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MARYLAND REVENUE
ADMINISTRATION DIVISION
ANNAPOLIS, MD



William Donald Schaefer

MARYLAND 2004

STATE & LOCAL TAX FORMS & INSTRUCTIONS

For filing personal state and local income taxes for full- or part-year Maryland residents

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★ DEADLINE - FRIDAY, APRIL 15, 2005 ★

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A Message from Comptroller William Donald Schaefer

Dear Marylanders:

Yes, the main purpose of the Comptroller of Maryland is to collect taxes, which pay for the programs and services for the people of Maryland. But, as they say, it's not only what you do but how you do it. I consider it important that this agency carry out tax collection in a way that is easiest for people and in a way that is fair across the board.

The service that I'm most proud of is making it possible for more and more people to file their taxes electronically. Today, nearly one million of the 2.6 million Maryland returns are filed this way. That's more than one-third and if you choose direct deposit, you'll get a refund in only 48 hours.

I'm very pleased that senior citizens have especially liked this service. The number of people over 65 who are filing electronically has increased much faster than that of younger taxpayers. The increase last year was 27 percent, twice the gain in the total number of electronic filings.

People who owe taxes can set up a payment plan online by visiting our Web site at www.marylandtaxes.com. Online payment agreements are available for up to 12 months.

Self-employed taxpayers can file online using our free iFile service and can pay quarterly amounts by direct debit and have the amount withdrawn from their bank accounts any date until the next quarterly filing is due. There is an online calculator to help figure out how much tax is owed.

Businesses can take advantage of our free online service called bFile. It's a business version of the personal income tax service and allows businesses to file employer withholding as well as sales and use taxes online.



William Donald Schaefer



FILING ELECTRONICALLY

Maryland offers several easy ways to file electronically:

- ❖ **iFile:** Free Internet filing for Maryland income tax returns. Visit www.marylandtaxes.com for eligibility.
- ❖ **IRS Free File:** Free online federal and state tax preparation and electronic filing for eligible taxpayers. Visit www.irs.gov for details.
- ❖ **PC Retail Software:** Consumer Purchased Software. Check the software requirements to determine eligibility. Use software or link directly to a provider site to prepare and file your return online. Visit www.marylandtaxes.com for details.
- ❖ **e-file:** Tax Professional Electronic Filing. You may use any tax professional who participates in the Maryland Electronic Filing Program.



AVOIDING COMMON ERRORS

- ❖ **Social Security Numbers:** Enter each Social Security number in the space provided at the top of your tax return. Also enter the Social Security number for children and other dependents.
- ❖ **Residency:** Use the correct local income tax rate for where you lived on December 31, 2004. See Instruction 19.
- ❖ **Original Return:** Please send only your original completed Maryland tax return. Photocopies can delay processing of your refund.
- ❖ **Federal Forms:** Do not send federal forms or schedules or copies of federal forms or schedules.
- ❖ **Photocopies:** Remember to keep copies of all federal forms and schedules and any other documents that may be required later to substantiate your Maryland return.
- ❖ **Ink:** Use only blue or black ink to complete your return.

GETTING HELP

- ❖ **Tax Forms, Tax Tips, Brochures and Instructions:** These are available online at www.marylandtaxes.com and at many libraries, post offices and branch offices of the Comptroller (see back cover). For forms only, call 410-260-7951.
- ❖ **Telephone:** From January 18 - April 15, 2005, Monday - Friday, 8:00 a.m. - 9:00 p.m. from Central Maryland, call 410-260-7980. From other locations, call 1-800-MD TAXES (1-800-638-2937).
- ❖ **E-mail:** Contact taxhelp@comp.state.md.us
- ❖ **Extensions:** To TeleFile an extension, call 410-260-7829; to file an extension online, visit www.marylandtaxes.com.

RECEIVING YOUR REFUND

- ❖ **Direct Deposit:** To have your refund deposited in your bank or other financial account, enter your account and routing numbers at the bottom of your return.



- ❖ **Check:** Unless otherwise requested, we will mail you a paper check.
- ❖ **Refund Information:** To request information about your refund, call 410-260-7701 from Central Maryland. From other locations, call 1-800-218-8160.

PAYING YOUR TAXES

- ❖ **Major Credit Cards:** Pay your balance due, estimated tax or extension payment with MasterCard®, VISA®, Discover® or AmericanExpress®. If you filed a 2003 Maryland income tax return, call 1-800-2PAYTAXSM (1-800-272-9829) and enter Jurisdiction Code 3000 when prompted or visit www.officialpayments.com. If you did not file a Maryland return in 2003, you must make your credit card payment online at www.officialpayments.com.

PAYMENT SERVICES PROVIDED BY:

OFFICIAL PAYMENTS CORP.



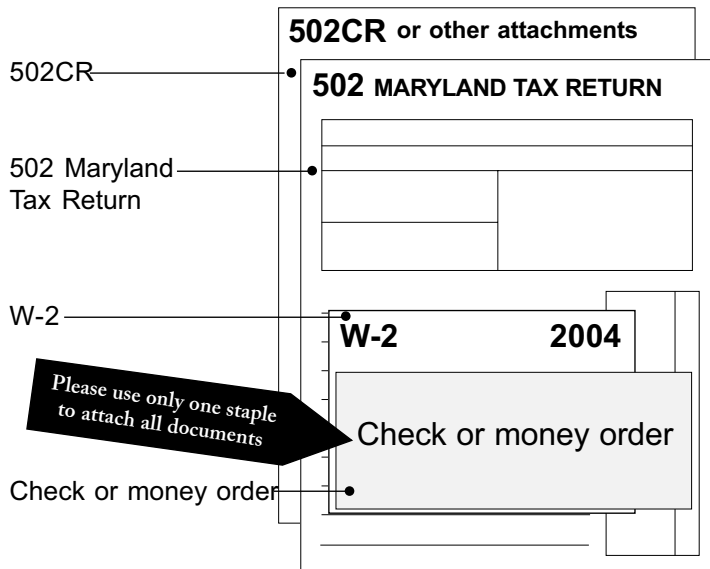
CREDIT CARDS PROUDLY ACCEPTED:



Both options will be processed by Official Payments Corp., a private credit card payment services provider. A convenience fee of 2.5 percent will be charged to your credit card. The state will not receive this fee. You will be informed of the exact amount of the fee before you complete your transaction. After you complete your transaction, you will be given a confirmation number to keep with your records.

- ❖ **Checks and Money Orders:** Make check or money order payable to Comptroller of Maryland. Write your Social Security number on your check or money order.
- ❖ **Direct Debit:** If you file electronically and have a balance due, you can have your income tax payment deducted directly from your bank account. This free service allows you to choose your payment date, anytime until April 15, 2005. Visit www.marylandtaxes.com for details.

ASSEMBLING YOUR RETURN



What you should send:

- Your *original*, completed Maryland income tax return (Form 502 or 503)
- W-2(s) showing Maryland tax withheld
- If you have a balance due, a check or money order payable to Comptroller of Maryland with your Social Security number on the check or money order
- Maryland schedules or other documents that may be required according to the instructions if you claim certain credits or subtractions; such as 500CR, 502CR, 502H, 502TP, 502UP, 502V
- A copy of the tax return you filed in the other state if you're claiming a tax credit on Form 502CR, Part A

Do not send:

- Photocopies of your Maryland return
- Federal forms or schedules
- Any forms or statements not requested
- Returns by fax

CONTRIBUTION OPTIONS

You can make a contribution... on Line 38*

...to the Maryland Fair Campaign Financing Fund. Your contribution helps to provide a funding alternative to large private contributions in elections for governor/lieutenant governor when candidates accept a spending limit.

- Enter the amount you wish to donate on Line 38* of your Maryland income tax form.
- Donate up to \$500.
- The amount will be deducted from your refund or added to your tax payment.

*Note: Use Line 14 on Form 503.

www.elections.state.md.us

You Too Can Help the Bay.



Check Line 37* and join us in protecting Maryland's most treasured resource.



Your contribution supports on-the-ground projects that:

- restore wetlands,
- plant trees and Bay grasses,
- reintroduce oyster and fish populations,
- and actively protect threatened plants and animals.

It's this easy:

1. Enter the amount you wish to donate on Line 37*.
2. That amount will be deducted from your refund or added to your tax payment.
3. The donation is tax deductible in the following year.

*Note: Use Line 13 on Form 503.



Donations are divided evenly between the Chesapeake Bay Trust and the Wildlife and Heritage Division of the Maryland Department of Natural Resources. For more information call the Trust at 410-974-2941 or the Department of Natural Resources at 410-260-8540.

www.chesapeakebaytrust.org

Maryland Cancer Fund

Use Line 39* and join the fight against cancer in Maryland.

Your contribution supports grants for cancer research, prevention and treatment.

It's easy:

1. Enter the amount you wish to donate on Line 39*.
2. That amount will be deducted from your refund or will be added to your tax payment.

For more information, call the Maryland Department of Health and Mental Hygiene at 1-800-477-9774.

*Note: Use Line 15 on Form 503

www.mdcanerfund.org



Personal information section including names, addresses, and social security numbers.

Filing status and exemptions section with checkboxes for marital status and exemption categories.

Print your numbers like this - 0 1 2 3 4 5 6 7 8 9 - not like this 0 4 7

Main tax calculation table with 23 rows and columns for Dollars and Cents.

Direct deposit of refund section with fields for account type, routing number, and account number.

Declaration statement and contact information for the Comptroller of Maryland.

Signature and date lines for taxpayer, spouse, and preparer.



WHO MAY USE THIS FORM?

You may use this short form (Form 503) if you answer "NO" to ALL of these questions

- | YES | NO | | YES | NO | |
|-----------------------------|--------------------------|---|-----------------------------|--------------------------|---|
| 1. <input type="checkbox"/> | <input type="checkbox"/> | Will you have any Additions to Income or Subtractions from Income on your Maryland return? If you are eligible for a subtraction, such as the pension exclusion, it will be to your benefit to use Form 502. If you have a state pickup amount on your Form W-2, you must use Form 502. | 5. <input type="checkbox"/> | <input type="checkbox"/> | Were you a nonresident of Maryland? |
| 2. <input type="checkbox"/> | <input type="checkbox"/> | Do you want to itemize deductions? | 6. <input type="checkbox"/> | <input type="checkbox"/> | Were you a part-year resident of Maryland? |
| 3. <input type="checkbox"/> | <input type="checkbox"/> | Did you make estimated payments in 2004, have part or all of your 2003 refund applied to your 2004 estimated account or make a payment with an extension request, Form 502E? | 7. <input type="checkbox"/> | <input type="checkbox"/> | Does your return cover less than a 12 month period? |
| 4. <input type="checkbox"/> | <input type="checkbox"/> | Are you claiming a tax credit on Maryland Form 500CR or Form 502CR? | 8. <input type="checkbox"/> | <input type="checkbox"/> | Were you a fiscal year taxpayer? |
| | | | 9. <input type="checkbox"/> | <input type="checkbox"/> | Will you want part or all of your refund credited to next year's estimated account? |
-



Personal information section including names, addresses, and social security numbers.

County and city information section.

YOUR FILING STATUS section with options for Single, Married, etc.

EXEMPTIONS section with categories (A) through (E) and amounts.

Print your numbers like this - 0 1 2 3 4 5 6 7 8 9 - not like this 0 4 7

Main tax calculation table with 23 rows and columns for Dollars and Cents.

DIRECT DEPOSIT OF REFUND section with account information and routing numbers.

Declaration text: Under penalties of perjury, I declare that I have examined this return...

Signature and date lines for taxpayer, spouse, and preparer.



WHO MAY USE THIS FORM?

You may use this short form (Form 503) if you answer "NO" to ALL of these questions

- | YES | NO | | YES | NO | |
|-----------------------------|--------------------------|---|-----------------------------|--------------------------|---|
| 1. <input type="checkbox"/> | <input type="checkbox"/> | Will you have any Additions to Income or Subtractions from Income on your Maryland return? If you are eligible for a subtraction, such as the pension exclusion, it will be to your benefit to use Form 502. If you have a state pickup amount on your Form W-2, you must use Form 502. | 5. <input type="checkbox"/> | <input type="checkbox"/> | Were you a nonresident of Maryland? |
| 2. <input type="checkbox"/> | <input type="checkbox"/> | Do you want to itemize deductions? | 6. <input type="checkbox"/> | <input type="checkbox"/> | Were you a part-year resident of Maryland? |
| 3. <input type="checkbox"/> | <input type="checkbox"/> | Did you make estimated payments in 2004, have part or all of your 2003 refund applied to your 2004 estimated account or make a payment with an extension request, Form 502E? | 7. <input type="checkbox"/> | <input type="checkbox"/> | Does your return cover less than a 12 month period? |
| 4. <input type="checkbox"/> | <input type="checkbox"/> | Are you claiming a tax credit on Maryland Form 500CR or Form 502CR? | 8. <input type="checkbox"/> | <input type="checkbox"/> | Were you a fiscal year taxpayer? |
| | | | 9. <input type="checkbox"/> | <input type="checkbox"/> | Will you want part or all of your refund credited to next year's estimated account? |
-



OR FISCAL YEAR BEGINNING 2004, ENDING

Please Print Blue or Black Ink Only

Personal information section including first name, spouse's name, address, city, state, zip code, and county.

YOUR FILING STATUS section with checkboxes for Single, Married, Head of household, etc.

PART-YEAR RESIDENT and MILITARY sections for residency and military income.

EXEMPTIONS section with checkboxes for Yourself, Spouse, Children, and Other Dependents.

Print your numbers like this - 0 1 2 3 4 5 6 7 8 9 - not like this Ø 4 7

INCOME section line 1: Adjusted gross income from your federal return.

ADDITIONS TO INCOME section (lines 2-7) including tax-exempt interest, state retirement, and other additions.

SUBTRACTIONS FROM INCOME section (lines 8-18) including tax refunds, child care expenses, and other deductions.

DEDUCTION METHOD section (lines 19-22) for Standard and Itemized Deduction Methods.

Place your CHECK or MONEY ORDER on top of your wage and tax statements and attach here with ONE staple.



MARYLAND TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount (Dollars/Cents). Rows 23-30.

LOCAL TAX COMPUTATION

Table with 3 columns: Line number, Description, and Amount (Dollars/Cents). Rows 31-47.

Table with 3 columns: Line number, Description, and Amount (Dollars/Cents). Rows 48-51.

For credit card payment check here [] and see Instruction 24. Direct debit is available only if you file electronically.

DIRECT DEPOSIT OF REFUND (See Instruction 22) Please be sure the account information is correct.

Form for direct deposit information including account type (Checking/Savings), routing number, and account number.

Form for telephone numbers and code numbers.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete.

Make checks payable to: COMPTROLLER OF MARYLAND. Write social security no. on check using blue or black ink. Mail to: Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001

Form for signatures and preparer information including Your signature, Spouse's signature, Date, Preparer's SSN or PTIN, Signature of preparer other than taxpayer, and Address and telephone number of preparer.



OR FISCAL YEAR BEGINNING 2004, ENDING

Please Print Blue or Black Ink Only

Personal information section including first name, spouse's name, address, city, state, and zip code.

Name of county and incorporated city, town or special taxing area in which you were a resident on the last day of the taxable period.

YOUR FILING STATUS - See Instruction 1 to determine if you are required to file. Includes options for Single, Married, Head of household, etc.

PART-YEAR RESIDENT: If you began or ended legal residence in Maryland in 2004 place a P in the box. Includes date selection and military status options.

EXEMPTIONS - See Instruction 10. Includes categories (A) Yourself, (B) Spouse, (C) Dependent Children, (D) Other Dependents, and (E) Total Exemptions.

Print your numbers like this - 0 1 2 3 4 5 6 7 8 9 - not like this Ø 4 7

INCOME section starting with line 1: Adjusted gross income from your federal return.

ADDITIONS TO INCOME (See Instruction 12) section including lines 2 through 7 for various income additions.

SUBTRACTIONS FROM INCOME (See Instruction 13) section including lines 8 through 18 for various deductions.

DEDUCTION METHOD section including STANDARD DEDUCTION METHOD and ITEMIZED DEDUCTION METHOD with sub-lines 19a and 19b.

Final summary lines 19 through 22, including Deduction amount, Net income, Exemption amount, and Taxable net income.

Place your CHECK or MONEY ORDER on top of your wage and tax statements and attach here with ONE staple.



MARYLAND TAX COMPUTATION

Table with 3 columns: Description, Line Number, Dollars, Cents. Rows 23-30.

LOCAL TAX COMPUTATION

Table with 3 columns: Description, Line Number, Dollars, Cents. Rows 31-47.

Table with 3 columns: Description, Line Number, Dollars, Cents. Rows 48-51.

For credit card payment check here [] and see Instruction 24. Direct debit is available only if you file electronically.

DIRECT DEPOSIT OF REFUND (See Instruction 22) Please be sure the account information is correct.

Form for direct deposit information including 52a (Type of account) and 52b (Routing number).

Form for daytime and home telephone numbers and code numbers.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete.

Make checks payable to: COMPTROLLER OF MARYLAND. Write social security no. on check using blue or black ink. Mail to: Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001

Signature and date lines for taxpayer, spouse, preparer, and preparer's address/telephone.

MARYLAND RESIDENT INCOME TAX RETURNS FORMS 502 and 503

INSTRUCTIONS 2004

IMPORTANT NOTES

DUE DATE

Your return is due by April 15, 2005. If you are a fiscal year taxpayer, see Instruction 25.

COMPLETING THE RETURN

You must use blue or black ink when completing your return. **DO NOT** use pencil or red ink. Submit the original return, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry.

You may round off all cents to the nearest whole dollar. Fifty cents and above should be rounded to the next higher dollar. State calculations are rounded to the nearest penny.

1 Do I have to file? This booklet and forms are for residents of Maryland. In general, you must file a Maryland return if you are or were a resident of Maryland AND you are required to file a federal return. Information in this section will allow you to determine if you must file a return and pay taxes as a resident of Maryland. If you are not a resident but had Maryland tax withheld or had income from sources in Maryland, you must use Form 505 or 515, Nonresident Tax Return.

WHO IS A RESIDENT?

You are a resident of Maryland if:

- a. your permanent home is or was in Maryland (the law refers to this as your domicile).
OR
- b. your permanent home is outside of Maryland, but you maintained a place of abode (that is, a place to live) in Maryland for more than six months of the tax year. If this applies to you and you were physically present in the state for more than 183 days, you must file a full-year resident return.

PART-YEAR RESIDENTS

If you began or ended residence in Maryland during the tax year you must file a Maryland resident income tax return. See Instruction 26.

MILITARY AND OTHERS WORKING OUTSIDE OF MARYLAND

Military and other individuals whose domicile is in Maryland, but who are stationed or work outside of Maryland, including overseas, retain their Maryland legal residence. Such persons do not lose Maryland residence just because of duty assignments outside of the State, see Administrative Release 37. Military personnel and their spouses should see Instruction 29.

ELECTRONIC FILING INSTRUCTIONS

The instructions in this packet are designed specifically for filers of paper returns. If you are filing electronically and these instructions differ from the instructions for the electronic method being used, you should comply with the instructions appropriate for that method.

Software vendors should refer to the e-file handbook for their instructions.

SUBSTITUTE FORMS

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided the form is approved in advance by the Revenue Administration Division. The fact that a software package is available for retail purchase does not guarantee that it has been approved for use.

For additional information, see Administrative Release 26, Procedures for Computer

Printed Substitute Forms, that can be obtained from any office of the Comptroller. (See the back cover of this booklet.)

You may also call the tax information number listed on the back cover to find out which computer-generated forms have been approved for use or visit our website at www.marylandtaxes.com.

PENALTIES

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return, or making a false certification. The penalties include criminal fines, imprisonment, and a penalty on your taxes. In addition, interest is charged on amounts not paid.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

TO DETERMINE IF YOU ARE REQUIRED TO FILE A MARYLAND RETURN

- a. Add up all of your federal **gross** income to determine your total federal income. Gross income is defined in the Internal Revenue Code and, in general, consists of all income regardless of source. It includes wages and other compensation for services, **gross** income derived from business, gains (not losses) derived from dealings in property, interest, rents, royalties, dividends, alimony, annuities, pensions, income from partnerships or fiduciaries, etc. If modifications or deductions reduce your gross income below the minimum filing level, you are still required to file. IRS Publication 525 provides additional information on taxable and nontaxable income.
- b. Do not include social security or railroad retirement benefits in your total federal income.
- c. Add to your total federal income any Maryland additions to income. Do not include any additions related to periods of nonresidence. See Instruction 12. **This is your Maryland gross income.**
- d. If you are a dependent taxpayer, add to your total federal income any Maryland additions and subtract any Maryland subtractions. See Instructions 12 and 13. **This is your**

Maryland gross income.

- e. You must file a Maryland return if your Maryland gross income equals or exceeds the income levels in Table 1 below.
- f. If you or your spouse is 65 or over, use Table 2 below.

IF YOU ARE NOT REQUIRED TO FILE A MARYLAND RETURN BUT HAD MARYLAND TAXES WITHHELD

To get a refund of Maryland income taxes withheld, you must file a Maryland return.

