

Maryland Subtractions from Income

Subtractions from Income appear on lines 8-14 of MD Form 502. **All but line 10b. and 13 will flow from the Federal Return**, although you may have to check some.

8. Taxable refunds, credits or offsets...

This will be the taxable refund from states on your federal return. It will only appear if you entered a taxable refund on the federal return.

9. Child and dependent care expenses

This is taken directly from the federal form 2441. It will be up to \$3000 (\$6,000 if 2 or more children) and will not include employer-provided or non-taxable contributions for day care.

10a. Standard Pension Exclusion

- Must be 65 or over or totally disabled on the last day of the tax year (or your spouse must be totally disabled).
- The amount will be the amount of federally taxed pension income from an employee retirement system 401(a), 403, or 457(b).
- The maximum allowable exclusion is \$34,300 minus your taxable Social Security.

10b. Retired Forest/Park/Wildlife Ranger

- Use this exclusion only if:
 - You have federally taxed pension income (from 401(a), 403, or 457(b)) attributable to service as a Forest/Park/Wildlife Ranger of the U.S., Maryland, or a political sub-division of Maryland **AND**
 - You were 55 or over (but not 65 or disabled and your spouse was not disabled as well) on the last day of the tax year **AND**
 - You are NOT eligible for the Standard Pension Exclusion.
- The amount will be the amount of federally taxed distribution from an employee retirement system 401(a), 403, or 457(b) attributable to Ranger service but will be capped at \$15,000.
- You must enter this exclusion manually in the Maryland Return. It will be the third item on the first page of "Subtractions From Income" labeled Pension Exclusion for Forest/Park/Wildlife Rangers. You need to enter the amount of pension income included in the Federal AGI and the amount of that which is attributable to service as a Ranger.

11. Federally Taxed Social Security and Railroad Retirement Benefits

12. Non-Resident Income

If you are preparing a partial-year return, then the income attributable to the other state(s) will appear here. See Partial Year returns elsewhere.

13. Subtractions from Income or, actually, **Other** Subtractions from Income.

This line will contain the sum of a slew of subtractions that Maryland legislators have bestowed upon selected citizens. They are manually entered in the Maryland Return. They are under "Other Subtractions from Income" which is under "Subtractions from Income". At last count, there were 61 of them so you will find them in a separate document entitled [Other Subtractions](#)

14. Two-Income Subtraction

The Two-Income Subtraction is essentially a deduction of up to \$1,200 determined by the amount of taxable income for Maryland, after all other deductions have been taken, attributable to the spouse with the smaller income. Taxslayer should give an accurate number, assuming that all income has been attributed to one spouse or the other when inputting in the Federal return, but there are some circumstances that Taxslayer cannot evaluate. If any of the following exist on the tax return, you should see [Two-Income Subtraction Adjustments](#)

- Adjustments to the Federal AGI associated with Alimony payments, Student Loan Interest, or Self Employed Health Insurance (SEHI).
- Capital Gain loss carry forward or net CG loss for TP or Spouse

- Subtractions from MD AGI recorded on form 502SU
- Rents or royalties entered on Schedule E allocated to either taxpayer or spouse.
- Required allocation to one taxpayer of child care expenses or the state tax refund.

u. Military Retirement Income

- This is a hybrid subtraction. Maryland does not give it its own line on form 502, making it an "Other Subtraction", but Taxslayer lists it alongside Pension Exclusions and Pension Exclusion for Rangers, which do have their own line on form 502. So, it is included here but you will also find it on the list of Line 13 Subtractions or Other Subtractions.
- The Military Income Subtraction gives an exclusion without affecting the \$34,300 cap on exclusions.
- For retirees under age 55, the exclusion is \$5,000.
- For retirees age 55 and over, the exclusion is \$15,000.
- The amounts above include any death benefit.
- The amount of exclusion allowed, \$5,000 or \$15,000, must be entered in the "Military Retirement Income Subtraction" section for Maryland, under "Subtractions from Income".
- Taxslayer will allocate any remaining military pension to the standard pension exclusion, to the allowable limit.
- To qualify, you must have been a member of an active or reserve component of the armed forces of the United States, an active duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, the Coast and Geodetic Survey, a member of the Maryland National Guard, or **the member's surviving spouse or ex-spouse.**