240,000 in tax credits each year and must adopt regulations to implement the tax credit application, approval, and monitoring process.
 - The Act also changes the minimum time a film production entity must be incorporated in the state to claim a credit against the state income tax from 1 year to 3 months.

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Other Resident Instructions

Resident Income Tax Return Instructions - Instruction 22

- The annual interest rate is **10.5%** annually per month for any month or part of a month that a tax is paid after the original due date of the 2019 return but before January 1, 2021.

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Resident Form 502

- Electronically filed Form 502-Individuals who file a Maryland resident individual income tax return electronically will be offered the opportunity to register to vote through a link to the online voter registration system.

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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



Form 502 - Resident Income Tax Return

- Enhanced Signature of Preparer- For various forms by law the tax preparer must sign the return(s); however, many do not comply.



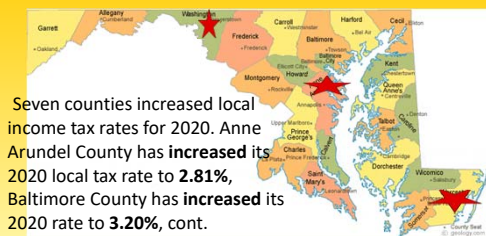
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Form 502CR - Income Tax Credits for Individuals

- Part A**- significant changes based on Administrative Release 42 (AR 42).
- No longer accepting K-1 statements for back up on Part A.
- Must have other state return or a statement from the entity. Examples are in AR 42, but must contain certain language.
- Mainly must say "tax liability" not tax withheld or tax paid (limited exceptions exist).

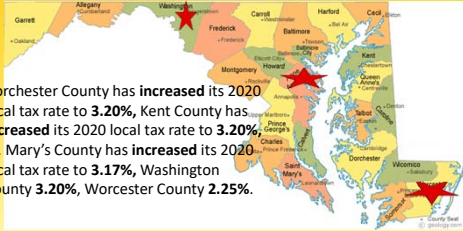
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Local Tax Rate Increases



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Local Tax Rate Increase



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Miscellaneous Forms Changes

Various Nonresident Forms – Special Nonresident Tax Rate Change

- The special nonresident tax (SNRT) is based on the lowest local income tax rate.
- This historically has been Worcester County, which has increased its rate for the second time in recent years.
- For 2020, the rate is 2.25%, which is the SNRT rate as well.
- Anywhere that rate is reflected will be updated, such as Form 505NR where the nonresident income tax is calculated.

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Various NRS Forms - Rate Change

- Worcester County changed the local income tax rate to 2.25% for 2020, which affects the nonresident sales of Maryland real property withholding rate.
- The 2020 NRS withholding for individuals and trusts will be 8%. This is a change when the lowest local rate changes or the highest income tax bracket changes.
- Not a tax – but a prepayment of income tax liability from gain on sale of property.

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Various NRS Forms - Rate Change

- Two different calculations. (1) No exemption – title company calculates on net proceeds and (2) exemption application through Comptroller's Office is calculated on estimated capital gain
- Often estimated capital gain is more accurate and beneficial to taxpayer but MUST be sent in 21 calendar days prior to closing
- MW506AE is the application 21 days prior to closing
- MW506R is application for early refund 60 days after closing
- Year-end return is the ONLY way to get refund back if sold in past year or they were unable to complete the MW506AE or MW506R.

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Nonresident Tax Issues - Reciprocity

- Reciprocity covers **wage income only**.
- Any other Maryland source income must be reported on Form 505, the Maryland nonresident income tax return.
- This includes business income on Form 1040 Schedule C, rental income from Maryland properties, capital gain and other gains from sales of Maryland property.
- Maryland law requires that nonresidents with rental properties must file yearly returns to report any income or loss. This may be an issue if the nonresident sells the property.

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For 515-Nonresident Return

- Added under Resident information section, "If you are a Pennsylvania resident, enter PA six(6) digits PSD code here _____" to identify the taxing township.