Taxpayers who are filing for refund only should complete all of the information at the top of Form 502 or Form 503 and complete the following lines:

Form 502	Form 503
1-18	1, 7a*, 10a*
25*, 32*	13-19
37-45	21
47, 49	

*Enter a zero unless you claim an earned income credit on your federal return.

Sign the form and attach withholding statements (all W-2 and 1099 forms) showing Maryland and local tax withheld equal to the withholding you are claiming.

Your form is then complete. Mail it in the gold envelope from the tax packet. You must file within three years of the original due date to receive any refund.

Minimum Filing Level Tables

Table 1
For taxpayers under 65

Single persons (including dependent taxpayers)	\$ 7,950
Joint return	15,900
Married persons filing separately	3,100
Head of household	10,250
Qualifying widow(er)	12,800

Table 2
For taxpayers 65 or over

Single, age 65 or over	\$ 9,150
Joint return, one spouse age 65 or over	16,850
Joint return, both spouses age 65 or over	17,800
Married persons filing separately, age 65 or over	3,100
Head of household, age 65 or over	11,450
Qualifying widow(er), age 65 or over	13,750

2 Use of federal return. First complete your 2004 federal income tax return.

You will need information from your federal return in order to complete your Maryland return. Therefore, complete your federal return **before** you continue beyond this point. Maryland law requires

that your income and deductions be entered on your Maryland return exactly as they were reported on your federal return. If you use federal Form 1040NR, visit our website for further information. All

items reported on your Maryland return are subject to verification, audit and revision by the Maryland State Comptroller's Office.

3 Form 502 or 503? Decide whether you will use Form 502 (long form) or Form 503 (short form).

FORM 502

All taxpayers may use Form 502. You must use this form if you itemize deductions, if you have any Maryland additions or subtractions, if you have made estimated payments or if you are claiming business or personal income tax credits. You must also

use this form if you have moved into or out of Maryland during the tax year.

FORM 503

If you use the standard deduction, have no additions or subtractions, and

claim only withholding or the refundable or other earned income credits, you may use the short Form 503. Answer the questions on the back of Form 503 to see if you qualify to use it. **NOTE: If you are eligible for the pension exclusion, you must use Form 502.**

4 Mailing label. Remove the label located on the front cover of your tax booklet and place it over the name and address blanks of your tax return. Using the label speeds up the processing of your return, including getting your refund to you sooner. It also reduces the possibility of error which could delay your refund.

DO NOT USE YOUR LABEL IF:

- a. your name or address is wrong, OR
- b. you and your spouse are going to file separate returns and both of your

- names and initials are on the label, OR
- c. you are going to file a joint return, and only one name is on the label, OR
- d. you are filing a computer-generated return.

IF YOUR RETURN IS BEING COMPLETED BY SOMEONE ELSE:

Take your packet to your tax preparer so that the preparer can attach the label to your return.

5 Social Security Number(s). Your social security number is not printed on the label. Therefore, it is important that you enter each social security number in the space provided at the top of your tax return regardless of whether you use a label or not.

6 County, city, town information. Fill in the boxes for MARYLAND COUNTY and CITY, TOWN OR TAXING AREA based on your residence on the last day of the tax period:

BALTIMORE CITY RESIDENTS:

Leave the MARYLAND COUNTY box blank.

Write "Baltimore City" in the CITY, TOWN OR TAXING AREA box.

RESIDENTS OF MARYLAND COUNTIES (NOT BALTIMORE CITY):

1. Write the name of your county in the MARYLAND COUNTY box.
2. Find your county in the list below.
3. If you lived within the incorporated

tax boundaries of one of the areas listed under your county, write its name in the CITY, TOWN OR TAXING AREA box.

4. If you did not live in one of the areas listed for your county, leave the CITY, TOWN OR TAXING AREA box blank.

LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

ALLEGANY COUNTY

- BARTON
- BELAIR
- BOWLING GREEN-ROBERT'S PLACE
- CRESAPTOWN
- CUMBERLAND
- ELLERSLIE
- FROSTBURG
- LAVALLE
- LONACONING
- LUKE
- McCOOLE
- MIDLAND
- MT. SAVAGE
- POTOMAC PARK ADDITION
- WESTERNPORT

ANNE ARUNDEL COUNTY

- ANNAPOLIS
- HIGHLAND BEACH

BALTIMORE COUNTY

- NO INCORPORATED CITIES OR TOWNS

BALTIMORE CITY

CALVERT COUNTY

- CHESAPEAKE BEACH
- NORTH BEACH

CAROLINE COUNTY

- DENTON
- FEDERALSBURG
- GOLDSBORO
- GREENSBORO
- HENDERSON
- HILLSBORO
- MARYDEL
- PRESTON
- RIDGELY
- TEMPLEVILLE

CARROLL COUNTY

- HAMPSTEAD
- MANCHESTER
- MT. AIRY
- NEW WINDSOR
- SYKESVILLE
- TANEYTOWN
- UNION BRIDGE
- WESTMINSTER

CECIL COUNTY

- CECILTON
- CHARLESTOWN
- CHESAPEAKE CITY
- ELKTON
- NORTH EAST
- PERRYVILLE
- PORT DEPOSIT
- RISING SUN

CHARLES COUNTY

- INDIAN HEAD
- LA PLATA
- PORT TOBACCO

DORCHESTER COUNTY

- BROOKVIEW
- CAMBRIDGE
- CHURCH CREEK
- EAST NEW MARKET
- ELDORADO
- GALESTOWN
- HURLOCK
- SECRETARY
- VIENNA

FREDERICK COUNTY

- BRUNSWICK
- BURKITT'SVILLE
- EMMITTSBURG
- FREDERICK
- MIDDLETOWN
- MT. AIRY
- MYERSVILLE
- NEW MARKET
- ROSEMONT
- THURMONT
- WALKERSVILLE
- WOODSBORO

GARRET COUNTY

- ACCIDENT
- DEER PARK
- FRIENDSVILLE
- GRANTSVILLE
- KITZMILLER
- LOCH LYNN HEIGHTS
- MOUNTAIN LAKE PARK
- OAKLAND

HARFORD COUNTY

- ABERDEEN
- BEL AIR
- HAVRE DE GRACE

HOWARD COUNTY

- NO INCORPORATED CITIES OR TOWNS

KENT COUNTY

- BETTERTON
- CHESTERTOWN
- GALENA
- MILLINGTON
- ROCK HALL

MONTGOMERY COUNTY

- BARNESVILLE
- BROOKVILLE
- CHEVY CHASE SEC. 3
- TOWN OF CHEVY CHASE (FORMERLY SEC. 4)
- CHEVY CHASE SEC. 5
- CHEVY CHASE VIEW
- CHEVY CHASE VILLAGE
- DRUMMOND
- FRIENDSHIP HEIGHTS
- GAITHERSBURG
- GARRETT PARK
- GLEN ECHO
- KENSINGTON
- LAYTONSVILLE
- MARTIN'S ADDITION
- NORTH CHEVY CHASE
- OAKMONT
- POLESVILLE
- ROCKVILLE
- SOMERSET
- TAKOMA PARK
- WASHINGTON GROVE

PRINCE GEORGE'S COUNTY

- BERWYN HEIGHTS
- BLADENSBURG
- BOWIE
- BRENTWOOD
- CAPITOL HEIGHTS
- CHEVERLY
- COLLEGE PARK
- COLMAR MANOR
- COTTAGE CITY
- DISTRICT HEIGHTS
- EAGLE HARBOR
- EDMONSTON
- FAIRMOUNT HEIGHTS
- FOREST HEIGHTS
- GLENARDEN
- GREENBELT
- HYATTSVILLE
- LANDOVER HILLS
- LAUREL
- MORNINGSIDE
- MT. RAINIER
- NEW CARROLLTON
- NORTH BRENTWOOD
- RIVERDALE PARK
- SEAT PLEASANT
- UNIVERSITY PARK
- UPPER MARLBORO

QUEEN ANNE'S COUNTY

- BARCLAY
- CENTREVILLE
- CHURCH HILL
- MILLINGTON
- QUEEN ANNE
- QUEENSTOWN
- SUDLERSVILLE
- TEMPLEVILLE

ST. MARY'S COUNTY

- LEONARDTOWN

SOMERSET COUNTY

- CRISFIELD
- PRINCESS ANNE

TALBOT COUNTY

- EASTON
- OXFORD
- QUEEN ANNE
- ST. MICHAELS
- TRAPPE

WASHINGTON COUNTY

- BOONSBORO
- CLEARSPRING
- FUNKSTOWN
- HAGERSTOWN
- HANCOCK
- KEEDYSVILLE
- SHARPSBURG
- SMITHSBURG
- WILLIAMSPORT

WICOMICO COUNTY

- DELMAR
- FRUITLAND
- HEBRON
- MARDELA SPRINGS
- PITTSVILLE
- SALISBURY
- SHARPTOWN
- WILLARDS

WORCESTER COUNTY

- BERLIN
- OCEAN CITY
- POCOMOKE CITY
- SNOW HILL

7 Filing status. Use the following chart to determine your filing status and check the correct FILING STATUS box on the return. (IMPORTANT: Also see additional information in the chart.)

	If you are:	Check the box for:	Additional Information
SINGLE PERSON (Single on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	Dependent taxpayer Filing Status 6	Single Dependent taxpayers , regardless of whether income is earned or unearned, are not required to file a Maryland income tax return unless the gross income including Maryland additions and subtractions is \$7,950 or more. See Instruction 1 if you are due a refund. You do not get an exemption for yourself. Put a zero in Exemption Box A.
	Any person who filed as a head of household on his or her federal return	Head of household Filing Status 4	
	A qualifying widow(er) with dependent child who filed a federal return with this status	Qualifying widow(er) with dependent child Filing Status 5	
	All other single persons	Single Filing Status 1	If your spouse died during the year AND you filed a joint federal return with your deceased spouse, you may still file a joint Maryland return.
MARRIED PERSONS (Married on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	Dependent taxpayer Filing Status 6	You do not get an exemption for yourself. Put a zero in Exemption Box A. You and your spouse must file separate returns.
	Any person who filed as a head of household on his or her federal return	Head of household Filing Status 4	
	Married couples who filed separate federal returns	Married filing separately Filing Status 3	Each taxpayer must show his or her spouse's social security number in the blank next to the filing status box.
	Married couples who filed joint federal returns but had different tax periods	Joint return Filing Status 2 or Married filing separately Filing Status 3	If you are not certain which filing status to use, figure your tax both ways to determine which status is best for you. See Instructions 8 and 26(g) through (p).
	Married couples who filed joint federal returns but were domiciled in different states, counties, cities, towns or taxing areas on the last day of the year	Joint return Filing Status 2 or Married filing separately Filing Status 3	If you are filing separately, see Instruction 8. If you are filing a joint return see SPECIAL NOTE in Instruction 19.
	All other married couples who filed joint federal returns	Joint return Filing Status 2	

8 Special instructions for married persons filing separately. If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, follow the instructions below.

If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, you should report the income you would have reported had you filed a separate federal return. The income from jointly held securities, property, etc., must be divided evenly between husband and wife.

If you itemized your deductions on the joint federal return, one spouse may use the standard deduction and the other spouse may claim those deductions on the federal return that belong to him or her. If it is not possible to determine deductions separately, they should be allocated proportionately based on your share of the income.

If both spouses choose to itemize on their separate Maryland returns, then each spouse must determine which deductions belong to him or her. If it is not possible to determine deductions separately, they should be allocated proportionately based on your shares of the income. The total amount of itemized deductions for both spouses cannot exceed the itemized deductions on the federal return.

If you choose to use the standard deduction method, use Worksheet 1 in Instruction 16.

Each spouse must claim his or her own personal exemption. Each spouse may allocate the dependent exemptions in any manner they choose. The total number of

exemptions claimed on the separate returns may not exceed the total number of exemptions claimed on the federal return except for the additional exemptions for being 65 or over or blind.

Complete the remainder of the form using the instructions for each line. Each spouse should claim his or her own withholding and other credits. Joint estimated tax paid may be divided between the spouses in any manner provided the total claimed does not exceed the total estimated tax paid.

9 Part-year residents. If you began or ended legal residence in Maryland in 2004 go to Instruction 26.
Military taxpayers. If you have non-Maryland military income go to Instruction 29.

10 Exemptions. Determine what exemptions you are entitled to, and complete the **EXEMPTIONS** area on the form including the social security numbers of children and other dependents. If more space is required attach a separate statement.

EXEMPTIONS ALLOWED

You are permitted the same **number** of exemptions which you are permitted on your federal return; however, the exemption amount is different on the Maryland return. Even if you are not required to file a federal return, the federal rules for exemptions still apply to you. Refer to the federal income tax instructions for further information.

In addition to the exemptions allowed

on your federal return, you and your spouse are permitted to claim exemptions for being age 65 or over or for blindness. These additional exemptions are in the amount of \$1,000 each.

If "Other Dependents" are 65 or over, you also receive an extra exemption of \$2,400 which is not permitted on the federal return. Enter the number of exemptions in the appropriate boxes.

Total the exemption amount on the front of Form 502 or Form 503 to determine the total exemption allowance to subtract on line 21 of Form 502 or on line 4 of Form 503.

PART-YEAR RESIDENTS AND MILITARY

You must prorate your exemptions based on the percentage of your income subject to Maryland tax. See Instructions 26 and 29.

11 Income. Copy the figure for federal adjusted gross income from your federal return onto line 1 of Form 502 or Form 503. Copy the total of your wages, salaries and tips from your federal return onto line 1a of Form 502 or Form 503. Use the chart below to find the figures that you need. If you and your spouse file a joint federal return but are filing separate Maryland returns, See instruction 8.

To Maryland Form	From Federal Form			
502 & 503 line 1	1040 line 36	1040A line 21	1040EZ line 4	Telefile line I
line 1a	line 7	line 7	line 1	Add all wages, salaries and tips from your W-2 forms.

12 Additions to income. Determine which additions to income apply to you. Write the correct amounts on lines 2-5 of Form 502. Instructions for each line:

Line 2. TAX-EXEMPT STATE OR LOCAL BOND INTEREST. Enter the interest from **non-Maryland** state or local bonds or other obligations (less related expenses). This includes interest from mutual funds that invest in non-Maryland state or local obligations. Interest earned on obligations of Maryland or any Maryland subdivision is exempt from Maryland tax and should not be entered on this line.

Line 3. STATE RETIREMENT PICKUP. Pickup contributions of a State retirement or pension system member. The pickup amount will be stated separately on your W-2 form. The tax on this portion of your wages is deferred for federal but not for state purposes.

Line 4. LUMP SUM DISTRIBUTION FROM A QUALIFIED RETIREMENT PLAN. If you received such a distribution, you will receive a Form 1099R showing the amounts distributed. You must report part of the lump sum distribution as an addition to income if you file federal Form 4972.

Use the LUMP SUM DISTRIBUTION WORKSHEET to determine the amount of your addition.

Line 5. OTHER ADDITIONS TO INCOME. If one or more of these apply to you, enter the total amount on line 5 and identify each item using the code letter:

CODE LETTER

- a. Part-year residents: losses or adjustments to federal income that were realized or paid when you were a nonresident of Maryland.
- b. Net additions to income from pass-through entities.
- c. Net additions to income from a trust as reported by the fiduciary.
- d. S corporation taxes included on line 8 of Maryland Form 502CR, Part A, Tax Credits for Income Taxes Paid to Other States. (See instructions for Part A of Form 502CR.)
- e. Expenses paid in the current year to the extent allowed on Form 500CR as

LUMP SUM DISTRIBUTION WORKSHEET

1. Ordinary income portion of distribution from Form 1099R reported on federal Form 4972 (taxable amount less capital gain amount) \$ _____
2. 40% of capital gain portion of distribution from Form 1099R \$ _____
3. Add lines 1 and 2 \$ _____
4. Enter minimum distribution allowance from Form 4972 \$ _____
5. Subtract line 4 from line 3. This is your addition to income for your lump sum distribution. Enter on Form 502, line 4. If this amount is less than zero, enter zero \$ _____

Note: If you were able to deduct the death benefit exclusion on Form 4972, allocate that exclusion between the ordinary and capital gain portions of your distribution in the same ratio before completing this schedule.

Business Tax Credits for the following: Enterprise Zone Tax Credit, Employment Opportunity Tax Credit, Maryland Disability Employment Tax Credit, Longterm Employment of Qualified Ex-Felons Tax Credit, Research and Development Tax Credit, Telecommunications Property Tax Credit, and/or Electric and Gas Utility Tax Credit.

- f. Oil percentage depletion allowance claimed under Section 613 of the Internal Revenue Code.
- g. Income exempt from federal tax by federal law or treaty that is not exempt from Maryland tax.
- h. Net operating loss deduction to the extent of a double benefit. Administrative Release 18 is available from any office of the Comptroller.
- i. If the total of your tax preference items is \$10,000 or less (\$20,000 for married taxpayers filing joint returns) this addition to income does not apply to you. Use federal Form 6251 to determine your tax preference items (even if you are not required to file Form 6251 with your federal return). If the total of your tax preference items is more than \$10,000 (\$20,000 for married taxpayers filing joint returns) you must complete and attach Maryland Form 502TP.
- j. The amount deducted for federal income tax purposes for expenses attributable to

operating a family day care home or a child care center in Maryland without having the registration or license required by the Family Law Article.

- k. Any refunds of advanced tuition payments made under the **Maryland Prepaid College Trust**, to the extent the payments were subtracted from federal adjusted gross income and any refunds of contributions made under the **Maryland College Investment Plan**, to the extent the contributions were subtracted from federal adjusted gross income. See Administrative Release 32.
- l. Net addition modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
- m. Net addition modification to Maryland taxable income when the federal special 5-year carryback period was used for a net operating loss under the Job Creation and Worker Assistance Act of 2002 (JCWAA) compared to Maryland taxable income without regard to JCWAA provisions. Complete and attach Form 500DM. See Administrative Release 38.
- n. The amount deducted on your Federal income tax return for tuition and related expenses (line 27 of Form 1040 or line 19 of Form 1040A).

13

Subtractions from income. Determine which subtractions from income apply to you. Write the correct amounts on lines 8–16 of Form 502. Instructions for each line:

Line 8. STATE TAX REFUNDS. Copy onto line 8 the amount of state or local income tax refunds included in line 1 of Form 502.

Line 9. CHILD CARE EXPENSES. You may subtract the cost of caring for your dependents while you work. There is a limitation of \$3,000 (\$6,000 if two or more dependents receive care). Copy onto line 9 the amount from line 3 of either federal Form 2441 or Form 1040A, Schedule 2. You may also be entitled to a credit for these taxable expenses. See instructions for Part B of Form 502CR.

Line 10. INCOME FROM U.S. GOVERNMENT OBLIGATIONS. Enter interest on U.S. savings bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds that invest in U.S. government obligations are also exempt from state taxation. However, only that portion of the dividends attributable to interest or capital gain from U.S. government obligations can be subtracted.

You cannot subtract income from Government National Mortgage Association securities. See Administrative Releases 10 & 13.

Line 11. PENSION EXCLUSION. You may be able to subtract some of your taxable pension and retirement annuity income. This subtraction applies only if:

- a. you were 65 or over or totally disabled, or your spouse was totally disabled, on the last day of the tax year, AND
- b. you included on your federal return taxable income received as a pension, annuity or endowment from an "employee retirement system" [A traditional IRA, a Roth IRA, a simplified employee plan (SEP), a Keogh Plan or an ineligible deferred compensation plan does not qualify.]

Each spouse that receives taxable pension or annuity income and is 65 or over or totally disabled may be entitled to this exclusion. In addition, if you receive taxable pension or annuity income but you are not 65 or totally disabled, you may be entitled to this exclusion if your spouse is totally disabled. Complete a separate column in the worksheet below for each spouse. Combine your allowable exclusion and enter the total amount on line 11, Form 502.

To be considered totally disabled you must have a mental or physical impairment which prevents you from engaging in sub-

stantial gainful activity. You must expect the impairment to be of long, continued or indefinite duration or to result in your death. You must attach to your return a certification from a qualified physician stating the nature of your impairment and that you are totally disabled. If you have previously submitted a physician's certification, just attach your own statement that you are still totally disabled and that a physician's certification was submitted before.

If you are a part-year resident, complete the pension exclusion worksheet using total taxable pension and total social security and railroad retirement benefits as if you were a full-year resident. Prorate the amount on line 5 by the number of months of Maryland residence divided by 12.

However, if you began to receive your pension during the tax year you became a Maryland resident, use a proration factor of the number of months you were a resident divided by the number of months the pension was received.

For example, Fred Taxpayer moved to Maryland on March 1. If he started to receive his pension on March 1, he would prorate the pension exclusion by 10/10,

PENSION EXCLUSION COMPUTATION WORKSHEET

Review carefully the age and disability requirements in the instructions above before completing this worksheet.

	(a) you	(b) your spouse
1. Net taxable pension and retirement annuity included in your federal adjusted gross income.	\$20,700	\$20,700
2. Maximum allowable exclusion		
3. Total benefits you received from social security and/or railroad retirement (Tier I and Tier II)		
4. Tentative exclusion (Subtract line 3 from line 2.) (If less than 0, enter 0.)		
5. Pension Exclusion (Enter the smaller of line 1 or 4 here and on line 11, Form 502.) If you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on line 11, Form 502. . .		

