

Maryland Credits

- **Earned Income Credit**

- The MD EIC is calculated by TaxSlayer and there are up to three entries for EIC on form 502.
 1. Line 22, non-refundable. Offsets Maryland State Tax.
 - If filing MFJ or MFS or if you have at least one qualifying child, then MD EITC will be 50% of your Federal EITC.
 - If filing Single, HoH, or QSS without a qualifying child, then the EITC will be 100% of your Federal EITC but no more than \$530.
 2. Line 29, non-refundable. Offsets Maryland Local or County Tax.
 - The Local EIC is computed by multiplying the County Tax Rate time the Federal EIC times 10.
 - Example: Cecil County tax rate is .0300. If the Federal EIC was \$1000 then the Local EIC will be $.3 * \$1000$ or \$300.
 3. Line 42, refundable amount.
 - If your State Tax (Line 21) was smaller than your Non-Refundable EIC, then there will be some Refundable EIC.
 - Take your Federal EIC and multiply it times 45%.
 - Subtract the non-refundable EIC (Line 22) from the number computed above. This is your Refundable EIC and it goes on Line 42.
 - If your State Tax (Line 21) was larger than your Non-Refundable EIC then there is no Refundable EWIC but there may be a Poverty Level Credit. See below.
- MD will allow the EITC without both spouses having SSN's. ITIN's are OK. So you may see an EITC on Maryland even though there is none on the Federal return.
- If you did not receive a Federal EITC solely because you did not meet the minimum age requirement (25) then you will receive the MD EITC even though you did not get it on your Federal return.

- **State Poverty Level Credit (Line 23, non-refundable)**

The Poverty Level Credit will be computed by TaxSlayer. To see if you are eligible:

- Compare your Federal AGI plus Maryland Additions with Federal Earned Income and choose the larger amount.
- Compare the amount just chosen with the amount in the chart below, given the number of people on the tax return.

Number of People and Income Level

1	\$13,590
2	\$18,310
3	\$23,030
4	\$27,750
5	\$32,470
6	\$37,190
7	\$41,910
8	\$46,630

- If the amount in the chart is greater than the AGI + Additions and the Earned Income then you are qualified.

- The **State Credit** (Line 23 Form 502) is then computed as the Earned Income amount multiplied by 5%.
 - The **Local Credit** (Line 30 Form 502) is computed as the Earned Income amount multiplied by the Local Tax Rate (e.g. .0300). This would remove all of the local taxes that were a result of Earned Income.
- **Other Credits for Individuals (Line 23, non-refundable)**

There are 13 additional non-refundable credits for individuals and 18 for businesses and [All Credits Are Listed Here](#). They are readily available in TaxSlayer. The following credits require additional guidance:

- **a. Credit for Income Taxes Paid to Other States**
 - Income subject to tax in another state as a non-resident of that state will be included in Maryland Income and taxed, but a credit will be given for the tax paid to the other state.
 - The other state's taxes will be identified by TaxSlayer.
 - If the other state is a reciprocal state (PA, DC, VA, WV) then there should not be a credit for taxes pertaining to Wages, Tips, and Commissions, but there may be some for other types of income, like gambling and business income, for which there is no reciprocity.
 - If there is withholding on W2's for the reciprocal state, enter it on the W2 input screen but put zero for the reciprocal state income. Prepare a NR return and the withholding should be refunded. It should not be a credit for MD.
 - For wages subject to tax in a locality of a state (think PA and DE, especially Wilmington), the amount of tax paid to the locality will be the local withholding on the W2. This should be a credit against MD resident taxes and that is accomplished by entering the amount directly on the Maryland Credits page for the state. If there is already a NR return for that state (i.e. Delaware), then the local tax is added to the state tax. If there is no NR return (i.e. Pennsylvania) then you add the state on the credit page and enter the local tax.
- **b. Credit for Child & Dependent Care Expenses--Non-refundable and Refundable**
 - Is a percentage of the Federal Credit, starting at 32% and becoming progressively smaller as Federal AGI rises until it hits zero % at \$102,601 for Individuals and \$159,501 for Married taxpayers.
 - The percentage is taken from [this table in the instructions for form 502CR](#)
 - Multiply the percentage times the Federal Credit for Dependent Care to get the Non-refundable Credit(Line 3 Part B of 502CR)
 - Subtract Maryland State tax (Line 21 of form 502) from the Non-Refundable credit above. This is the Refundable amount (Line 7 Part CC form 502CR) subject to the maximum Federal AGI limits below:
 - Individuals: \$55,750
 - Joint Return: \$83,650