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Form PV-Payment Voucher – Reminders

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

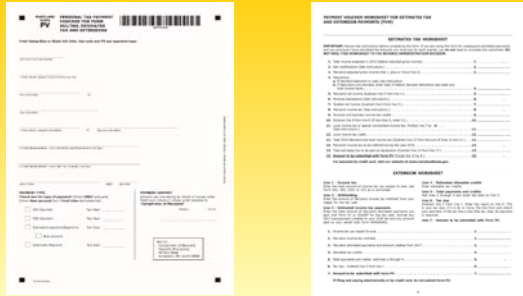
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Form PV-Payment Voucher – Reminders

- Do not send Form PV without payment
- If you wish to file an extension without payment, you must do so via phone or online.
- If you are sending an estimated payment for 2020, you must select 2020 tax year.
- Make sure that all taxpayers are reflected on the PV if joint declaration. Both spouses must be listed.

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New Form PV-Payment Voucher and PVW Worksheet



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Corporate Forms

Single Sales Factor

– Singles sales factor continues to phase in using the following apportionment formulas during the transitional 5 year period for unitary businesses:

- Tax Year 2019 = $\text{property factor} + \text{payroll factor} + (4 \times \text{sales factor}) / 6$
- Tax Year 2020 = $\text{property factor} + \text{payroll factor} + (5 \times \text{sales factor}) / 7$
- Tax Year 2021 = $\text{property factor} + \text{payroll factor} + (6 \times \text{sales factor}) / 8$

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Form 500 Schedule A and Form 500X Part C

- Added new check box for corporations to indicate use of special apportionment factor.

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Other Tax Legislation

Legislative Update

- **House Bill 884 (Chapter 704, Acts of 2019) and Senate Bill 533 (Chapter 758, Acts of 2019) – Short-Term Rentals:**

- The Acts impose the State sales and use tax on specified short-term rental transactions facilitated by short-term rental platforms.
- It also requires short-term rental platforms to collect and remit sales and use tax
- The Acts expand the definition of (1) tangible personal property to include a short-term rental and (2) taxable price and vendor to include a short-term rental platform for the purpose of collecting and remitted sales and use tax

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Legislative Update

- **House Bill 454 (Chapter 257, Acts of 2019) - Sales and Use Tax - List of Tangible Personal Property and Services – Publication:**
 - This Act requires the Comptroller’s Office to publish a comprehensive list, on the agency’s website, of tangible personal property and services that are subject to the State sales and use tax.
 - The list must be updated at least quarterly and detail any additions, deletions, or revisions to the list.

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Legislative Update

- **House Bill 1301 (Chapter 735, Acts of 2019) – Taxation of Online Sales – Marketplace Facilitators and Sellers of Other Tobacco Products**
 - This Act requires a marketplace facilitator and a marketplace seller to collect and remit the State sales and use tax under specified circumstances.
 - The Act also establishes tax collection and licensing requirements for marketplace facilitators and marketplace sellers.
 - In addition, the Act alters the distribution of sales and use tax revenues by requiring that for each fiscal year (1) the first \$100.0 million in sales taxes collected from marketplace facilitators and certain out-of-state vendors be distributed to the general fund and (2) revenues in excess of \$100.0 million from these sales taxes be distributed to the Blueprint for Maryland’s Future Fund.
 - Finally, the Act requires specified out-of-state sellers to pay the tobacco tax on pipe tobacco and premium cigars on which the tobacco tax has not been paid.

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Sales and Use Tax

- There is a new Sales and Use tax return for marketplace facilitators the Form 202F. It has to be filed with the From 202 if the taxpayer is a marketplace facilitator.
- There have also been two boxes added to the Form 202 to indicate if a taxpayer is a marketplace facilitator/and or a person that engages in the business of an out-of-state vendor and in the previous calendar year you either

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Sales and Use Tax (cont'd)

- (1) exceeded \$100,000 in gross revenue from the sale of tangible personal property or taxable services delivered in the State;
- Or (2) sold tangible personal property or taxable services for delivery into the State in 200 or more separate transactions.

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Important Information

Important Information

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

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Important Information

- Our web site is www.marylandtaxes.gov
- E-file tax practitioner e-mail: efil@comp.state.md.us.
- Tax forms e-mail: taxforms@comp.state.md.us.

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Questions?

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