SPECIFIC INSTRUCTIONS

NOTE: When both you and your spouse qualify for the pension exclusion, a separate column must be completed for each spouse.

Line 1. Enter your net taxable pension and retirement annuity included in your federal adjusted gross income.

Line 2. The maximum allowable exclusion is \$20,700.

Line 3. Enter your total social security and/or railroad retirement benefits. Include all social security and/or railroad retirement benefits whether or not you included any portion of these amounts in your federal adjusted gross income. Include both Tier I and Tier II railroad retirement benefits. If you are filing a joint return and both spouses received social security and/or railroad retirement benefits but only one spouse received a pension, enter only the social security and/or railroad retirement benefits of the spouse receiving the pension on the worksheet.

Line 4. Subtract line 3 from line 2 to determine your tentative exclusion.

Line 5. Your pension exclusion is the smaller of your net taxable pension (line 1) or the tentative exclusion (line 4). Enter the smaller amount on this line.

which would mean he would be entitled to the full pension exclusion. However, if he began to receive his pension on February 1, Fred would prorate his pension by 10/11. Please note that, in either case, the proration factor may not exceed 1.

Complete the PENSION EXCLUSION COMPUTATION WORKSHEET on page 5. Copy the amount from line 5 of the worksheet onto line 11 of Form 502.

Line 12. FEDERALLY TAXED SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS. If you included in your federal adjusted gross income social security, Tier I, Tier II and/or supplemental railroad retirement benefits, then you must include the total amount of such benefits on line 12. Social security and railroad retirement benefits are exempt from state tax.

Line 13. NONRESIDENT INCOME. If you began or ended your residence in Maryland during the year, you may subtract the portion of your income received when you were not a resident of Maryland. See Instruction 26 for part-year residents and Instruction 29 for military personnel.

If your state of residence or your period of Maryland residence was not the same as that of your spouse and you filed a joint return, follow Instruction 26 (c) through (p).

Line 14. OTHER SUBTRACTIONS FROM INCOME. If one or more of these apply to you, enter the total amount on line 14 and identify each item using the code letter.

CODE LETTER

- a. Pension and disability payments to firemen and policemen for job-related injuries or disabilities (but not more than the amount of such payments included in your total income).
- b. Net allowable subtractions from income from pass-through entities.
- c. Net subtractions from income reported by a fiduciary.
- d. Distributions of accumulated income by a fiduciary, if income tax has been paid by the fiduciary to the State (but not more than the amount of such income included in your total income).
- e. Profit (without regard to losses) from the sale or exchange of bonds issued by the State or local governments of Maryland.
- f. Benefits received from a Keogh plan on which State income tax was paid prior to 1967. Attach statement.
- g. Amount of wages and salaries which were not allowed as a business expense because you took the federal Targeted Jobs Credit (Work Opportunity Tax Credit).
- h. Expenses up to \$5,000 incurred by a blind person for a reader, or up to \$1,000 incurred by an employer for a reader for a blind employee.
- i. Expenses incurred for reforestation or timber stand improvement of commercial forest land. Qualifications and instructions are on Form DNR-393, available from the Department of Natural Resources, telephone 410-260-8531.
- j. The amount added to taxable income for the use of an official vehicle by a member of a state, county or local police or fire department. The amount

- is stated separately on your W-2 form.
- k. Up to \$6,000 in expenses incurred by parents to adopt a child with special needs through a public or nonprofit adoption agency and up to \$5,000 in expenses incurred by parents to adopt a child without special needs.
- l. Purchase and installation costs of certain conservation tillage equipment as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- m. Deductible artist's contribution. Attach a copy of Maryland Form 502AC.
- n. Payment received under a fire, rescue, or ambulance personnel length of service award program that is funded by any county or municipal corporation of the State.
- o. The value of farm products you donated to a gleaning cooperative as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- p. Up to \$15,000 of military pay that you received while in the active service of any branch of the armed forces and which is attributable to service outside the boundaries of the U.S. or its possessions. To compute the subtraction, follow the directions on the MILITARY OVERSEAS INCOME WORKSHEET. If your total military pay exceeds \$30,000, you do not qualify for the subtraction.

- q. Unreimbursed vehicle travel expenses for:
 - 1. a volunteer fire company;
 - 2. service as a volunteer for a charitable organization whose principal purpose is to provide medical, health or nutritional care; AND
 - 3. assistance (other than providing transportation to and from the school) for handicapped students at a Maryland community college.Attach Maryland Form 502V to claim this subtraction from income.
- r. Amount of pickup contribution shown on Form 1099R from the state retirement or pension systems included in federal adjusted gross income. The subtraction is limited to the amount of pickup contribution stated on the 1099R or the taxable pension, whichever is less. Excess contribution may be carried forward to the next year.
- s. The amount of interest and dividend income (including capital gain distributions) of a dependent child which the parent has elected to include in the parent's federal gross income under Internal Revenue Code Section 1(g)(7).
- t. Payments received from the State of Maryland under Title 12 Subtitle 2 of the Real Property Article (relocation and assistance payments).
- u. Up to \$2,500 of military retirement income received by a qualifying individual during the tax year. To qualify you must be at least 55 years old on the last day of the tax year and you must have been an enlisted member of the military at the time of retirement. To compute the subtraction, follow the directions on the MILITARY RETIREMENT INCOME WORKSHEET. If your federal adjusted gross income exceeds \$22,500, you do not qualify for the subtraction.

- v. The Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue and Emergency Medical Services Personnel Subtraction Modification Program. \$3,500 for each taxpayer who is a qualifying volunteer as certified by a Maryland fire, police, rescue or emergency medical services organization. \$3,500 for each taxpayer who is a qualifying member of the U.S. Coast Guard Auxiliary as certified by the organization. Attach a copy of the certification.
- w. Purchase cost of certain poultry or livestock manure spreading equipment as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- x. Up to \$2,500 per contract purchased for advanced tuition payments made to the **Maryland Prepaid College Trust** and up to \$2,500 per taxpayer per beneficiary contributed under the **Maryland College Investment Plan**. See Administrative Release 32.
- y. Any income of an individual that is related to tangible or intangible property that was seized, misappropriated or lost as a result of the actions or policies of Nazi Germany towards a Holocaust victim. For additional information contact the Revenue Administration Division.
- z. Expenses incurred to buy and install handrails in an existing elevator in a healthcare facility (as defined in Section 19-114 of the Health General Article) or other building in which at least 50% of the space is used for medical purposes.
- aa. Payments from a pension system to the surviving spouse or other beneficiary of a law enforcement officer or firefighter whose death arises out of or in the course of their employment.
- bb. Net subtraction modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
- cc. Net subtraction modification to Maryland taxable income when the federal special 5-year carryback period was used for a net operating loss under the Job Creation and Worker Assistance Act of 2002 (JCWAA) compared to Maryland taxable income without regard to JCWAA provisions. Complete and attach Form 500DM. See Administrative Release 38.
- dd. Income derived within an arts and entertainment district by a qualifying residing artist from the publication, production, or sale of an artistic work that the artist wrote, composed or executed. Complete and attach a copy of Form 502AE.

Line 16. TWO-INCOME SUBTRACTION. You may subtract up to \$1,200 if both spouses have income subject to Maryland tax and you file a joint return. To compute the subtraction complete the TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET on the next page.

**p. MILITARY OVERSEAS
INCOME WORKSHEET**

1. ENTER the amount of military pay attributable to service outside the U.S. If greater than \$15,000, enter \$15,000 \$ _____
2. ENTER total military pay received during the tax year \$ _____
3. Maximum subtraction \$ 15,000
4. SUBTRACT the amount on line 3 from line 2. If this amount is less than zero (0), enter zero (0) \$ _____
5. SUBTRACT line 4 from line 1. This is your subtraction from income. If the amount is zero (0) or less, you are not eligible for this subtraction. INCLUDE this amount on line 14 of Form 502 \$ _____

**u. MILITARY RETIREMENT
INCOME WORKSHEET**

1. ENTER your military retirement income. If more than \$2,500, enter \$2,500 \$ _____
2. ENTER your federal adjusted gross income \$ _____
3. SUBTRACT this amount from the amount on line 2 \$ 17,500
4. ENTER the difference between line 2 and 3. If less than zero (0) enter zero (0) . . . \$ _____
5. MULTIPLY the amount on line 4 by 50% (.50) \$ _____
6. SUBTRACT line 5 from line 1. This is your subtraction from income. If the amount is zero (0) or less, you are not eligible for this subtraction. INCLUDE this amount on line 14 of Form 502 \$ _____

TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET

1. ENTER the portion of federal adjusted gross income from line 1 of Form 502 attributable to each spouse.
2. ENTER the portion of additions to income from line 6 of Form 502 attributable to each spouse.
3. ADD lines 1 and 2.
4. ENTER the portion of subtractions from income from line 15 of Form 502 attributable to each spouse.
5. SUBTRACT line 4 from line 3.
6. COMPARE the amounts on lines 5 (a) and (b) and enter the smaller amount here but not less than zero.
7. ENTER \$1,200 or the amount on line 6, whichever is less. ENTER this amount on line 16 of Form 502.

	(a) you	(b) your spouse
1.		
2.		
3.		
4.		
5.		
6.		
7.		

14 Itemized deductions. If you figure your tax by the ITEMIZED DEDUCTION METHOD, complete lines 19a and b on Maryland Form 502. (See Instruction 16 to see if you will use the ITEMIZED DEDUCTION METHOD.)

USE FEDERAL FORM 1040 SCHEDULE A

To use the ITEMIZED DEDUCTION METHOD, you must itemize your deductions on your federal return and complete federal Form 1040 Schedule A. Copy the amount from Schedule A, line 28, Total Itemized Deductions, on line 19a of Form 502. Certain items of federal itemized deductions are not eligible for State purposes and must be subtracted from line 19a. State and local income taxes used as a deduction for federal purposes must be

entered on line 19b. Also, any amounts deducted as contributions of Preservation and Conservation Easements for which a credit is claimed on Form 502CR must be added to line 19b.

You are not required to itemize deductions on your Maryland return simply because you itemized on your federal return. Figure your tax each way to determine which method is best for you.

NOTE: Certain high-income taxpayers are required to reduce their federal itemized

deductions. If you had to reduce your total federal itemized deductions, use the Itemized Deduction Worksheet below to calculate the amount of state and local taxes to enter on line 19b of Form 502.

If your unreimbursed business expenses include depreciation to which an adjustment is required for Maryland purposes, complete Form 500DM to calculate the addition modification "I" or subtraction modification "bb".

ITEMIZED DEDUCTION WORKSHEET

(To be used only by high-income taxpayers who were required to reduce their federal itemized deductions)

1. ENTER the amount from line 28 of federal Schedule A \$ _____
2. ENTER the total of lines 4, 13 and 19, plus any gambling and casualty or theft losses included in line 27 of federal Schedule A. \$ _____
3. Federal itemized deductions that were limited (SUBTRACT line 2 from line 1) \$ _____
4. Federal itemized deductions subject to limitation (ENTER the total of lines 9, 10, 11, 12, 18, 26 and 27 less any gambling and casualty or theft losses included in line 27 of federal Schedule A) \$ _____
5. DIVIDE line 3 by line 4. %
6. ENTER the amount of state and local income taxes from line 5 of federal Schedule A. \$ _____
7. MULTIPLY line 5 by line 6. Enter here and on line 19b of Form 502. \$ _____

15 **Figure your Maryland adjusted gross income.** Complete lines 1–18 on the front of Form 502. Line 18 is your Maryland adjusted gross income.

16 **Figure your Maryland taxable net income.** To find your taxable income you must subtract either the standard deduction from a worksheet below or the itemized deductions you have entered on line 19 of Form 502. The **ITEMIZED DEDUCTION METHOD** will lower your taxes if you have enough deductions. If you are not certain about which method to use, figure your tax both ways to determine which method is best for you. Check the box on line 19 of Form 502 to show which method you will use. **NOTE:** You **must** use the standard deduction if you are using Form 503 or if you did not itemize on your federal return. Follow these instructions:

STANDARD DEDUCTION METHOD
(Check the box on line 19 of Form 502)

The **STANDARD DEDUCTION METHOD** gives you a standard deduction of 15% of Maryland adjusted gross income (line 18) with minimums of \$1,500 and \$3,000 and maximums of \$2,000 and \$4,000, depending on your filing status. Use the worksheet on this page for your filing status to figure your standard deduction. Write the result on line 19 of Form 502 or line 2 of Form 503. Then follow the instructions for **EXEMPTIONS**.

ITEMIZED DEDUCTION METHOD
(Check the box on line 19 of Form 502)

You may itemize your deductions only if you itemized deductions on your federal return. See Instruction 14 for completing lines 19a and b of Form 502. Enter the result on line 19.

You are not required to itemize deductions on your Maryland return simply because you itemized on your federal return. Figure your tax each way to determine which method is best for you.

EXEMPTIONS

After completing the **EXEMPTIONS** area on your return, enter the total exemption amount on line 21 of Form 502 or line 4 of Form 503.

PART-YEAR RESIDENTS AND NONRESIDENT MILITARY TAXPAYERS

You must adjust your standard or itemized deductions and exemptions. If you are a part-year resident, see Instruction 26. If you are a nonresident military member filing a joint return with your civilian spouse, see Instruction 29.

Figure your standard deduction

If your filing status is:

- Single
- Married filing separately
- or
- Dependent taxpayer

Use Worksheet 1, below.

- Married filing jointly
- Head of household
- or
- Qualifying widow(er)

Use Worksheet 2, below.

Worksheet 1

Enter your income from line 18 of Form 502 or line 1 of Form 503. \$ _____ Your standard deduction is:

If your income is between:
\$1 - 10,000 \$ 1,500

or

If your income is between \$10,000-13,333
Enter your income from above: \$ _____

Multiply by 15 percent (.15) X .15

This is your standard deduction \$ _____

or

If your income is: Your standard deduction is:

\$13,333 or over \$ 2,000

Enter your standard deduction on line 19 of Form 502 or line 2 of Form 503.

Worksheet 2

Enter your income from line 18 of Form 502 or line 1 of Form 503. \$ _____ Your standard deduction is:

If your income is between:
\$1 - 20,000 \$ 3,000

or

If your income is between \$20,000-26,667
Enter your income from above: \$ _____

Multiply by 15 percent (.15) X .15

This is your standard deduction \$ _____

or

If your income is: Your standard deduction is:

\$26,667 or over \$ 4,000

Enter your standard deduction on line 19 of Form 502 or line 2 of Form 503.

17 **Figure your Maryland tax.** You must use the tax table if your taxable income is less than \$100,000.

Find the income range in the tax table that applies to the amount on line 23 of Form 502 or line 5 of Form 503. Find the Maryland

tax corresponding to your income range. Enter the tax amount on line 24 of Form 502 or line 6 of Form 503. If your taxable income

is \$100,000 or more, use the Maryland Tax Computation Worksheet at the end of the tax table.

18 Earned income credit, poverty level credit, credits for individuals and business tax credits. If you claim earned income credit or poverty level credit, see Instruction 19 for your local credit calculation.

Line 25 of Form 502.

Line 7a of Form 503. EARNED INCOME CREDIT. If you claimed an earned income credit on your federal return, then you may claim one-half (50%) of the federal credit on

your Maryland return. If you are a part-year resident or a member of the military, see Instruction 26(o) before completing this worksheet.

If you filed a joint federal return, but a separate Maryland return, you may claim a combined

total of up to one-half the federal credit.

Complete the STATE EARNED INCOME CREDIT WORKSHEET to calculate the amount to enter on line 25 of Form 502 or line 7a of Form 503.

STATE EARNED INCOME CREDIT WORKSHEET

(Part-year residents see Instruction 26(o))

1. Maryland tax (from line 24 of Form 502 or line 6 of Form 503) 1. _____
2. Federal earned income credit _____ x 50% (.50). Enter this amount here and on line 25 of Form 502 or line 7a of Form 503. 2. _____
3. Subtract line 2 from line 1. If less than zero (0) enter zero (0) 3. _____

If line 3 is greater than zero (0), you may qualify for the Poverty Level Credit. See instructions below.

If line 3 is zero (0), you may qualify for the Refundable Earned Income Credit. See Instruction 21.

Line 26 of Form 502.

Line 7b of Form 503. STATE POVERTY LEVEL CREDIT. If your earned income and federal adjusted gross income plus additions are below the poverty level income for the number of exemptions on your federal tax return, you may be eligible for the poverty level credit. You

are not eligible for this credit if you checked filing status 6 (dependent taxpayer) on your Maryland income tax return.

Generally, if your Maryland state tax exceeds 50% of your federal earned income credit and your earned income and federal adjusted gross income are below the poverty

income guidelines from the worksheet, you may claim a credit of 5% of your earned income.

Complete the STATE POVERTY LEVEL CREDIT WORKSHEET to calculate the amount to enter on line 26 of Form 502 or line 7b of Form 503.

This is not a refundable credit.

STATE POVERTY LEVEL CREDIT WORKSHEET

If you checked filing status 6 on your Maryland return, you are not eligible for this credit.

1. Enter the amount from line 7 of Form 502, or line 1 of Form 503. If you checked filing status 3 (married filing separately) and you filed a joint federal return enter your joint federal adjusted gross income plus any Maryland additions 1. _____
2. Enter the total of your salary, wages, tips and other employee compensation and net profit from self-employment. (Do not include a farm or business loss.) Also include your distributive share of income from pass-through entities 2. _____
3. Find the number of exemptions in the chart that is the same as the number of exemptions entered on your federal tax return. Enter the income level that corresponds to the exemption number 3. _____
4. Enter the amount from line 1 or 2, whichever is larger 4. _____
Compare lines 3 and 4. If line 4 is greater than or equal to line 3, STOP HERE. You do not qualify for this credit.
If line 3 is greater than line 4, continue to line 5.
5. Multiply line 2 by 5% (.05). Enter that amount here and on line 26 of Form 502 or line 7b of Form 503. (Part-year residents or members of the military see Instruction 26(o).) This is your State Poverty Level Credit 5. _____

POVERTY INCOME GUIDELINES

Number of Exemptions on Federal Return	Income Level
1	\$ 9,310
2	\$12,490
3	\$15,670
4	\$18,850
5	\$22,030
6	\$25,210
7	\$28,390
8	\$31,570

If you have more than 8 exemptions, add \$3,180 to the last income level for each additional exemption.

Line 27 of Form 502. PERSONAL INCOME TAX CREDITS. Enter the total of your personal income tax credits as listed below. Complete and submit Form 502CR with Form 502.

- a. CREDITS FOR INCOME TAXES PAID TO OTHER STATES. If you have income subject to tax in both Maryland and another state, you may be eligible for a tax credit. **Note:** You must attach a copy of Form 502CR and also a copy of the tax return filed in the other state. If these are not attached, no credit will be allowed.
- b. CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES. If you were eligible for a Child and Dependent Care Credit on your federal income tax return and your income is below certain thresholds, you are entitled to a tax credit equal to a percentage of the federal credit.
- c. QUALITY TEACHER INCENTIVE CREDIT. If you are a Maryland public school teacher who paid tuition to take graduate level courses required to maintain certification, you may be eligible for a tax credit.
- d. CREDIT FOR AQUACULTURE OYSTER FLOATS. If you purchased a new aquaculture oyster float during the tax year, you

may be entitled to a credit of up to \$500 for the cost of the float.

- e. LONG-TERM CARE INSURANCE CREDIT. If you paid a premium for a long-term care insurance policy for yourself or certain family members, you may be eligible for a tax credit.
- f. CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS. If you donated an easement to the Maryland Environmental Trust or the Maryland Agricultural Land Preservation Foundation to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, viewsheds, or historic properties, you may be eligible for a credit.
- g. CLEAN ENERGY INCENTIVE CREDIT. If you purchased photovoltaic or solar water heating property during the tax year, you may be entitled to a credit for a portion of the costs.

NOTE: HERITAGE STRUCTURE REHABILITATION TAX CREDIT. See Form 502H for qualifications and instructions. For additional information regarding any of the above income tax credits, see the instructions for Form 502CR.

Line 28 of Form 502. BUSINESS TAX CREDITS. Enter the total of your business tax credits as listed below. For credits a through q, complete and submit Form 500CR with Form 502.

- a. ENTERPRISE ZONE TAX CREDIT. Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees.
- b. EMPLOYMENT OPPORTUNITY TAX CREDIT. Businesses employing persons receiving "Aid to Families With Dependent Children" (AFDC) may be eligible for tax credits based upon wages paid to and child care and transportation expenses paid on behalf of those employees.
- c. MARYLAND DISABILITY EMPLOYMENT TAX CREDIT. Businesses employing persons with disabilities as certified by the State Department of Education or veterans with disabilities as certified by the Department of Labor, Licensing and Regulation may be eligible for tax credits based upon wages paid to and child care and transportation expenses paid on behalf of those employees.

- d. **RESEARCH AND DEVELOPMENT TAX CREDIT.** Businesses may claim a credit against the state income tax for certain qualified research and development expenses.
- e. **JOB CREATION TAX CREDIT.** Certain businesses that create new qualified positions in Maryland may be eligible for a tax credit based on the number of qualified positions created or wages paid for these positions.
- f. **COMMUNITY INVESTMENT TAX CREDIT.** (Formerly known as Neighborhood Partnership Program Tax Credit). Businesses that contribute to approved Neighborhood and Community Assistance Programs may be eligible for a tax credit equal to 50% of approved contributions with a maximum credit of \$125,000.
- g. **BUSINESSES THAT CREATE NEW JOBS TAX CREDIT.** Certain businesses located in Maryland that create new positions or establish or expand business facilities in the state may be entitled to an income tax credit if a property tax credit is granted by Baltimore City or any county or municipal corporation of Maryland.
- h. **TELECOMMUNICATIONS PROPERTY TAX CREDIT.** A credit is allowed for a public utility that is a telecommunications company for 60% of the total state, county and municipal corporation property taxes paid on certain Maryland property.
- i. **WATER QUALITY IMPROVEMENT CREDIT.** A credit may be claimed for addi-

- tional commercial fertilizer costs necessary to convert agricultural production to a nutrient management plan.
- j. **EMPLOYER PROVIDED LONG-TERM CARE INSURANCE CREDIT.** A credit may be claimed for costs incurred by an employer who provides long-term care insurance as part of an employee benefit package.
- k. **ELECTRIC AND GAS UTILITY CREDITS.** A public utility may claim a credit against the state income tax for 60% of the total state, county and municipal corporation property taxes paid on certain Maryland property used to generate electricity or steam for sale. A credit is also available for wages paid to qualified employees at a multi-jurisdictional electric company's qualified corporate headquarters.
- l. **ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT.** Businesses may claim a credit against the project cost and startup cost to relocate or expand a business in a distressed county in Maryland.
- m. **COMMUTER TAX CREDIT.** Businesses may claim a credit for the cost of providing qualifying commuter benefits to the business entities' employees.
- n. **CREDIT FOR MARYLAND-MINED COAL.** A qualifying cogenerator, small power producer or electricity supplier may claim a credit for the purchase of Maryland-mined coal.
- o. **MARYLAND CLEAN ENERGY INCENTIVE ACT.** A credit may be claimed for the

- cost to purchase and install solar energy property or photovoltaic property. A credit is also allowed for electricity produced using certain alternative energy resources.
- p. **LONG-TERM EMPLOYMENT OF QUALIFIED EX-FELONS.** Businesses that employ qualified ex-felons under a program approved by the Department of Labor, Licensing and Regulation may be eligible for a credit based upon wages paid to the qualified employee.
- q. **GREEN BUILDINGS TAX CREDIT.** A business that constructs or rehabilitates a building that conforms to specific standards intended to save energy and to mitigate environmental impact may take a credit for a portion of the cost.

For additional information regarding any of the above income tax credits, see the instructions provided on Form 500CR, Business Tax Credits. To obtain this form, see page ii, "How To Get Help".

NOTE: If you claim a business tax credit for items a, b, c, d, h, k and p, an addition to income must be included on line 5. See Instruction 12.

If you had a rehabilitation that you believe qualified for the Heritage Structure Rehabilitation Tax Credit, see Form 502H for qualifications and instructions.

19 Local income tax and local credits. Maryland counties and Baltimore City levy an income tax which is a percentage of Maryland taxable income. Use the **LOCAL TAX RATE CHART** and the **LOCAL TAX WORKSHEET** to figure your local income tax. Use the county (or Baltimore City) you resided in on the last day of the tax year and which you showed in the box at the top of Form 502 or 503. Military taxpayers should refer to Instruction 29.

Local earned income credit. If you entered an earned income credit on line 25 of Form 502 or line 7a of Form 503, complete the **LOCAL EARNED INCOME CREDIT WORKSHEET** on the next page.

Local poverty level credit. If you entered a poverty level credit on line 26 of Form 502 or line 7b of Form 503, complete the **LOCAL POVERTY LEVEL CREDIT WORKSHEET** on the next page.

If you file Form 503, add the boxes for local earned income credit (10a) and local poverty level credit (10b) and enter on line 10.

SPECIAL NOTE: If you and your spouse were domiciled in different taxing jurisdictions, you should file separate Maryland returns even though you filed a joint federal return. (See Instruction 7.) However, if you choose to file a joint Maryland return, please use the following instructions. Enter both counties and/or local jurisdictions in the county, city, town or special taxing area block on the front of your return. If the local tax rates are the same, complete the worksheets as instructed and attach a schedule showing the local tax for each jurisdiction based on the ratio of each spouse's income to the total income. Also

note the words "separate jurisdictions" on line 31 of Form 502 or line 9 of Form 503. If the local tax rates are different, calculate a ratio of each spouse's income to total income. Then apply this ratio to the taxable net income and calculate the local tax for each spouse separately using the appropriate local tax rates. Enter the combined local tax on line 31 of Form 502 or line 9 of Form 503 and write the words "separate jurisdictions" on that line. Attach a schedule showing your calculations.

2004 LOCAL TAX RATE CHART

Subdivision	Rate	Subdivision	Rate	Subdivision	Rate
Baltimore City . . . . .	.0305	Charles County . . . . .	.0290	Prince George's County . . .	.0320
Allegany County . . . . .	.0293	Dorchester County . . . . .	.0262	Queen Anne's County . . . .	.0285
Anne Arundel County . . . . .	.0256	Frederick County . . . . .	.0296	St. Mary's County . . . . .	.0310
Baltimore County . . . . .	.0283	Garrett County . . . . .	.0265	Somerset County . . . . .	.0315
Calvert County . . . . .	.0280	Harford County . . . . .	.0306	Talbot County . . . . .	.0225
Caroline County . . . . .	.0263	Howard County . . . . .	.0320	Washington County . . . . .	.0280
Carroll County . . . . .	.0305	Kent County . . . . .	.0258	Wicomico County . . . . .	.0310
Cecil County . . . . .	.0280	Montgomery County . . . . .	.0320	Worcester County . . . . .	.0125

LOCAL TAX WORKSHEET

Multiply the taxable net income by your local tax rate from the Local Tax Rate Chart for the county in which you were a resident on the last day of the tax year. Enter the result on line 31 of Form 502 or line 9 of Form 503. This is your local income tax.

1. Taxable net income from line 23 of Form 502 or line 5 of Form 503. \$ _____
2. Local tax rate from chart above. The first digit has been entered for you. **.0** _____
3. Local income tax (Multiply line 1 by line 2.) Enter this amount on line 31 of Form 502 or line 9 of Form 503 rounded to the nearest cent or whole dollar. \$ _____

LOCAL EARNED INCOME CREDIT WORKSHEET

(Part-year residents see Instruction 26 (o))

1. Enter federal earned income credit from your federal return1. _____
 2. Enter your local tax rate from line 2 of the LOCAL TAX WORKSHEET 2. **0** _____
 3. Multiply line 2 by 10 and enter on line 4. 3. **x10** _____
- Example: .0256

$$\begin{array}{r} \times 10 \\ .0256 \\ \hline .256 \end{array}$$
- (Note: In lieu of multiplying by 10 you may simply move the decimal point one place to the right and enter on line 4.)
4. Local earned income credit rate 4. _____
 5. Multiply line 1 by line 4. Enter here and on line 32 of Form 502 or line 10a of Form 503 5. _____

LOCAL POVERTY LEVEL CREDIT WORKSHEET

(Part-year residents see Instruction 26 (o))

Refer to the STATE POVERTY LEVEL CREDIT WORKSHEET in Instruction 18. If the amount on line 3 is greater than the amount on line 4, you are eligible to claim the local poverty level credit. Complete this worksheet to calculate the amount of your credit.

- A. Enter the amount from line 2 of the STATE POVERTY LEVEL CREDIT WORKSHEET. A. _____
- B. Enter your local tax rate from line 2 of the LOCAL TAX WORKSHEET B. **0** _____
- C. Multiply line A by line B. Enter the amount here and on line 33 of Form 502 or line 10b of Form 503. C. _____

20 **Total Maryland tax, local tax and contributions.** Add your Maryland tax from line 30 of Form 502 or line 8 of Form 503 and your local tax from line 35 of Form 502 or line 11 of Form 503 and enter on line 36 of Form 502 or line 12 of Form 503. Add to your tax any contribution amounts and enter the total on line 40 of Form 502 or line 15 of Form 503.

CHESAPEAKE BAY AND ENDANGERED SPECIES FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

FAIR CAMPAIGN FINANCING FUND

You may contribute any amount you

wish up to \$500 (\$1,000 if you file a joint return). The amount contributed will reduce your refund or increase your balance due.

MARYLAND CANCER FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

IMPORTANT: If there are not sufficient credits or other payments to satisfy both your tax and the contribution you have designated, the contribution amount will be reduced. If you have entered amounts for contribution to multiple funds, any reduction will be applied proportionately.

21 **Taxes paid and refundable credits.** Write your taxes paid and credits on lines 41-44 of Form 502 or lines 16 and 17 of Form 503. Instructions for each line:

Line 41 of Form 502.

Line 17 of Form 503. MARYLAND TAX WITHHELD. Write the total Maryland and local tax withheld as shown on the wage and tax statements (Forms W-2, W-2G or 1099) you have received. Add the amounts identified as Maryland and local tax withheld on each form and write the total on this line. Attach Forms W-2, W-2G and 1099 to your return if Maryland tax is withheld.

IMPORTANT: Your wage and tax statements contain many numbers. Be sure you add only the amounts identified as Maryland and local tax withheld.

Line 42. ESTIMATED TAX PAYMENTS.

Enter on line 42 the total of:

- a. Maryland estimated tax payments,
- b. Amount of overpayment applied from 2003 return, AND
- c. Payment made with a request for an automatic extension of time to file your 2004 return. (See the instructions on Form 502E.)

NOTE: Estimated tax payments are required if you expect to receive any income (like pensions, business income, capital gains, lottery, etc.) from which no tax or not enough Maryland tax will be withheld. Read the instructions on the back of Form 502D, Declaration of Estimated Maryland Income Tax.

Line 43 of Form 502.

Line 18 of Form 503. REFUNDABLE EARNED INCOME CREDIT. If one-half of your federal earned income credit is greater than your Maryland tax and you have one or more dependents that you may claim as an exemption on your federal income tax return, you may also be eligible for a refundable earned income credit. This credit is the amount by which 20% of your federal earned income credit exceeds your Maryland tax liability. Complete the REFUNDABLE EARNED INCOME CREDIT WORKSHEET and enter the result on this line.

REFUNDABLE EARNED INCOME CREDIT WORKSHEET

TO CLAIM THIS CREDIT YOU MUST:

- have an entry on line 25 of Form 502 or line 7a of Form 503;
- have a qualifying child for purposes of the federal earned income credit; and
- have entered zero on line 3 of the STATE EARNED INCOME CREDIT WORKSHEET in Instruction 18.

1. Enter your federal earned income credit _____ x 20% (.20) (Part-year residents see Instruction 26(o)) 1. _____
2. Enter your Maryland tax from line 24 of Form 502 or line 6 of Form 503. 2. _____
3. Subtract line 2 from line 1. If less than zero (0), enter zero (0). This is your refundable earned income credit. 3. _____

If line 3 is greater than zero, enter the amount on line 43 of Form 502 or line 18 of Form 503.

Line 44. REFUNDABLE INCOME TAX CREDITS. Enter the total of your income tax credits as listed below:

1. **NEIGHBORHOOD STABILIZATION TAX CREDIT.** If you own and live in a home in certain areas of Baltimore City or Baltimore County you may qualify for this credit. See instructions for Form 502CR.

2. **HERITAGE STRUCTURE REHABILITATION TAX CREDIT.** A credit is allowed for 20% of qualified rehabilitation expenditures as certified by the Maryland Historical Trust. See Form 502H for qualifications and instructions.

3. **CLAIM OF RIGHT CREDIT.** If you repaid an amount reported as income on a prior year tax return this year that was greater than \$3,000, you may be eligible for an IRC Section 1341 Claim of Right credit. For additional information, see Administrative Release 40.

Complete and submit Form 502CR with Form 502.

22 **Overpayment or balance due.** Calculate the Balance Due (line 46 of Form 502 or line 20 of Form 503) or Overpayment (line 47 of Form 502 or line 21 of Form 503). Read instructions under UNDERPAYMENT OF ESTIMATED TAX and then go to BALANCE DUE or OVERPAYMENT.

UNDERPAYMENT OF ESTIMATED TAX

If you had income from which tax was not withheld or did not have enough tax withheld during the year, you may have owed an estimated tax. All taxpayers should refer to Form 502UP (in this booklet) to determine if they owe interest because they paid too little estimated tax during the year.

If you owe interest, complete Form 502UP and write the amount of interest (line 18 of Form 502UP) in the appropriate box on line 50 of Form 502 or line 22 of Form 503. Attach Form 502UP.

Generally, you do not owe interest if:

- you owe less than \$500 tax on income which is not subject to Maryland withholding, OR
- each current year payment, made quarterly as required, is equal to or more than one-fourth of 110% of last year's tax, OR
- you made quarterly payments during the year which equal 90% of this year's tax.

Special rules apply if your gross income from farming or fishing is at least two-thirds of your total estimated gross income. See the back of Form 502UP for additional information and instructions for claiming this exemption from interest.

INTEREST FOR LATE FILING

Interest is due at an annual rate of 13% or 1.08% per month for any month or part of a month that tax is paid after the due date of the return. Enter any interest due in the appropriate box on line 50 of Form 502 or line 22 of Form 503.

TOTAL INTEREST

Enter the total of interest for underpayment of estimated tax and interest for late filing on line 50 of Form 502 or line 22 of Form 503.

BALANCE DUE

If you file Form 502 and have a balance due on line 46, add this amount to any amount on line 50. Put the total on line 51.

If you file Form 503 and have a balance due on line 20, add this amount to any amount on line 22. Put the total on line 23.

Pay your balance due (unless it is less than \$1.00). Go to Instructions 23 and 24 regarding signatures, attachments and mailing.

OVERPAYMENT

If you file Form 502 and have an overpayment on line 47, the Revenue Administration Division will refund any amount of \$1.00 or more. If you want part or all of your overpayment applied to your 2005 estimated tax, then write the amount you want applied on line 48. Overpayments may first be applied to previous years' tax liabilities or other debts as required by federal or state law. If you must pay interest for underpayment of estimated tax, enter the amount of interest from line 18 of Form 502UP on line 50. Subtract lines 48 and 50 from your overpayment (line 47). This is the amount of your refund. Write this amount on line 49. No refunds of less than \$1.00 will be sent. Go to Instructions 23 and 24 regarding signatures, attachments and mailing.

If you file Form 503 and have an overpayment on line 21, this is the amount of your refund. Overpayments may first be applied to previous year's tax liabilities or other debts as required by federal or state law. No refunds of less than \$1.00 will be sent. Go to Instructions 23 and 24 regarding signatures, attachments and mailing. The length of time you have for claiming a refund is limited. See Instruction 28 for more information.

DIRECT DEPOSIT OF REFUND

Complete lines 52a, b and c of Form 502 or lines 24a, b and c of Form 503 if you want us to deposit your refund directly into your account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

Line 52a of Form 502.

Line 24a of Form 503. Check the appropriate box to identify the type of account that will be used (checking or savings). You must check one box only or a refund check will be mailed.

Line 52b of Form 502.

Line 24b of Form 503. The routing number must be **nine** digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. If you are not sure of the correct routing number, contact your financial institution.

Line 52c of Form 502.

Line 24c of Form 503. The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank.

If we are notified by the financial institution that the direct deposit is not successful, a refund check will be mailed to you.

Please have a bank statement for the deposit account available if you contact us concerning the direct deposit of your refund.

DISCLOSURE

Entering your bank account routing number, account number and account type in the area provided on your Maryland income tax return to request a direct deposit of your income tax refund authorizes the Comptroller's Office to disclose this information and your refund amount to the Maryland State Treasurer's Office who performs banking services for the Comptroller's Office.

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Telephone numbers, code number, signatures and attachments. Enter your telephone numbers and sign and date your return. Be sure to attach all required forms, schedules and statements.

CODE NUMBER

If special circumstances apply, you may not owe interest for underpayment of estimated tax. Enter code **300** if you are a farmer or fisherman, **301** if your income was received unevenly throughout the year, or **302** if 90% of your taxable income is taxable by another state and the underpayment is not greater than the local tax in the code number box located to the right of the telephone number area. Attach your completed Form 502UP if you have entered code 301.

TAX PREPARERS

If another person prepared your return, that person must also sign the return

and enter their social security number or preparer's tax identification number (PTIN). The preparer declares, under the penalties of perjury, that the return is based on all information required to be reported of which the preparer has knowledge.

SIGNATURES

You must sign your return. Both husband and wife must sign a joint return. Your signature(s) signifies that your return, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under the penalties of perjury.

If a power of attorney is necessary, complete federal Form 2848 and attach to your return.

ATTACHMENTS

Be sure to attach wage and tax statements (Form W-2, W-2G and 1099) to the front of your return **if Maryland tax is withheld**. Also attach all forms, schedules and statements required by these instructions. Place your check or money order on top of your wage and tax statements and fasten with one staple on the front of your tax return.

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Electronic and PC filing, mailing and payment instructions, deadlines and extension.

ELECTRONICALLY FILING YOUR RETURN

The fastest way to file your return and receive your refund is to file electronically and request direct deposit. If you request direct deposit on your electronic return your refund should be in your bank account within 72 hours of acknowledgement from the Revenue Administration Division. **Electronic funds withdrawal (direct debit) payments are available only if you file electronically.** You may file your return electronically through your personal computer. For more information please see our website at:

www.marylandtaxes.com

Additionally, a return can be electronically filed by most professional tax return preparers. Please ask your preparer about this option.

MAILING YOUR RETURN

If you are mailing your return please use the envelope provided in this booklet. If the envelope is lost, mail your return to:

**Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001**

Sending your return by certified mail will not result in special handling and may delay your refund.

Using A Private Delivery Service:

In addition to the U.S. Postal Service, Maryland accepts returns delivered by the following:

- **Airborne Express:** Overnight Express, Next Afternoon and Second Day

- **DHL:** Same Day Service and USA Overnight
- **FedEx Express:** Priority Overnight, Standard Overnight, 2Day, International Priority and International First
- **UPS:** Next Day Air, Next Day Air Saver, 2nd Day Air, 2nd Day Air A.M., Worldwide Express Plus and Worldwide Express

Private Delivery Service Address:

Comptroller of Maryland
Revenue Administration Division
80 Calvert Street
Annapolis, Maryland 21401
410-260-7980

PAYMENT BY CREDIT CARD

You may pay your balance due by using MasterCard, Discover, American Express or Visa.

Credit card payments may be made by telephone or over the internet. The internet option is available to everyone. You must have filed a 2003 Maryland income tax return to use the telephone option.

Both options will be processed by Official Payments Corporation who will charge a convenience fee of 2.5% on the amount of your payment. The State will not receive this fee. You will be told the amount of the fee before you complete your transaction. Do not include the amount of the convenience fee as part of the tax payment.

To make a credit card payment call 1-800-2PAYTAX (1-800-272-9829) or visit their website at www.officialpayments.com

PAYMENT BY CHECK OR MONEY ORDER

Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink. Put your social security number, type of tax and year of tax being paid, on your check. Mark an "X" in the box for "Payment Enclosed" on the envelope. **DO NOT SEND CASH.**

DUE DATE

Returns must be mailed by April 15, 2005, for calendar year taxpayers. Persons filing on a fiscal-year basis should see Instruction 25.

EXTENSION OF TIME TO FILE

Follow the instructions on Form 502E to request an automatic extension of the time to file your 2004 return. Filing this form extends the time to file your return, but does not extend the time to pay your taxes. Payment of the expected tax due is required with Form 502E by April 15, 2005. You can file and pay by credit card or electronic funds withdrawal (direct debit) on our website. If no tax is due and you requested a federal extension, you do not need to file Form 502E or take any other action to obtain an automatic 4 month extension. To obtain this form, see page ii, "How To Get Help". If an additional two-month extension is needed, you must request a Maryland extension even if a federal extension request is filed. If no tax is due, file your extension online at www.marylandtaxes.com or by phone at 410-260-7829. Only submit Form 502E if tax is due.

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Fiscal year. You must file your Maryland return using the same tax year and the same basis (cash or accrual) as you used on your federal return.

To file a fiscal year return, complete the Fiscal Year information at the top of Form 502, and print "FY" in bold letters in the upper left hand corner of the form. When-

ever the term "tax year" appears in these instructions, fiscal year taxpayers should understand the term to mean "fiscal year." Use the 2004 forms in this package for fiscal

years which begin during calendar year 2004. Fiscal year returns are due on the 15th day of the 4th month following the close of the fiscal year.

Special instructions for part-year residents. Your return must show all income reported on your federal return, regardless of when or where earned. However, you are permitted to subtract income received when not a resident of Maryland. The following instructions describe the adjustments which must be made for a part-year resident return and returns filed by certain military taxpayers (see Instruction 29) and married couples who file a joint return when one spouse is not a resident of Maryland.

- a. You must file Form 502; you cannot use Form 503.
- b. Whenever the term "tax year" is used in these instructions, it means that portion of the year in which you were a resident of Maryland. If you began residence in Maryland in 2004, the last day of the "tax year" was December 31, 2004. If you ended residence in Maryland in 2004, the last day of the "tax year" was the day before you established residence in another state.
- c. Complete the name and address information at the top of Form 502.
- d. Complete the county, city, town or taxing area information using Instruction 6. Use the county, city, town or taxing area of which you were a resident on the last day of your Maryland residence.
- e. Complete the filing status area using the same filing status that you used on your federal return. Married couples who file joint federal returns may file separate Maryland returns under certain circumstances. See Instruction 7. If you are a dependent taxpayer, use filing status 6.
- f. Complete the EXEMPTIONS area. You can claim the same number of exemptions that were claimed on your federal return. Additional exemptions are allowed for age and blindness for Maryland purposes which will be computed in this area.
- g. Complete the PART-YEAR/MILITARY area on the front of Form 502. Place a "P" in the box and show the dates of residence in Maryland. Certain military taxpayers following these instructions should place an "M" in the box and enter the non-Maryland military income. If you are both part-year and military, place a "P" and "M" in the box. Married taxpayers with different tax periods filing a joint Maryland return should enter a "D" in the box, follow the remainder of this instruction and write "different tax periods" in the dates of residence area. Married taxpayers who file a joint return when one spouse is not a resident of Maryland should place a "P" in the part-year resident box and enter the name and the other state of residence of the nonresident spouse.
- h. Enter on line 1 the adjusted gross income from your federal return for the entire year regardless of your length of residence.
- i. Complete the ADDITIONS TO INCOME area using Instruction 12. If you had losses or adjustments to income on your federal return, write on line 5 those loss or adjustment items that were realized or paid when you were **not** a resident of Maryland.

- j. Complete the SUBTRACTIONS FROM INCOME area using Instruction 13. **You may include only subtractions from income that apply to income subject to Maryland tax.** Include on line 13 any income received during the part of the year when you were **not** a resident of Maryland.
- k. You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Complete the MARYLAND INCOME FACTOR WORKSHEET to figure the percentage of Maryland income to total income. The factor cannot exceed 1 (100%). If line 1 is zero or a negative amount, your factor is 1 (100%). Another method of allocating itemized deductions may be allowed. Please send your written request along with your completed Maryland return, a copy of your federal return including Schedule A and a copy of the other state's return. If the other state does not have an income tax, then submit a schedule showing the allocation of income and itemized deductions among the states. The Maryland return must be completed in accordance with the alternative method requested. This request should be sent to the Revenue Administration Division, Taxpayer Accounting Section (Special Allocations), P.O. Box 1829, Annapolis, MD 21404-1829.

MARYLAND INCOME FACTOR WORKSHEET	
1. Enter amount from line 18 of Form 502	\$ _____
2. Enter amount from line 1 of Form 502	\$ _____
3. Divide line 1 above by line 2. Carry this amount to four decimal places. The factor cannot exceed 1 (100%). If greater than 1, enter 1.	

- l. If you itemize deductions, complete lines 19a and b. Prorate the itemized deductions using the following formula:

$$\frac{\text{NET ITEMIZED DEDUCTIONS}}{\text{NET ITEMIZED DEDUCTIONS}} \times \frac{\text{MARYLAND INCOME}}{\text{MARYLAND INCOME}} = \frac{\text{MARYLAND INCOME}}{\text{MARYLAND INCOME}}$$
 Enter the prorated amount on line 19 of Form 502 and check the Itemized Deduction Method box.
- m. If you are not itemizing deductions, you must use the standard deduction. The standard deduction must be prorated

using the Maryland income factor. Calculate the standard deduction using a worksheet in Instruction 16. Prorate the standard deduction using the following formula:

$$\frac{\text{STANDARD DEDUCTION}}{\text{STANDARD DEDUCTION}} \times \frac{\text{MARYLAND INCOME}}{\text{MARYLAND INCOME FACTOR}} = \text{PRORATED STANDARD DEDUCTION}$$

Enter the prorated amount on line 19 of Form 502 and check the Standard Deduction Method box.

- n. The value of your exemptions (line 21) must be prorated using the Maryland income factor. Prorate the exemption amount using the following formula:

$$\frac{\text{TOTAL EXEMPTION AMOUNT}}{\text{TOTAL EXEMPTION AMOUNT}} \times \frac{\text{MARYLAND INCOME}}{\text{MARYLAND INCOME FACTOR}} = \text{PRORATED EXEMPTION AMOUNT}$$

Enter the prorated exemption amount on line 21 of Form 502.

- o. You must prorate your earned income, poverty level and refundable earned income credits using the Maryland income factor.

EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET. Enter the result as the federal earned income credit amount on line 2 of the STATE EARNED INCOME CREDIT WORKSHEET in Instruction 18 and on line 1 of the LOCAL EARNED INCOME CREDIT WORKSHEET in Instruction 19.

POVERTY LEVEL CREDIT

Multiply the amount from line 5 of the STATE POVERTY LEVEL CREDIT WORKSHEET in Instruction 18 by the Maryland income factor and enter this amount as the credit on line 26 of Form 502.

Multiply the amount from line c of the LOCAL POVERTY LEVEL CREDIT WORKSHEET in Instruction 19 by the Maryland income factor and enter this amount as the credit on line 33 of Form 502.

REFUNDABLE EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET. Enter the result as the federal earned income credit amount on line 1 of the REFUNDABLE EARNED INCOME CREDIT WORKSHEET in Instruction 21.

- p. Complete the remainder of the form using the line instructions.

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Filing return of deceased taxpayer. Do not use the preprinted label. Enter code 321 in the code number box located to the right of the telephone number area. Use the following special instructions:

FILING THE RETURN

If an individual required to file an income tax return dies, the final income tax return shall be filed:

- a. by the personal representative of the individual's estate;
- b. if there is no personal representative, by the decedent's surviving spouse; or
- c. jointly by the personal representatives of each if both husband and wife are deceased.

JOINT RETURN

If the spouse of the deceased taxpayer filed a joint federal return with the decedent, generally a joint Maryland return must be filed. (See Instruction 7.)

The word "DECEASED" and the date of death should be written after the decedent's name at the top of the form. The name and title of any person, other than the surviving spouse, filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration or, if the return is filed solely by the surviving spouse, attach a death certificate.

ALL OTHER RETURNS

If the return is filed by the personal representative, write the words "Estate of" before the decedent's first name and the date of death after the last name. The name and title of the person filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration.

If there is no personal representative, write the word "deceased" and the date of death after the decedent's last name. The name and title of the person filing the return should be clearly noted on the form. Attach a copy of federal Form 1310.

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Amended returns. If you need to change a return which you have already filed, or if the Internal Revenue Service changes your return, you must file an amended return.

FILING AN AMENDED RETURN

You must file an amended return to make certain changes on your original return. These include changes in income, filing status, amount of deductions, the number of exemptions, and the amount of additions to income and subtractions from income.

Note: Changes made as part of an amended return are subject to audit for up to three years from the date the amended return is filed.

Use Form 502X to file an amended return and include a copy of your federal return. Form 502X and instructions may be obtained by calling 410-260-7951 or by visiting our website at www.marylandtaxes.com.

CHANGES IN YOUR FEDERAL TAX

If the Internal Revenue Service makes any changes on your federal return, you must notify the State of Maryland. Send notification to the Maryland Revenue Administration Division within 90 days of the final determination of the changes by the IRS.

If you file an amended federal return that changes your Maryland return, you must file an amended Maryland return.

IF YOUR ORIGINAL RETURN SHOWED A REFUND

If you expect a refund from your original return, do not file an amended return until you have received your refund check.

Then cash the check; do not return it. If your amended return shows a smaller refund, send a check for the difference with the amended return. If your amended return shows a larger refund, the Revenue Administration Division will issue an additional refund check.

ADDITIONAL INFORMATION

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks.

Generally, a claim for a refund or overpayment credit must be filed within three years from the date the original return was filed or within two years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due. If a claim is filed within three years after the date the return was filed, the credit or refund may not be more than that part of the tax paid within three years, plus extension of time for filing the return, prior to the filing of the claim. If a claim is filed after the three-year period, but within two years from the time the tax was paid, the refund or credit may not be more than the tax paid within two years immediately before filing the claim for a refund or credit.

A claim for refund based on a federal net operating loss carryback must be filed within three years from the due date of the return for the tax year of the net operating loss.

If the claim for refund resulted from a federal adjustment or final decision of a federal court which is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund must be filed within one year from the date of the adjustment or final decision.

If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than three years from the date of filing the return or more than two years from the time the tax was paid, the claim for refund must be filed within one year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.

No refund for less than \$1.00 will be issued. No payment of less than \$1.00 is required.

Military personnel who are legal residents of Maryland

1—without overseas pay	Must file a resident return (Form 502 or Form 503) and report all income from all sources, wherever earned. You must calculate the local portion of the tax regardless of whether you were stationed in Maryland or not. The location of your legal residence determines which county should be entered on your return. See Instructions 6 and 19. If you filed a joint federal return, see Instruction 7.
2—with overseas pay	Same as above, may subtract up to \$15,000 in military pay earned outside U.S. boundaries or possessions, depending upon total military income. If you filed a joint federal return, see Instruction 7.

Military personnel who are legal residents of another state

1—with military income only	Not required to file a Maryland return.
2—with military income and other income outside Maryland	Not required to file a Maryland return.
3—with military and other income earned in Maryland, single or with an unemployed civilian spouse	Must file a nonresident return (Form 505), reporting total income, subtracting military pay, unearned and non-Maryland income, then computing the tax on Maryland earned income only. Deductions and exemptions must be apportioned using the ratio of Maryland income to federal adjusted gross income.
4—with military income with or without other income earned in Maryland, and civilian spouse employed in Maryland, residing in Maryland less than six months	Military person and civilian spouse must file a joint nonresident return (Form 505), subtracting military pay, unearned and non-Maryland income, computing the tax on Maryland income only. Deductions and exemptions must be apportioned using the ratio of Maryland income to federal adjusted gross income.
5—with military income, and civilian spouse with any income residing in Maryland more than six months	<p>The civilian taxpayer becomes a statutory resident because of residency in Maryland for more than six months of the tax year and the couple may file a joint resident return (Form 502) or the civilian spouse may file a separate resident return. If the civilian spouse files a separate resident return, the military spouse is not required to file a Maryland return. If you are not certain which filing status to use, figure your tax both ways to determine which status is best for you.</p> <p>If the civilian spouse files a separate resident return, see Instruction 8. If the couple files a joint return, report your federal adjusted gross income on your Maryland return. Subtract military pay and the military taxpayer's portion of any investment income (interest, dividends, etc.) from the joint federal adjusted gross income. See Instruction 26 (c) through (j) in the resident booklet.</p> <p>The Maryland tax is then computed based on the balance of the total income. The standard deduction or itemized deductions and exemptions must be adjusted using the ratio of Maryland adjusted gross income to federal adjusted gross income. In this situation, Military Worksheet A on the next page should be used to compute the amount of allowable deductions and exemptions.</p>
6—with military income and other income in Maryland and civilian spouse with any income residing in Maryland for more than six months	<p>The civilian taxpayer becomes a statutory resident because of residency for more than six months of the tax year. The military spouse remains a nonresident for purposes of Maryland taxation. The military taxpayer may file a separate nonresident return (Form 505) and the civilian spouse may file a separate resident return (Form 502). (See Instruction 8.) However, if the couple chooses to file a joint resident return (Form 502):</p> <ul style="list-style-type: none"> • The military taxpayer's Maryland income is not subject to the local tax but is subject to the Special Nonresident Tax. Enter the letter "D" in the part year/military box on the front of Form 502. • Standard or itemized deductions and exemptions must be adjusted, using a ratio of Maryland adjusted gross income to federal adjusted gross income. • The local tax must be adjusted using Military Worksheet B. In this situation, Military Worksheets A and B should be used to compute the adjustment to the standard deduction or itemized deductions and exemptions and to compute the local tax for the civilian taxpayer.
7—both spouses in the military and not domiciled in Maryland and one or both have Maryland income	Must file a joint nonresident return. Exemptions and the standard deduction or itemized deductions must be adjusted.

Military personnel should be aware that there may be provisions for tax credits granted either by Maryland or another state. See Maryland Form 502CR and instructions. Read carefully the instructions provided by the state of legal residence for any possible credits allowed by that state.

MILITARY WORKSHEET A

To be used to adjust the standard deduction or itemized deductions and exemption amount for nonresident military personnel filing jointly with *resident* civilian taxpayer.

1. ENTER federal adjusted gross income from line 1 of Form 502. \$ _____
2. ENTER Maryland adjusted gross income from line 18 of Form 502. \$ _____
3. DIVIDE line 2 by line 1; carry to four decimal places (not to exceed 100%) _____
4. ENTER the total standard deduction from the appropriate standard deduction worksheet in Instruction 16 of the resident tax booklet or total itemized deductions (line 19a) reduced by the amount on line 19b of Form 502. . . . \$ _____
5. MULTIPLY line 4 by the factor on line 3. This is your adjusted standard deduction or itemized deductions. ENTER on line 19 of Form 502 \$ _____
6. ENTER the total exemption amount from the "EXEMPTIONS" area on the front of Form 502 (line E). \$ _____
7. MULTIPLY line 6 by the factor on line 3. If this is less than \$2,400 enter \$2,400. ENTER this amount on line 21 of Form 502. \$ _____

MILITARY WORKSHEET B

(Complete lines 1-23 on Form 502 before starting this worksheet)

To be used to calculate the local income tax of the *resident* civilian taxpayer filing jointly with the nonresident military taxpayer having Maryland income.

1. ENTER Maryland adjusted gross income from line 18 \$ _____
2. ENTER income from civilian spouse \$ _____
3. DIVIDE line 2 by line 1; carry to four decimal places (not to exceed 100%) _____
4. ENTER the taxable net income from line 23 of Form 502 \$ _____
5. MULTIPLY line 4 by line 3 \$ _____
6. Enter your local income tax rate from the chart in Instruction 19 for the subdivision in which the civilian spouse was a resident. **0** _____
7. MULTIPLY line 5 by line 6. Enter here and on line 31 of Form 502. Also enter the letter "D" instead of the letter "M" in the part year/military box on the front of Form 502. \$ _____
8. Subtract line 5 from line 4 \$ _____
9. Special Non-Resident Tax Rate **0 1 2 5** _____
10. Multiply line 8 by line 9. This is the special nonresident tax \$ _____
11. Go to the Tax Table on page 18 and enter the amount of tax from table for income on line 4 of this worksheet . . \$ _____
12. Add lines 10 and 11 and enter this amount here and on line 24 of the Form 502 \$ _____

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Privacy act information.

The Tax-General Article of the Annotated Code of Maryland authorizes the Revenue Administration Division to request information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. Code Section 10-804 provides that you must include your social security number on the return you file. This is so we know who you are and can process your return and papers.

If you fail to provide all or part of the requested information, then exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Revenue Administration Division which contain personal information about you. You may inspect such records, and you have

certain rights to amend or correct them.

As authorized by law, information furnished to the Revenue Administration Division may be given to the United States Internal Revenue Service, a proper official of any state that exchanges tax information with Maryland and to an officer of this State having a right to the information in that officer's official capacity. The information may be obtained in accordance with a proper legislative or judicial order.

2004 MARYLAND TAX TABLE

INSTRUCTIONS:

1. Find the income range that applies to the taxable net income you reported on line 23 of your Form 502 or line 5 of Form 503.
2. Find the Maryland tax corresponding to your income range.
3. Enter the tax amount on line 24 of Form 502 or line 6 of Form 503.
4. This table does not include the local income tax.
5. If your taxable income is \$100,000 or more, use the Maryland Tax Computation Worksheet at the end of the tax table.

If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...		
At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...
\$ 0	\$ 50	\$ 0	3,000			6,000			9,000			12,000		
50	75	1	3,000	3,050	91	6,000	6,050	234	9,000	9,050	376	12,000	12,050	519
75	100	2	3,050	3,100	94	6,050	6,100	236	9,050	9,100	379	12,050	12,100	521
100	150	3	3,100	3,150	96	6,100	6,150	238	9,100	9,150	381	12,100	12,150	523
150	200	4	3,150	3,200	98	6,150	6,200	241	9,150	9,200	383	12,150	12,200	526
200	250	5	3,200	3,250	101	6,200	6,250	243	9,200	9,250	386	12,200	12,250	528
250	300	6	3,250	3,300	103	6,250	6,300	246	9,250	9,300	388	12,250	12,300	531
300	350	7	3,300	3,350	105	6,300	6,350	248	9,300	9,350	390	12,300	12,350	533
350	400	8	3,350	3,400	108	6,350	6,400	250	9,350	9,400	393	12,350	12,400	535
400	450	9	3,400	3,450	110	6,400	6,450	253	9,400	9,450	395	12,400	12,450	538
450	500	10	3,450	3,500	113	6,450	6,500	255	9,450	9,500	398	12,450	12,500	540
500	550	11	3,500	3,550	115	6,500	6,550	257	9,500	9,550	400	12,500	12,550	542
550	600	12	3,550	3,600	117	6,550	6,600	260	9,550	9,600	402	12,550	12,600	545
600	650	13	3,600	3,650	120	6,600	6,650	262	9,600	9,650	405	12,600	12,650	547
650	700	14	3,650	3,700	122	6,650	6,700	265	9,650	9,700	407	12,650	12,700	550
700	750	15	3,700	3,750	124	6,700	6,750	267	9,700	9,750	409	12,700	12,750	552
750	800	16	3,750	3,800	127	6,750	6,800	269	9,750	9,800	412	12,750	12,800	554
800	850	17	3,800	3,850	129	6,800	6,850	272	9,800	9,850	414	12,800	12,850	557
850	900	18	3,850	3,900	132	6,850	6,900	274	9,850	9,900	417	12,850	12,900	559
900	950	19	3,900	3,950	134	6,900	6,950	276	9,900	9,950	419	12,900	12,950	561
950	1,000	20	3,950	4,000	136	6,950	7,000	279	9,950	10,000	421	12,950	13,000	564
1,000			4,000			7,000			10,000			13,000		
1,000	1,050	21	4,000	4,050	139	7,000	7,050	281	10,000	10,050	424	13,000	13,050	566
1,050	1,100	22	4,050	4,100	141	7,050	7,100	284	10,050	10,100	426	13,050	13,100	569
1,100	1,150	24	4,100	4,150	143	7,100	7,150	286	10,100	10,150	428	13,100	13,150	571
1,150	1,200	25	4,150	4,200	146	7,150	7,200	288	10,150	10,200	431	13,150	13,200	573
1,200	1,250	27	4,200	4,250	148	7,200	7,250	291	10,200	10,250	433	13,200	13,250	576
1,250	1,300	28	4,250	4,300	151	7,250	7,300	293	10,250	10,300	436	13,250	13,300	578
1,300	1,350	30	4,300	4,350	153	7,300	7,350	295	10,300	10,350	438	13,300	13,350	580
1,350	1,400	31	4,350	4,400	155	7,350	7,400	298	10,350	10,400	440	13,350	13,400	583
1,400	1,450	33	4,400	4,450	158	7,400	7,450	300	10,400	10,450	443	13,400	13,450	585
1,450	1,500	34	4,450	4,500	160	7,450	7,500	303	10,450	10,500	445	13,450	13,500	588
1,500	1,550	36	4,500	4,550	162	7,500	7,550	305	10,500	10,550	447	13,500	13,550	590
1,550	1,600	37	4,550	4,600	165	7,550	7,600	307	10,550	10,600	450	13,550	13,600	592
1,600	1,650	39	4,600	4,650	167	7,600	7,650	310	10,600	10,650	452	13,600	13,650	595
1,650	1,700	40	4,650	4,700	170	7,650	7,700	312	10,650	10,700	455	13,650	13,700	597
1,700	1,750	42	4,700	4,750	172	7,700	7,750	314	10,700	10,750	457	13,700	13,750	599
1,750	1,800	43	4,750	4,800	174	7,750	7,800	317	10,750	10,800	459	13,750	13,800	602
1,800	1,850	45	4,800	4,850	177	7,800	7,850	319	10,800	10,850	462	13,800	13,850	604
1,850	1,900	46	4,850	4,900	179	7,850	7,900	322	10,850	10,900	464	13,850	13,900	607
1,900	1,950	48	4,900	4,950	181	7,900	7,950	324	10,900	10,950	466	13,900	13,950	609
1,950	2,000	49	4,950	5,000	184	7,950	8,000	326	10,950	11,000	469	13,950	14,000	611
2,000			5,000			8,000			11,000			14,000		
2,000	2,050	51	5,000	5,050	186	8,000	8,050	329	11,000	11,050	471	14,000	14,050	614
2,050	2,100	53	5,050	5,100	189	8,050	8,100	331	11,050	11,100	474	14,050	14,100	616
2,100	2,150	55	5,100	5,150	191	8,100	8,150	333	11,100	11,150	476	14,100	14,150	618
2,150	2,200	57	5,150	5,200	193	8,150	8,200	336	11,150	11,200	478	14,150	14,200	621
2,200	2,250	59	5,200	5,250	196	8,200	8,250	338	11,200	11,250	481	14,200	14,250	623
2,250	2,300	61	5,250	5,300	198	8,250	8,300	341	11,250	11,300	483	14,250	14,300	626
2,300	2,350	63	5,300	5,350	200	8,300	8,350	343	11,300	11,350	485	14,300	14,350	628
2,350	2,400	65	5,350	5,400	203	8,350	8,400	345	11,350	11,400	488	14,350	14,400	630
2,400	2,450	67	5,400	5,450	205	8,400	8,450	348	11,400	11,450	490	14,400	14,450	633
2,450	2,500	69	5,450	5,500	208	8,450	8,500	350	11,450	11,500	493	14,450	14,500	635
2,500	2,550	71	5,500	5,550	210	8,500	8,550	352	11,500	11,550	495	14,500	14,550	637
2,550	2,600	73	5,550	5,600	212	8,550	8,600	355	11,550	11,600	497	14,550	14,600	640
2,600	2,650	75	5,600	5,650	215	8,600	8,650	357	11,600	11,650	500	14,600	14,650	642
2,650	2,700	77	5,650	5,700	217	8,650	8,700	360	11,650	11,700	502	14,650	14,700	645
2,700	2,750	79	5,700	5,750	219	8,700	8,750	362	11,700	11,750	504	14,700	14,750	647
2,750	2,800	81	5,750	5,800	222	8,750	8,800	364	11,750	11,800	507	14,750	14,800	649
2,800	2,850	83	5,800	5,850	224	8,800	8,850	367	11,800	11,850	509	14,800	14,850	652
2,850	2,900	85	5,850	5,900	227	8,850	8,900	369	11,850	11,900	512	14,850	14,900	654
2,900	2,950	87	5,900	5,950	229	8,900	8,950	371	11,900	11,950	514	14,900	14,950	656
2,950	3,000	89	5,950	6,000	231	8,950	9,000	374	11,950	12,000	516	14,950	15,000	659

2004 MARYLAND TAX TABLE

If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...		
At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...
15,000			18,000			21,000			24,000			27,000		
15,000	15,050	661	18,000	18,050	804	21,000	21,050	946	24,000	24,050	1,089	27,000	27,050	1,231
15,050	15,100	664	18,050	18,100	806	21,050	21,100	949	24,050	24,100	1,091	27,050	27,100	1,234
15,100	15,150	666	18,100	18,150	808	21,100	21,150	951	24,100	24,150	1,093	27,100	27,150	1,236
15,150	15,200	668	18,150	18,200	811	21,150	21,200	953	24,150	24,200	1,096	27,150	27,200	1,238
15,200	15,250	671	18,200	18,250	813	21,200	21,250	956	24,200	24,250	1,098	27,200	27,250	1,241
15,250	15,300	673	18,250	18,300	816	21,250	21,300	958	24,250	24,300	1,101	27,250	27,300	1,243
15,300	15,350	675	18,300	18,350	818	21,300	21,350	960	24,300	24,350	1,103	27,300	27,350	1,245
15,350	15,400	678	18,350	18,400	820	21,350	21,400	963	24,350	24,400	1,105	27,350	27,400	1,248
15,400	15,450	680	18,400	18,450	823	21,400	21,450	965	24,400	24,450	1,108	27,400	27,450	1,250
15,450	15,500	683	18,450	18,500	825	21,450	21,500	968	24,450	24,500	1,110	27,450	27,500	1,253
15,500	15,550	685	18,500	18,550	827	21,500	21,550	970	24,500	24,550	1,112	27,500	27,550	1,255
15,550	15,600	687	18,550	18,600	830	21,550	21,600	972	24,550	24,600	1,115	27,550	27,600	1,257
15,600	15,650	690	18,600	18,650	832	21,600	21,650	975	24,600	24,650	1,117	27,600	27,650	1,260
15,650	15,700	692	18,650	18,700	835	21,650	21,700	977	24,650	24,700	1,120	27,650	27,700	1,262
15,700	15,750	694	18,700	18,750	837	21,700	21,750	979	24,700	24,750	1,122	27,700	27,750	1,264
15,750	15,800	697	18,750	18,800	839	21,750	21,800	982	24,750	24,800	1,124	27,750	27,800	1,267
15,800	15,850	699	18,800	18,850	842	21,800	21,850	984	24,800	24,850	1,127	27,800	27,850	1,269
15,850	15,900	702	18,850	18,900	844	21,850	21,900	987	24,850	24,900	1,129	27,850	27,900	1,272
15,900	15,950	704	18,900	18,950	846	21,900	21,950	989	24,900	24,950	1,131	27,900	27,950	1,274
15,950	16,000	706	18,950	19,000	849	21,950	22,000	991	24,950	25,000	1,134	27,950	28,000	1,276
16,000			19,000			22,000			25,000			28,000		
16,000	16,050	709	19,000	19,050	851	22,000	22,050	994	25,000	25,050	1,136	28,000	28,050	1,279
16,050	16,100	711	19,050	19,100	854	22,050	22,100	996	25,050	25,100	1,139	28,050	28,100	1,281
16,100	16,150	713	19,100	19,150	856	22,100	22,150	998	25,100	25,150	1,141	28,100	28,150	1,283
16,150	16,200	716	19,150	19,200	858	22,150	22,200	1,001	25,150	25,200	1,143	28,150	28,200	1,286
16,200	16,250	718	19,200	19,250	861	22,200	22,250	1,003	25,200	25,250	1,146	28,200	28,250	1,288
16,250	16,300	721	19,250	19,300	863	22,250	22,300	1,006	25,250	25,300	1,148	28,250	28,300	1,291
16,300	16,350	723	19,300	19,350	865	22,300	22,350	1,008	25,300	25,350	1,150	28,300	28,350	1,293
16,350	16,400	725	19,350	19,400	868	22,350	22,400	1,010	25,350	25,400	1,153	28,350	28,400	1,295
16,400	16,450	728	19,400	19,450	870	22,400	22,450	1,013	25,400	25,450	1,155	28,400	28,450	1,298
16,450	16,500	730	19,450	19,500	873	22,450	22,500	1,015	25,450	25,500	1,158	28,450	28,500	1,300
16,500	16,550	732	19,500	19,550	875	22,500	22,550	1,017	25,500	25,550	1,160	28,500	28,550	1,302
16,550	16,600	735	19,550	19,600	877	22,550	22,600	1,020	25,550	25,600	1,162	28,550	28,600	1,305
16,600	16,650	737	19,600	19,650	880	22,600	22,650	1,022	25,600	25,650	1,165	28,600	28,650	1,307
16,650	16,700	740	19,650	19,700	882	22,650	22,700	1,025	25,650	25,700	1,167	28,650	28,700	1,310
16,700	16,750	742	19,700	19,750	884	22,700	22,750	1,027	25,700	25,750	1,169	28,700	28,750	1,312
16,750	16,800	744	19,750	19,800	887	22,750	22,800	1,029	25,750	25,800	1,172	28,750	28,800	1,314
16,800	16,850	747	19,800	19,850	889	22,800	22,850	1,032	25,800	25,850	1,174	28,800	28,850	1,317
16,850	16,900	749	19,850	19,900	892	22,850	22,900	1,034	25,850	25,900	1,177	28,850	28,900	1,319
16,900	16,950	751	19,900	19,950	894	22,900	22,950	1,036	25,900	25,950	1,179	28,900	28,950	1,321
16,950	17,000	754	19,950	20,000	896	22,950	23,000	1,039	25,950	26,000	1,181	28,950	29,000	1,324
17,000			20,000			23,000			26,000			29,000		
17,000	17,050	756	20,000	20,050	899	23,000	23,050	1,041	26,000	26,050	1,184	29,000	29,050	1,326
17,050	17,100	759	20,050	20,100	901	23,050	23,100	1,044	26,050	26,100	1,186	29,050	29,100	1,329
17,100	17,150	761	20,100	20,150	903	23,100	23,150	1,046	26,100	26,150	1,188	29,100	29,150	1,331
17,150	17,200	763	20,150	20,200	906	23,150	23,200	1,048	26,150	26,200	1,191	29,150	29,200	1,333
17,200	17,250	766	20,200	20,250	908	23,200	23,250	1,051	26,200	26,250	1,193	29,200	29,250	1,336
17,250	17,300	768	20,250	20,300	911	23,250	23,300	1,053	26,250	26,300	1,196	29,250	29,300	1,338
17,300	17,350	770	20,300	20,350	913	23,300	23,350	1,055	26,300	26,350	1,198	29,300	29,350	1,340
17,350	17,400	773	20,350	20,400	915	23,350	23,400	1,058	26,350	26,400	1,200	29,350	29,400	1,343
17,400	17,450	775	20,400	20,450	918	23,400	23,450	1,060	26,400	26,450	1,203	29,400	29,450	1,345
17,450	17,500	778	20,450	20,500	920	23,450	23,500	1,063	26,450	26,500	1,205	29,450	29,500	1,348
17,500	17,550	780	20,500	20,550	922	23,500	23,550	1,065	26,500	26,550	1,207	29,500	29,550	1,350
17,550	17,600	782	20,550	20,600	925	23,550	23,600	1,067	26,550	26,600	1,210	29,550	29,600	1,352
17,600	17,650	785	20,600	20,650	927	23,600	23,650	1,070	26,600	26,650	1,212	29,600	29,650	1,355
17,650	17,700	787	20,650	20,700	930	23,650	23,700	1,072	26,650	26,700	1,215	29,650	29,700	1,357
17,700	17,750	789	20,700	20,750	932	23,700	23,750	1,074	26,700	26,750	1,217	29,700	29,750	1,359
17,750	17,800	792	20,750	20,800	934	23,750	23,800	1,077	26,750	26,800	1,219	29,750	29,800	1,362
17,800	17,850	794	20,800	20,850	937	23,800	23,850	1,079	26,800	26,850	1,222	29,800	29,850	1,364
17,850	17,900	797	20,850	20,900	939	23,850	23,900	1,082	26,850	26,900	1,224	29,850	29,900	1,367
17,900	17,950	799	20,900	20,950	941	23,900	23,950	1,084	26,900	26,950	1,226	29,900	29,950	1,369
17,950	18,000	801	20,950	21,000	944	23,950	24,000	1,086	26,950	27,000	1,229	29,950	30,000	1,371

2004 MARYLAND TAX TABLE

If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...		
At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...	At least	But less than	Your Maryland tax is ...
30,000			33,000			36,000			39,000			42,000		
30,000	30,050	1,374	33,000	33,050	1,516	36,000	36,050	1,659	39,000	39,050	1,801	42,000	42,050	1,944
30,050	30,100	1,376	33,050	33,100	1,519	36,050	36,100	1,661	39,050	39,100	1,804	42,050	42,100	1,946
30,100	30,150	1,378	33,100	33,150	1,521	36,100	36,150	1,663	39,100	39,150	1,806	42,100	42,150	1,948
30,150	30,200	1,381	33,150	33,200	1,523	36,150	36,200	1,666	39,150	39,200	1,808	42,150	42,200	1,951
30,200	30,250	1,383	33,200	33,250	1,526	36,200	36,250	1,668	39,200	39,250	1,811	42,200	42,250	1,953
30,250	30,300	1,386	33,250	33,300	1,528	36,250	36,300	1,671	39,250	39,300	1,813	42,250	42,300	1,956
30,300	30,350	1,388	33,300	33,350	1,530	36,300	36,350	1,673	39,300	39,350	1,815	42,300	42,350	1,958
30,350	30,400	1,390	33,350	33,400	1,533	36,350	36,400	1,675	39,350	39,400	1,818	42,350	42,400	1,960
30,400	30,450	1,393	33,400	33,450	1,535	36,400	36,450	1,678	39,400	39,450	1,820	42,400	42,450	1,963
30,450	30,500	1,395	33,450	33,500	1,538	36,450	36,500	1,680	39,450	39,500	1,823	42,450	42,500	1,965
30,500	30,550	1,397	33,500	33,550	1,540	36,500	36,550	1,682	39,500	39,550	1,825	42,500	42,550	1,967
30,550	30,600	1,400	33,550	33,600	1,542	36,550	36,600	1,685	39,550	39,600	1,827	42,550	42,600	1,970
30,600	30,650	1,402	33,600	33,650	1,545	36,600	36,650	1,687	39,600	39,650	1,830	42,600	42,650	1,972
30,650	30,700	1,405	33,650	33,700	1,547	36,650	36,700	1,690	39,650	39,700	1,832	42,650	42,700	1,975
30,700	30,750	1,407	33,700	33,750	1,549	36,700	36,750	1,692	39,700	39,750	1,834	42,700	42,750	1,977
30,750	30,800	1,409	33,750	33,800	1,552	36,750	36,800	1,694	39,750	39,800	1,837	42,750	42,800	1,979
30,800	30,850	1,412	33,800	33,850	1,554	36,800	36,850	1,697	39,800	39,850	1,839	42,800	42,850	1,982
30,850	30,900	1,414	33,850	33,900	1,557	36,850	36,900	1,699	39,850	39,900	1,842	42,850	42,900	1,984
30,900	30,950	1,416	33,900	33,950	1,559	36,900	36,950	1,701	39,900	39,950	1,844	42,900	42,950	1,986
30,950	31,000	1,419	33,950	34,000	1,561	36,950	37,000	1,704	39,950	40,000	1,846	42,950	43,000	1,989
31,000			34,000			37,000			40,000			43,000		
31,000	31,050	1,421	34,000	34,050	1,564	37,000	37,050	1,706	40,000	40,050	1,849	43,000	43,050	1,991
31,050	31,100	1,424	34,050	34,100	1,566	37,050	37,100	1,709	40,050	40,100	1,851	43,050	43,100	1,994
31,100	31,150	1,426	34,100	34,150	1,568	37,100	37,150	1,711	40,100	40,150	1,853	43,100	43,150	1,996
31,150	31,200	1,428	34,150	34,200	1,571	37,150	37,200	1,713	40,150	40,200	1,856	43,150	43,200	1,998
31,200	31,250	1,431	34,200	34,250	1,573	37,200	37,250	1,716	40,200	40,250	1,858	43,200	43,250	2,001
31,250	31,300	1,433	34,250	34,300	1,576	37,250	37,300	1,718	40,250	40,300	1,861	43,250	43,300	2,003
31,300	31,350	1,435	34,300	34,350	1,578	37,300	37,350	1,720	40,300	40,350	1,863	43,300	43,350	2,005
31,350	31,400	1,438	34,350	34,400	1,580	37,350	37,400	1,723	40,350	40,400	1,865	43,350	43,400	2,008
31,400	31,450	1,440	34,400	34,450	1,583	37,400	37,450	1,725	40,400	40,450	1,868	43,400	43,450	2,010
31,450	31,500	1,443	34,450	34,500	1,585	37,450	37,500	1,728	40,450	40,500	1,870	43,450	43,500	2,013
31,500	31,550	1,445	34,500	34,550	1,587	37,500	37,550	1,730	40,500	40,550	1,872	43,500	43,550	2,015
31,550	31,600	1,447	34,550	34,600	1,590	37,550	37,600	1,732	40,550	40,600	1,875	43,550	43,600	2,017
31,600	31,650	1,450	34,600	34,650	1,592	37,600	37,650	1,735	40,600	40,650	1,877	43,600	43,650	2,020
31,650	31,700	1,452	34,650	34,700	1,595	37,650	37,700	1,737	40,650	40,700	1,880	43,650	43,700	2,022
31,700	31,750	1,454	34,700	34,750	1,597	37,700	37,750	1,739	40,700	40,750	1,882	43,700	43,750	2,024
31,750	31,800	1,457	34,750	34,800	1,599	37,750	37,800	1,742	40,750	40,800	1,884	43,750	43,800	2,027
31,800	31,850	1,459	34,800	34,850	1,602	37,800	37,850	1,744	40,800	40,850	1,887	43,800	43,850	2,029
31,850	31,900	1,462	34,850	34,900	1,604	37,850	37,900	1,747	40,850	40,900	1,889	43,850	43,900	2,032
31,900	31,950	1,464	34,900	34,950	1,606	37,900	37,950	1,749	40,900	40,950	1,891	43,900	43,950	2,034
31,950	32,000	1,466	34,950	35,000	1,609	37,950	38,000	1,751	40,950	41,000	1,894	43,950	44,000	2,036
32,000			35,000			38,000			41,000			44,000		
32,000	32,050	1,469	35,000	35,050	1,611	38,000	38,050	1,754	41,000	41,050	1,896	44,000	44,050	2,039
32,050	32,100	1,471	35,050	35,100	1,614	38,050	38,100	1,756	41,050	41,100	1,899	44,050	44,100	2,041
32,100	32,150	1,473	35,100	35,150	1,616	38,100	38,150	1,758	41,100	41,150	1,901	44,100	44,150	2,043
32,150	32,200	1,476	35,150	35,200	1,618	38,150	38,200	1,761	41,150	41,200	1,903	44,150	44,200	2,046
32,200	32,250	1,478	35,200	35,250	1,621	38,200	38,250	1,763	41,200	41,250	1,906	44,200	44,250	2,048
32,250	32,300	1,481	35,250	35,300	1,623	38,250	38,300	1,766	41,250	41,300	1,908	44,250	44,300	2,051
32,300	32,350	1,483	35,300	35,350	1,625	38,300	38,350	1,768	41,300	41,350	1,910	44,300	44,350	2,053
32,350	32,400	1,485	35,350	35,400	1,628	38,350	38,400	1,770	41,350	41,400	1,913	44,350	44,400	2,055
32,400	32,450	1,488	35,400	35,450	1,630	38,400	38,450	1,773	41,400	41,450	1,915	44,400	44,450	2,058
32,450	32,500	1,490	35,450	35,500	1,633	38,450	38,500	1,775	41,450	41,500	1,918	44,450	44,500	2,060
32,500	32,550	1,492	35,500	35,550	1,635	38,500	38,550	1,777	41,500	41,550	1,920	44,500	44,550	2,062
32,550	32,600	1,495	35,550	35,600	1,637	38,550	38,600	1,780	41,550	41,600	1,922	44,550	44,600	2,065
32,600	32,650	1,497	35,600	35,650	1,640	38,600	38,650	1,782	41,600	41,650	1,925	44,600	44,650	2,067
32,650	32,700	1,500	35,650	35,700	1,642	38,650	38,700	1,785	41,650	41,700	1,927	44,650	44,700	2,070
32,700	32,750	1,502	35,700	35,750	1,644	38,700	38,750	1,787	41,700	41,750	1,929	44,700	44,750	2,072
32,750	32,800	1,504	35,750	35,800	1,647	38,750	38,800	1,789	41,750	41,800	1,932	44,750	44,800	2,074
32,800	32,850	1,507	35,800	35,850	1,649	38,800	38,850	1,792	41,800	41,850	1,934	44,800	44,850	2,077
32,850	32,900	1,509	35,850	35,900	1,652	38,850	38,900	1,794	41,850	41,900	1,937	44,850	44,900	2,079
32,900	32,950	1,511	35,900	35,950	1,654	38,900	38,950	1,796	41,900	41,950	1,939	44,900	44,950	2,081
32,950	33,000	1,514	35,950	36,000	1,656	38,950	39,000	1,799	41,950	42,000	1,941	44,950	45,000	2,084

2004 MARYLAND TAX TABLE

If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...		
At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...
45,000			48,000			51,000			54,000			57,000		
45,000	45,050	2,086	48,000	48,050	2,229	51,000	51,050	2,371	54,000	54,050	2,514	57,000	57,050	2,656
45,050	45,100	2,089	48,050	48,100	2,231	51,050	51,100	2,374	54,050	54,100	2,516	57,050	57,100	2,659
45,100	45,150	2,091	48,100	48,150	2,233	51,100	51,150	2,376	54,100	54,150	2,518	57,100	57,150	2,661
45,150	45,200	2,093	48,150	48,200	2,236	51,150	51,200	2,378	54,150	54,200	2,521	57,150	57,200	2,663
45,200	45,250	2,096	48,200	48,250	2,238	51,200	51,250	2,381	54,200	54,250	2,523	57,200	57,250	2,666
45,250	45,300	2,098	48,250	48,300	2,241	51,250	51,300	2,383	54,250	54,300	2,526	57,250	57,300	2,668
45,300	45,350	2,100	48,300	48,350	2,243	51,300	51,350	2,385	54,300	54,350	2,528	57,300	57,350	2,670
45,350	45,400	2,103	48,350	48,400	2,245	51,350	51,400	2,388	54,350	54,400	2,530	57,350	57,400	2,673
45,400	45,450	2,105	48,400	48,450	2,248	51,400	51,450	2,390	54,400	54,450	2,533	57,400	57,450	2,675
45,450	45,500	2,108	48,450	48,500	2,250	51,450	51,500	2,393	54,450	54,500	2,535	57,450	57,500	2,678
45,500	45,550	2,110	48,500	48,550	2,252	51,500	51,550	2,395	54,500	54,550	2,537	57,500	57,550	2,680
45,550	45,600	2,112	48,550	48,600	2,255	51,550	51,600	2,397	54,550	54,600	2,540	57,550	57,600	2,682
45,600	45,650	2,115	48,600	48,650	2,257	51,600	51,650	2,400	54,600	54,650	2,542	57,600	57,650	2,685
45,650	45,700	2,117	48,650	48,700	2,260	51,650	51,700	2,402	54,650	54,700	2,545	57,650	57,700	2,687
45,700	45,750	2,119	48,700	48,750	2,262	51,700	51,750	2,404	54,700	54,750	2,547	57,700	57,750	2,689
45,750	45,800	2,122	48,750	48,800	2,264	51,750	51,800	2,407	54,750	54,800	2,549	57,750	57,800	2,692
45,800	45,850	2,124	48,800	48,850	2,267	51,800	51,850	2,409	54,800	54,850	2,552	57,800	57,850	2,694
45,850	45,900	2,127	48,850	48,900	2,269	51,850	51,900	2,412	54,850	54,900	2,554	57,850	57,900	2,697
45,900	45,950	2,129	48,900	48,950	2,271	51,900	51,950	2,414	54,900	54,950	2,556	57,900	57,950	2,699
45,950	46,000	2,131	48,950	49,000	2,274	51,950	52,000	2,416	54,950	55,000	2,559	57,950	58,000	2,701
46,000			49,000			52,000			55,000			58,000		
46,000	46,050	2,134	49,000	49,050	2,276	52,000	52,050	2,419	55,000	55,050	2,561	58,000	58,050	2,704
46,050	46,100	2,136	49,050	49,100	2,279	52,050	52,100	2,421	55,050	55,100	2,564	58,050	58,100	2,706
46,100	46,150	2,138	49,100	49,150	2,281	52,100	52,150	2,423	55,100	55,150	2,566	58,100	58,150	2,708
46,150	46,200	2,141	49,150	49,200	2,283	52,150	52,200	2,426	55,150	55,200	2,568	58,150	58,200	2,711
46,200	46,250	2,143	49,200	49,250	2,286	52,200	52,250	2,428	55,200	55,250	2,571	58,200	58,250	2,713
46,250	46,300	2,146	49,250	49,300	2,288	52,250	52,300	2,431	55,250	55,300	2,573	58,250	58,300	2,716
46,300	46,350	2,148	49,300	49,350	2,290	52,300	52,350	2,433	55,300	55,350	2,575	58,300	58,350	2,718
46,350	46,400	2,150	49,350	49,400	2,293	52,350	52,400	2,435	55,350	55,400	2,578	58,350	58,400	2,720
46,400	46,450	2,153	49,400	49,450	2,295	52,400	52,450	2,438	55,400	55,450	2,580	58,400	58,450	2,723
46,450	46,500	2,155	49,450	49,500	2,298	52,450	52,500	2,440	55,450	55,500	2,583	58,450	58,500	2,725
46,500	46,550	2,157	49,500	49,550	2,300	52,500	52,550	2,442	55,500	55,550	2,585	58,500	58,550	2,727
46,550	46,600	2,160	49,550	49,600	2,302	52,550	52,600	2,445	55,550	55,600	2,587	58,550	58,600	2,730
46,600	46,650	2,162	49,600	49,650	2,305	52,600	52,650	2,447	55,600	55,650	2,590	58,600	58,650	2,732
46,650	46,700	2,165	49,650	49,700	2,307	52,650	52,700	2,450	55,650	55,700	2,592	58,650	58,700	2,735
46,700	46,750	2,167	49,700	49,750	2,309	52,700	52,750	2,452	55,700	55,750	2,594	58,700	58,750	2,737
46,750	46,800	2,169	49,750	49,800	2,312	52,750	52,800	2,454	55,750	55,800	2,597	58,750	58,800	2,739
46,800	46,850	2,172	49,800	49,850	2,314	52,800	52,850	2,457	55,800	55,850	2,599	58,800	58,850	2,742
46,850	46,900	2,174	49,850	49,900	2,317	52,850	52,900	2,459	55,850	55,900	2,602	58,850	58,900	2,744
46,900	46,950	2,176	49,900	49,950	2,319	52,900	52,950	2,461	55,900	55,950	2,604	58,900	58,950	2,746
46,950	47,000	2,179	49,950	50,000	2,321	52,950	53,000	2,464	55,950	56,000	2,606	58,950	59,000	2,749
47,000			50,000			53,000			56,000			59,000		
47,000	47,050	2,181	50,000	50,050	2,324	53,000	53,050	2,466	56,000	56,050	2,609	59,000	59,050	2,751
47,050	47,100	2,184	50,050	50,100	2,326	53,050	53,100	2,469	56,050	56,100	2,611	59,050	59,100	2,754
47,100	47,150	2,186	50,100	50,150	2,328	53,100	53,150	2,471	56,100	56,150	2,613	59,100	59,150	2,756
47,150	47,200	2,188	50,150	50,200	2,331	53,150	53,200	2,473	56,150	56,200	2,616	59,150	59,200	2,758
47,200	47,250	2,191	50,200	50,250	2,333	53,200	53,250	2,476	56,200	56,250	2,618	59,200	59,250	2,761
47,250	47,300	2,193	50,250	50,300	2,336	53,250	53,300	2,478	56,250	56,300	2,621	59,250	59,300	2,763
47,300	47,350	2,195	50,300	50,350	2,338	53,300	53,350	2,480	56,300	56,350	2,623	59,300	59,350	2,765
47,350	47,400	2,198	50,350	50,400	2,340	53,350	53,400	2,483	56,350	56,400	2,625	59,350	59,400	2,768
47,400	47,450	2,200	50,400	50,450	2,343	53,400	53,450	2,485	56,400	56,450	2,628	59,400	59,450	2,770
47,450	47,500	2,203	50,450	50,500	2,345	53,450	53,500	2,488	56,450	56,500	2,630	59,450	59,500	2,773
47,500	47,550	2,205	50,500	50,550	2,347	53,500	53,550	2,490	56,500	56,550	2,632	59,500	59,550	2,775
47,550	47,600	2,207	50,550	50,600	2,350	53,550	53,600	2,492	56,550	56,600	2,635	59,550	59,600	2,777
47,600	47,650	2,210	50,600	50,650	2,352	53,600	53,650	2,495	56,600	56,650	2,637	59,600	59,650	2,780
47,650	47,700	2,212	50,650	50,700	2,355	53,650	53,700	2,497	56,650	56,700	2,640	59,650	59,700	2,782
47,700	47,750	2,214	50,700	50,750	2,357	53,700	53,750	2,499	56,700	56,750	2,642	59,700	59,750	2,784
47,750	47,800	2,217	50,750	50,800	2,359	53,750	53,800	2,502	56,750	56,800	2,644	59,750	59,800	2,787
47,800	47,850	2,219	50,800	50,850	2,362	53,800	53,850	2,504	56,800	56,850	2,647	59,800	59,850	2,789
47,850	47,900	2,222	50,850	50,900	2,364	53,850	53,900	2,507	56,850	56,900	2,649	59,850	59,900	2,792
47,900	47,950	2,224	50,900	50,950	2,366	53,900	53,950	2,509	56,900	56,950	2,651	59,900	59,950	2,794
47,950	48,000	2,226	50,950	51,000	2,369	53,950	54,000	2,511	56,950	57,000	2,654	59,950	60,000	2,796

2004 MARYLAND TAX TABLE

If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...			If your taxable net income is...		
At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...	At least	But less than	Your Maryland tax is...
90,000			92,000			94,000			96,000			98,000		
90,000	90,050	4,224	92,000	92,050	4,319	94,000	94,050	4,414	96,000	96,050	4,509	98,000	98,050	4,604
90,050	90,100	4,226	92,050	92,100	4,321	94,050	94,100	4,416	96,050	96,100	4,511	98,050	98,100	4,606
90,100	90,150	4,228	92,100	92,150	4,323	94,100	94,150	4,418	96,100	96,150	4,513	98,100	98,150	4,608
90,150	90,200	4,231	92,150	92,200	4,326	94,150	94,200	4,421	96,150	96,200	4,516	98,150	98,200	4,611
90,200	90,250	4,233	92,200	92,250	4,328	94,200	94,250	4,423	96,200	96,250	4,518	98,200	98,250	4,613
90,250	90,300	4,236	92,250	92,300	4,331	94,250	94,300	4,426	96,250	96,300	4,521	98,250	98,300	4,616
90,300	90,350	4,238	92,300	92,350	4,333	94,300	94,350	4,428	96,300	96,350	4,523	98,300	98,350	4,618
90,350	90,400	4,240	92,350	92,400	4,335	94,350	94,400	4,430	96,350	96,400	4,525	98,350	98,400	4,620
90,400	90,450	4,243	92,400	92,450	4,338	94,400	94,450	4,433	96,400	96,450	4,528	98,400	98,450	4,623
90,450	90,500	4,245	92,450	92,500	4,340	94,450	94,500	4,435	96,450	96,500	4,530	98,450	98,500	4,625
90,500	90,550	4,247	92,500	92,550	4,342	94,500	94,550	4,437	96,500	96,550	4,532	98,500	98,550	4,627
90,550	90,600	4,250	92,550	92,600	4,345	94,550	94,600	4,440	96,550	96,600	4,535	98,550	98,600	4,630
90,600	90,650	4,252	92,600	92,650	4,347	94,600	94,650	4,442	96,600	96,650	4,537	98,600	98,650	4,632
90,650	90,700	4,255	92,650	92,700	4,350	94,650	94,700	4,445	96,650	96,700	4,540	98,650	98,700	4,635
90,700	90,750	4,257	92,700	92,750	4,352	94,700	94,750	4,447	96,700	96,750	4,542	98,700	98,750	4,637
90,750	90,800	4,259	92,750	92,800	4,354	94,750	94,800	4,449	96,750	96,800	4,544	98,750	98,800	4,639
90,800	90,850	4,262	92,800	92,850	4,357	94,800	94,850	4,452	96,800	96,850	4,547	98,800	98,850	4,642
90,850	90,900	4,264	92,850	92,900	4,359	94,850	94,900	4,454	96,850	96,900	4,549	98,850	98,900	4,644
90,900	90,950	4,266	92,900	92,950	4,361	94,900	94,950	4,456	96,900	96,950	4,551	98,900	98,950	4,646
90,950	91,000	4,269	92,950	93,000	4,364	94,950	95,000	4,459	96,950	97,000	4,554	98,950	99,000	4,649
91,000			93,000			95,000			97,000			99,000		
91,000	91,050	4,271	93,000	93,050	4,366	95,000	95,050	4,461	97,000	97,050	4,556	99,000	99,050	4,651
91,050	91,100	4,274	93,050	93,100	4,369	95,050	95,100	4,464	97,050	97,100	4,559	99,050	99,100	4,654
91,100	91,150	4,276	93,100	93,150	4,371	95,100	95,150	4,466	97,100	97,150	4,561	99,100	99,150	4,656
91,150	91,200	4,278	93,150	93,200	4,373	95,150	95,200	4,468	97,150	97,200	4,563	99,150	99,200	4,658
91,200	91,250	4,281	93,200	93,250	4,376	95,200	95,250	4,471	97,200	97,250	4,566	99,200	99,250	4,661
91,250	91,300	4,283	93,250	93,300	4,378	95,250	95,300	4,473	97,250	97,300	4,568	99,250	99,300	4,663
91,300	91,350	4,285	93,300	93,350	4,380	95,300	95,350	4,475	97,300	97,350	4,570	99,300	99,350	4,665
91,350	91,400	4,288	93,350	93,400	4,383	95,350	95,400	4,478	97,350	97,400	4,573	99,350	99,400	4,668
91,400	91,450	4,290	93,400	93,450	4,385	95,400	95,450	4,480	97,400	97,450	4,575	99,400	99,450	4,670
91,450	91,500	4,293	93,450	93,500	4,388	95,450	95,500	4,483	97,450	97,500	4,578	99,450	99,500	4,673
91,500	91,550	4,295	93,500	93,550	4,390	95,500	95,550	4,485	97,500	97,550	4,580	99,500	99,550	4,675
91,550	91,600	4,297	93,550	93,600	4,392	95,550	95,600	4,487	97,550	97,600	4,582	99,550	99,600	4,677
91,600	91,650	4,300	93,600	93,650	4,395	95,600	95,650	4,490	97,600	97,650	4,585	99,600	99,650	4,680
91,650	91,700	4,302	93,650	93,700	4,397	95,650	95,700	4,492	97,650	97,700	4,587	99,650	99,700	4,682
91,700	91,750	4,304	93,700	93,750	4,399	95,700	95,750	4,494	97,700	97,750	4,589	99,700	99,750	4,684
91,750	91,800	4,307	93,750	93,800	4,402	95,750	95,800	4,497	97,750	97,800	4,592	99,750	99,800	4,687
91,800	91,850	4,309	93,800	93,850	4,404	95,800	95,850	4,499	97,800	97,850	4,594	99,800	99,850	4,689
91,850	91,900	4,312	93,850	93,900	4,407	95,850	95,900	4,502	97,850	97,900	4,597	99,850	99,900	4,692
91,900	91,950	4,314	93,900	93,950	4,409	95,900	95,950	4,504	97,900	97,950	4,599	99,900	99,950	4,694
91,950	92,000	4,316	93,950	94,000	4,411	95,950	96,000	4,506	97,950	98,000	4,601	99,950	100,000	4,696

Use this Maryland tax computation worksheet if your taxable net income is \$100,000 or more.

1. Complete the worksheet step by step.

1. Enter the amount from line 23 of Form 502 or line 5 of Form 503	\$	
2. Subtract this amount	-3000	00
3. The difference is		
4. Multiply amount on line 3 by 4.75%	x	.0475
5. Carry the answer to two decimal places		
6. Add this amount to the amount on line 5	+ 90	00
7. This is your MARYLAND TAX	\$	



2. Write the amount of **MARYLAND TAX** computed above on line 24 of Form 502 or line 6 of Form 503.



OR FISCAL YEAR BEGINNING 2005, ENDING

CHECK HERE IF THIS IS A CHANGE OF ADDRESS [] CHECK HERE IF THIS IS A JOINT DECLARATION [] CHECK HERE IF YOU NEED VOUCHERS FOR REMAINING PAYMENTS []

Form with fields for Name, Social Security Number, Address, and Office Use Only.

IF YOU RECEIVE THE DECLARATION OF ESTIMATED PERSONAL INCOME TAX PACKET WHICH INCLUDES THE FOUR PREPRINTED VOUCHERS FOR SUBMITTING ESTIMATED PAYMENTS, PLEASE USE THE PREPRINTED VOUCHERS INSTEAD OF THIS FORM.

IF YOU DID NOT RECEIVE THE PACKET, USE THIS FORM TO REMIT ANY PAYMENT DUE AT THIS TIME. CHECK THE APPLICABLE BOX ON FORM 502D IF REPLACEMENT VOUCHERS ARE NEEDED FOR REMAINING INSTALLMENTS OF THE CURRENT TAX YEAR.

IMPORTANT: Please review the instructions before completing this form.

ESTIMATED TAX WORKSHEET

- 1. Total income expected in 2005 (federal adjusted gross income)
2. Net modifications (See instructions)
3. Maryland adjusted gross income (line 1 above, plus or minus line 2)
4. Deductions:
a. If standard deduction is used, see instructions on reverse side for amount to enter.
b. If deductions are itemized, enter total of federal itemized deductions less state and local income taxes.
5. Maryland net income (Subtract line 4 from line 3)
6. Personal exemptions (See instructions)
7. Taxable net income (Subtract line 6 from line 5)
8. Maryland income tax (See instructions)
9. Personal and business income tax credits
10. Subtract line 9 from line 8 (If less than 0 enter 0).
11. Local income tax or special nonresident income tax: multiply line 7 by .0 (See instructions)
12. Total 2005 Maryland and local income tax (Add line 10 and line 11)
13. Maryland income tax to be withheld during the year 2005
14. Total estimated tax to be paid by declaration (Subtract line 13 from line 12)
15. Amount to be submitted with declaration (Divide line 14 by 4)

For payment by credit card see payment instructions.

ESTIMATED TAX PAID FOR 2005 WITH THIS DECLARATION (If filing and paying electronically or by credit card do not submit this form) \$

Purpose of declaration The filing of a declaration of estimated Maryland income tax is a part of the pay-as-you-go plan of income tax collection adopted by the State.

Who must file a declaration You must file a declaration of estimated tax if you are required to file a Maryland income tax return and your gross income would be expected to develop a tax of more than \$500 in excess of your Maryland withholding.

You must file a declaration with payment in full within 60 days of receiving \$500 or more of income from awards, prizes, lotteries or raffles, whether paid in cash or property if Maryland tax has not been withheld.

When to file a declaration You must pay at least one-fourth of the total estimated tax on line 14 of this form on or before April 15, 2005. The remaining quarterly payments are due June 15, 2005, September 15, 2005 and January 17, 2006.

Overpayment of tax If you overpaid your 2004 income tax (Form 502 or 505) you may apply all or part of the overpayment to your 2005 estimated tax.

MARYLAND
PERSONAL
DECLARATION OF ESTIMATED INCOME TAX



How to estimate your 2005 tax The worksheet on page 1 is designed to develop an estimate of your 2005 Maryland and local income tax. Be as accurate as you can in forecasting your 2005 income. You may use your 2004 income and tax as a guide, but if you will receive more income than you did in 2004, you must pay at least **110%** of your prior year tax to avoid interest for underpayment of estimated tax. For the purpose of estimating, rounding all amounts to the nearest dollar is recommended.

Specific Instructions:

Line 1. Total income expected in 2005 is your estimated federal adjusted gross income.

Line 2. Net modifications. You must add certain items to your federal adjusted gross income. See Instruction 12 of the tax booklet. You may subtract certain items from federal adjusted gross income. See Instruction 13 of the tax booklet. Enter on this line the net result of additions and subtractions.

Line 4. Deductions. You may compute your tax using the standard deduction method or the itemized deduction method.

Standard deduction. Compute 15% of line 3.

For Filing Status 1, 3, 6: if the amount computed is less than \$1,500, enter \$1,500; if the amount is between \$1,500 and \$2,000, enter that amount; if the amount is more than \$2,000, enter \$2,000.

For Filing Status 2, 4, 5: if the amount computed is less than \$3,000, enter \$3,000; if the amount is between \$3,000 and \$4,000, enter that amount; if the amount is more than \$4,000, enter \$4,000.

Itemized deductions. Enter the total of federal itemized deductions less state and local income taxes.

Line 6. Personal exemptions. You are allowed:

- a. \$2,400 each for taxpayer and spouse.
- b. \$1,000 each for taxpayer and spouse if age 65 or over and/or blind.
- c. \$2,400 for each allowable dependent, other than taxpayer and spouse. The amount is doubled for allowable dependents age 65 or over.

Line 8. Maryland income tax. Compute your tax on the amount on line 7 using the following tax rate schedule:

If the amount on line 7 is:		Amount of tax
At least	but not over	(Enter on line 8)
\$ 0	- \$1,000	2% of the amount on line 7
1,000	- 2,000	\$20 plus 3% of the excess over \$1,000
2,000	- 3,000	\$50 plus 4% of the excess over \$2,000
3,000	- over	\$90 plus 4.75% of the excess over \$3,000

Line 11. Local or special nonresident income tax. Maryland counties and Baltimore City levy an income tax on residents that is a percentage of taxable net income. The amount you entered on line 7 is your taxable net income. Multiply that amount by your local tax rate (see below) and enter on line 11.

Subdivision	Rate	Subdivision	Rate
Baltimore City	.0305	Harford County	.0306
Allegany County	.0293	Howard County	.0320
Anne Arundel County	.0256	Kent County	.0285
Baltimore County	.0283	Montgomery County	.0320
Calvert County	.0280	Prince George's County	.0320
Caroline County	.0263	Queen Anne's County	.0285
Carroll County	.0305	St. Mary's County	.0305
Cecil County	.0280	Somerset County	.0315
Charles County	.0290	Talbot County	.0225
Dorchester County	.0262	Washington County	.0280
Frederick County	.0296	Wicomico County	.0310
Garrett County	.0265	Worcester County	.0125

Nonresidents use .0125

Filing a return instead of fourth payment Instead of making the fourth declaration payment on or before January 17, 2006, you may file your 2005 personal income tax return provided you file it on or before January 31, 2006 and pay in full with the return any balance of tax due.

Farmers and fishermen If your estimated gross income from farming or fishing is at least two-thirds of your total estimated gross income for the year, special provisions may apply. Your 2005 declaration and full payment of the estimated tax are due on or before January 17, 2006. You do not have to file the declaration if you file your complete tax return (Form 502 or 505) and pay the full amount of tax due on or before March 1, 2006.

Changes in income or exemptions Your situation may not require you to file a declaration on April 15, 2005. However, a large increase in income after that date may require you to file a declaration. If at any time during the year you need to amend your original declaration, simply increase or decrease the remaining payments.

Forms and information Declaration of estimated tax forms and any additional information may be obtained from the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001, or (410-260-7980 or 1-800-MDTAXES) from any of its branch offices.

Electronic filing You may file and pay your 2005 estimated taxes electronically. Visit our website at www.marylandtaxes.com and look for **on-line services**.

Payment by credit card You may pay your balance by using your MasterCard, Discover, American Express or Visa. Credit card payments may be made by telephone or over the internet. The internet option is available to everyone. You must have filed a 2003 Maryland income tax return to use the telephone option.

Both options will be processed by Official Payments Corporation who will charge a convenience fee of 2.5% on the amount of your payment. The State will not receive this fee. You will be told the amount of the fee before you complete your transaction. Do not include the amount of the convenience fee as part of the tax payment.

To make a credit card payment call 1-800-2PAYTAX (1-800-272-9829) or visit their website at: www.officialpayments.com

Payment by check or money order Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink. Put your social security number, type of tax and year of tax being paid, on your check. **DO NOT SEND CASH.**

Mailing instructions Mail your declaration of estimated tax to:
Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001

Penalties and interest If you are required by law to file a declaration of estimated tax for any taxable year and you either (1) fail to file on the date prescribed, (2) **fail to pay the installment or installments when due** or (3) estimate a tax less than ninety (90) percent of the developed tax shown on the return for the current taxable year and which estimate was less than **110%** of the tax paid for the prior year, you shall be subject to the penalties and interest as provided by law for the failure to file a return and the failure to pay a tax when due.

**UNDERPAYMENT OF ESTIMATED
MARYLAND INCOME TAX
BY INDIVIDUALS**

SEE EXPLANATION ON REVERSE. ATTACH THIS FORM TO FORM 502, 503 OR 505.

IMPORTANT: PLEASE REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM.

FARMERS AND FISHERMEN SEE BACK OF FORM FOR COMPUTATION

IF YOUR INCOME IS TAXABLE BY ANOTHER STATE, SEE BACK OF FORM.

Your first name and initial	Last name	Social security number
Spouse's first name and initial	Last name	Social security number

EXCEPTIONS WHICH AVOID THE UNDERPAYMENT INTEREST

No interest is due and this form should not be filed if:

- A.** The tax liability on gross income after deducting Maryland withholding is \$500 or less, or
- B.** You have made four quarterly payments as required, each equal to or more than one-fourth of 110% of last year's taxes.

COMPUTATION OF UNDERPAYMENT – LINES 1 THROUGH 15

1. Total Maryland income (from line 18 of Form 502, line 1 of Form 503 or line 25 of Form 505)	\$ _____
2. 2004 Maryland and local tax (from line 36 of Form 502, line 12 of Form 503 or line 38 of Form 505)	_____
3. Refundable earned income credit (from line 43 of Form 502, line 18 of Form 503 or line 45 of Form 505)	_____
4. Refundable income tax credits (from line 44 of Form 502 or line 47 of Form 505)	_____
5. Total tax developed on tax preference items	_____
6. Total (Add lines 3, 4 and 5)	\$ _____
7. Balance (subtract line 6 from line 2)	_____
8. Multiply line 7 by 90% (.90)	_____
9a. 2003 tax [Enter line 36 of 2003 Form 502, line 12 of 2003 Form 503 or line 38 (reduced by any credits on line 45) of 2003 Form 505]	_____
9b. Multiply line 9a by 110% (1.10)	_____
10. Minimum withholding and/or estimated tax required (Enter the lesser of line 8 or 9b.)	\$ _____

INSTALLMENT PERIODS

DUE DATES OF INSTALLMENTS			
April 15, 2004	June 15, 2004	September 15, 2004	January 15, 2005
1st Period	2nd Period	3rd Period	4th Period

- 11. Divide total Maryland income on line 1 into earnings per period (See instructions)
- 12. Divide earnings per period on line 11 by the amount on line 1 to determine the percent per period
- 13. Payments required. Multiply the amount on line 10 by the percent on line 12 for each period
- 14. Estimated tax paid and tax withheld per period (See instructions)
- 15. Underpayment per period (line 13 less line 14). If less than zero, enter zero.

COMPUTATION OF INTEREST

16. Interest factor (based on 13% annual rate) . . . . .	.0217	.0325	.0433	.0325
17. Multiply underpayment on line 15 by the factor on line 16 for each period.				
18. Interest (Add amounts on line 17.) Place total in appropriate box on line 50 of Form 502, line 22 of Form 503 or line 53 of Form 505 and include amount in your total payment with return				

UNDERPAYMENT OF ESTIMATED MARYLAND INCOME TAX BY INDIVIDUALS

GENERAL INSTRUCTIONS

Section 10-815 of the Tax-General Article of the Annotated Code of Maryland requires every individual, or individuals filing jointly, who receives taxable income which is not subject to Maryland withholding or from which not enough Maryland tax is withheld to file a Declaration of Estimated Tax if the income can be expected to develop a tax of more than \$500 in excess of the Maryland withholding. Furthermore, Sections 13-602 and 13-702 stipulate that any individual so required to file, who either (1) fails to file on the date or dates prescribed; (2) fails to pay the installment or installments when due; or (3) estimates a tax less than ninety (90) percent of the developed tax shown on the return for the current tax year and less than 110% of the tax paid for the prior year, shall be subject to penalty and interest.

WHO MUST FILE

If you believe that you are liable for interest for one of the reasons outlined above, or if you believe that you are not liable for interest due to an unequal distribution of income, please complete and submit this form with your tax return.

If you meet one of the exceptions shown on page 1, you are not required to file this form.

If you want us to figure the interest for you, complete your return as usual. Do not file Form 502UP. You will be notified of any interest due.

SPECIFIC INSTRUCTIONS

Lines 1 through 10 are used to determine the minimum amount required to be paid by estimated or withholding tax to avoid interest.

Lines 1-4

Enter the amounts specified from your 2004 Form 502, 503 or 505.

Line 5

Multiply the amount on line 6 of Form 502TP by 4.75% (.0475). Apply the local tax rate (nonresidents use .0125) in effect for your return and enter the sum on this line.

Line 9a

If your 2003 tax was corrected or amended, be sure to include any additional tax when calculating your total tax for the year.

Lines 11 through 15 will determine which periods are underpaid and the amount of underpayment.

Line 11

Enter in each column the income received for the period of the year covered by that column. If your income was received evenly throughout the year, enter one-fourth of line 1 in column 1, one-half of line 1 in column 2, three-fourths of line 1 in column 3 and an amount equal to line 1 in column 4. You may elect to report your income based on the actual dates of receipt. If so, enter income received between January 1 and March 31 in the first column; enter income received between January 1 and May 31 in the second column; enter income received between January 1 and August 31 in the third column and 100% of your income in the fourth column. NOTE: Regardless of whether you use an even distribution or base your entries on the actual receipt dates, each successive column will include the amount from the prior columns. See the example in the instructions for line 14.

Line 14

Enter in each column the sum of any estimated payments you have made and any Maryland tax withheld from the beginning of the year to the due date at the top of that column. Include any nonresi-

dent tax paid by S-corporations, partnerships or limited liability companies on your behalf. NOTE: Just as in line 11, each successive entry will include the amount from the prior columns. For example, if you paid \$500 in estimated payments each quarter, the first column will contain \$500, the second \$1,000, the third \$1,500 and the fourth \$2,000. Overpayments in later quarters may not be used to offset underpayments in previous quarters.

Lines 16 through 18 determine the amount of interest due for each underpaid quarter.

Line 16

The factors represent the interest rate for the portion of the year between the due date of each quarter and the due date of the next quarter. The rate is 1/12 of 13% for each month or part of a month from the due date. If your estimated tax payment was not timely, but was paid earlier than the due date of the next quarter, adjust the factor as follows: count the number of months from the due date that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 13% annual rate. Apply this adjusted factor to the underpaid amount on line 15.

Line 17

Using the factors on line 16 or the adjusted factor described above, determine the amount of interest due for each quarter and enter the amounts in the appropriate columns.

Line 18

Add all interest amounts in Columns 1 through 4 on line 17. Enter the total interest on the appropriate line of your tax return.

If the interest calculated on line 18 is zero because your income was not received evenly throughout the year, enter code number 301 in the box marked "code number" above the signature area of your return and attach this form to your return.

FARMERS AND FISHERMEN

If your gross income from farming or fishing is at least two-thirds of your total estimated gross income for the year, the 2004 declaration and full payment of the estimated tax is due on or before January 15, 2005. In lieu of filing the declaration, you may elect to file your full and complete annual return on or before March 1, 2005 and make full payment of the developed tax at that time.

If you fail to do either of the above, and the income not subject to withholding or from which not enough Maryland tax is withheld would be expected to develop a tax of more than \$500, then you are subject to interest. To compute the applicable interest charge, complete lines 1 through 10 of this form. Enter the amount from line 10 on line 13, column 4 and complete the rest of the form. Only column 4 will have entries.

To claim exemption from this interest charge or to use the special calculation, enter code number 300 in the box marked "code number" above the signature area of your return. Attach this form to your return if you used the special calculation.

INCOME TAXABLE BY ANOTHER STATE

If at least 90% of your taxable income is taxable by another state, and the underpayment is not greater than the local tax, no interest is due and you are not required to file this form.

To claim exemption from this interest charge, enter code number 302 in the box marked "code number" above the signature area of your return.



ATTACH TO YOUR TAX RETURN

Please Print Blue or Black Ink Only

Form fields for taxpayer and spouse names and initials.

YOUR SOCIAL SECURITY NUMBER

Form field for taxpayer's Social Security Number.

SPOUSE'S SOCIAL SECURITY NUMBER

Form field for spouse's Social Security Number.

Read Instructions for Form 502CR

Note: You must complete and submit both pages 1 and 2 of this form to receive credit for the items listed.

PART A - TAX CREDITS FOR INCOME TAXES PAID TO OTHER STATES

If you were a part-year resident, you may not claim a credit for tax paid on nonresident income you subtracted on line 13 of Form 502.

- 1. Enter your taxable net income from line 22, Form 502.
2. Taxable net income in other state. Write on this line only the net income which is taxable in both the other state and Maryland.
3. Revised taxable net income (Subtract line 2 from line 1.) If less than zero, enter zero.
4. Enter the Maryland tax from line 24, Form 502. This is the Maryland tax based on your total income for the year.
5. Tax on amount on line 3. Compute the Maryland tax that would be due on the revised taxable net income by using the Maryland Tax Table or Computation Worksheet contained in the instructions for Form 502. Do not include the local income tax.
6. Tentative tax credit (Subtract line 5 from line 4.) If less than zero, enter zero.
7. State tax shown on the tax return filed with the state of name of state. Enter the amount of your 2004 income tax liability (after deducting any credits for personal exemptions) to a state other than Maryland. Do not enter state tax withheld from your W-2 forms. It is important that a copy of the tax return that was filed with the other state be attached to your Maryland return.
8. Credit for income tax paid to other state. Your credit for taxes paid to another state is the smaller of the tax actually paid (line 7) or the reduction in Maryland tax resulting from the exclusion of income in the other state (line 6). Write the smaller of line 6 or line 7 here and on line 1, Part H, page 2

PART B - CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

- 1. Enter your federal adjusted gross income from line 1 of Form 502 or line 17, column 1 of Form 505 or Form 515
2. Enter your federal Child and Dependent Care Credit from federal Form 2441 or 1040A, Schedule 2
3. Enter the decimal amount from the chart in the instructions that applies to the amount on line 1
4. Multiply line 2 by line 3. Enter here and on line 2, Part H, page 2

PART C - QUALITY TEACHER INCENTIVE CREDIT

Table with 2 columns: Column A Taxpayer, Column B Spouse. Rows 1-6 for entering tuition amounts and calculating the maximum credit.

PART D - CREDIT FOR AQUACULTURE OYSTER FLOATS

- 1. Enter the amount paid to purchase an aquaculture oyster float(s) (may not exceed \$500) Enter here and on line 4 of Part H, page 2

MARYLAND INCOME TAX CREDITS FOR INDIVIDUALS



PART E - LONG-TERM CARE INSURANCE CREDIT

Complete Columns A through D. Answer questions and see instructions below before completing Column E.

Column A Name and Age of Insured	Column B Social Security No. of Insured	Column C Relationship to Taxpayer	Column D Amount of Premium Paid	Column E Credit Amount
1.				1.
2.				2.
3.				3.
4.				4.
5. TOTAL				5.

Question 1 - Did any of the above-named insured individuals have long-term care insurance prior to July 1, 2000? Yes No

Question 2 - Is the credit being claimed for any of the above-named insured individuals in this year by any other taxpayer? Yes No

Question 3 - Is the credit being claimed for any of the above-named insured individuals in any other tax year? Yes No

If you answered yes to any of the above questions, enter "0" in Column E for that insured person

Unless you have already entered zero, enter in Column E the lesser of the amount of premium paid for each insured or:

- \$260 for those insured that are under the age of 41;
- \$490 for those insured that are age 41 to 50; and
- \$500 for those insured that are over age 50.

Add the amounts in Column E and enter the total on line 5 (TOTAL) and line 5 of Part H, below.

PART F - CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS

1. Enter the total of the current year donation amount, and any carryover from prior year(s)	1	_____
2. Enter the amount of any payment received for the easement during 2004.	2	_____
3. Subtract line 2 from line 1.	3	_____
4. Enter the amount from line 24 of Form 502, line 32 of Form 505 or line 33 of Form 515, or \$5,000, whichever is less	4	_____
5. Enter the lesser of lines 3 or 4 here and on line 6 of Part H below. (If you itemize deductions, see Instruction 14.)	5	_____
6. Excess credit carryover. Subtract line 5 from line 3.	6	_____

PART G - CLEAN ENERGY INCENTIVE CREDIT FOR PHOTOVOLTAIC AND SOLAR WATER HEATING PROPERTY

1. Enter 15% of the cost of photovoltaic property (may not exceed \$2,000)	1	_____
2. Enter 15% of the cost of solar water heating property (may not exceed \$1,000)	2	_____
3. Total (Add lines 1 and 2.) Enter here and on line 7 of Part H below.	3	_____

PART H - INCOME TAX CREDIT SUMMARY

1. Enter the amount from Part A, line 8 (If more than one state, see instructions)	▶ 1	_____
2. Enter the amount from Part B, line 4	▶ 2	_____
3. Enter the amount from Part C, line 6	▶ 3	_____
4. Enter the amount from Part D, line 1	▶ 4	_____
5. Enter the amount from Part E, line 5	▶ 5	_____
6. Enter the amount from Part F, line 5	▶ 6	_____
7. Enter the amount from Part G, line 3	▶ 7	_____
8. Enter the amount from Section 2, line 4 of Form 502H. Attach Form 502H.	▶ 8	_____
9. Total (Add lines 1 through 8.) Enter this amount on line 27 of Form 502, line 35 of Form 505 or line 36 of Form 515	▶ 9	_____

PART J - REFUNDABLE INCOME TAX CREDITS

1. Neighborhood Stabilization Credit. Enter the amount and attach certification.	▶ 1	_____
2. Heritage Structure Rehabilitation Tax Credit (See instructions for Form 502H.) Attach certification.	▶ 2	_____
3. Claim of Right. (See instructions)	▶ 3	_____
4. Total (Add lines 1, 2 and 3.) Enter this amount on line 44 of Form 502, line 47 of Form 505, or line 54 of Form 515.	▶ 4	_____

GENERAL INSTRUCTIONS

Purpose of Form. Form 502CR is used to claim personal income tax credits for individuals.

You may report the following tax credits on this form: the **Credit for Income Taxes Paid to Other States, Credit for Child and Dependent Care Expenses, Quality Teacher Incentive Credit, Clean Energy Incentive Credit, Long-Term Care Insurance Credit, Credit for Preservation and Conservation Easements, Credit for Aquaculture Oyster Floats, the Heritage Structure Rehabilitation Tax Credit, the Neighborhood Stabilization Credit and Claim of Right Credit.**

The Neighborhood Stabilization Credit, a portion of the Heritage Structure Rehabilitation Tax Credit, and the Claim of Right Credit are refundable. The balance of the Heritage Structure Rehabilitation Tax Credit and all of the other credits may not exceed the state income tax.

Excess credit for preservation and conservation easements and for non-refundable heritage structure rehabilitation expenses may be carried forward to the next tax year. Excess amounts of the other credits cannot be carried forward.

Name and Other Information. Type or print the name(s) as shown on Form 502, Form 505 or Form 515 in the designated area. Enter the social security number for each taxpayer.

When and Where to File. Form 502CR must be attached to the annual return (Form 502, 505 or 515) and filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

PART A - CREDIT FOR INCOME TAXES PAID TO OTHER STATES

If you are a Maryland resident and you paid income tax to another state, you may be eligible for a credit on your Maryland return. Non-residents (filing Form 505 or Form 515) are not eligible for this credit.

Find the state to which you paid a nonresident tax in the groups listed below. The instructions for that group will tell you if you are eligible for credit and should complete Part A of Form 502CR. You must file your Maryland income tax return on Form 502 and complete lines 1 through 24 of that form. Then complete Form 502CR Parts A and H and attach to Form 502.

A completed, signed copy of the income tax return filed in the other state must also be attached to Form 502.

CAUTION: Do not use the income or withholding tax reported on the wage and tax statement (W-2 form) issued by your employer for the credit computation. Use the taxable income and the income tax calculated on the return you filed with the other state.

If you are claiming credit for taxes paid to more than one state, a separate Form 502CR must be completed for each state. Total the amount from each Form 502CR, Part A, line 8. Using only one summary section, record the total on Part H, line 1. Credit cannot be allowed for the local portion of the tax calculated on the return of the other state or on the Maryland return (line 31 of Form 502).

GROUP I - Nonreciprocal - Credit is taken on the Maryland resident return.

Alabama	Massachusetts	Pennsylvania
Arizona	Michigan	(except wage income)
Arkansas	Minnesota	Rhode Island
California	Mississippi	South Carolina
Colorado	Missouri	Tennessee
Connecticut	Montana	Utah
Delaware	Nebraska	Vermont
Georgia	New Hampshire	Virginia
Hawaii	New Jersey	(except wage income)

Idaho	New Mexico	Washington, D.C.
Illinois	New York	(except wage income)
Indiana	North Carolina	West Virginia
Iowa	North Dakota	(except wage income)
Kansas	Ohio	Wisconsin
Kentucky	Oklahoma	Territories and
Louisiana	Oregon	Possessions of the
Maine		United States

Group I - A Maryland resident having income from one of these states must report the income on the Maryland resident return Form 502. To claim a credit for taxes paid to the other state, complete Form 502CR and attach it and a copy of the other state's nonresident income tax return (not just your W-2 Form) to your Maryland return.

GROUP II - Reciprocal for wages, salaries, tips and commission income only.

Pennsylvania	Washington, D.C.
Virginia	West Virginia

Group II - Maryland has a reciprocal agreement with the states included in Group II. The agreement applies only to wages, salaries, tips and commissions. It does not apply to business income, farm income, rental income, gain from the sale of tangible property, etc. If you had such income subject to tax in these states, complete Form 502CR and attach it and a copy of the other state's nonresident income tax return (not just your W-2 Form) to your Maryland return.

If you had wages, plus income other than wages from a state listed in Group II, you should contact the taxing authorities in the other state to determine the proper method for filing the nonresident return.

GROUP III - No state income tax - No credit allowed.

Alaska	Texas
Florida	Washington
Nevada	Wyoming
South Dakota	

Group III - You must report income from these states on your Maryland resident return. You cannot claim any credit for income earned in these states because you did not pay any income tax to the other state.

PART A – IMPORTANT NOTE FOR DUAL RESIDENTS

A person may be a resident of more than one state at the same time for income tax purposes. If you must file a resident return with both Maryland and another state, use the following rules to determine where the credit should be taken:

1. A person who is domiciled in Maryland and who is subject to tax as a resident of any of the states listed in Group I or II can claim a credit on the Maryland return (Form 502) using Part A of Form 502CR.
2. A person domiciled in any state listed in Group I or II who must file a resident return with Maryland must take the credit in the state of domicile.

PART A – SPECIAL INSTRUCTIONS

Members of Pass-through Entities - When a partnership, S corporation, limited liability company (LLC) or business trust files a composite return on behalf of its partners, shareholders or members with states in Groups I and II, Maryland resident partners, shareholders or members may claim a credit for their share of the tax paid.

If the Maryland resident must file an individual nonresident return reporting the partnership, S corporation, LLC or business trust income, a separate Form 502CR must be completed for each state and submitted with a copy of the return filed with the other state. For both composite returns and individual returns, no credit is available for taxes paid to states in Group III, or for taxes paid to cities or local jurisdictions.

Shareholders of S Corporations - Maryland resident shareholders can claim a credit for taxes paid by an S corporation to a state which does not recognize federal S corporation treatment. A copy of the corporation return filed in the other state is required to be attached to the Maryland return. A separate Form 502CR should be completed for each state showing the following information:

$$\frac{\text{Stock ownership percentage}}{\text{Corporation taxable income}} \times \text{Line 2, Part A, Form 502CR} =$$

$$\frac{\text{Stock ownership percentage}}{\text{Corporation tax}} \times \text{Line 7, Part A, Form 502CR} =$$

NOTE: A preliminary calculation using Form 502 must be made before calculating the credit on Form 502CR. Complete lines 1 through 24 on Form 502 to determine the amounts to be used for the 502CR computation.

The credit amount shown on line 8 of Part A, Form 502CR must then be included as an addition to income on line 5 of the Form 502 you will file.

D.C. Unincorporated Business Franchise Tax - Self-employed individuals and partners in a partnership that are subject to D.C. unincorporated business franchise tax may claim a credit on Form 502CR. A copy of the D.C. return is required for self-employed individuals and for partners a K-1 or other statement from the partnership showing the partner's share of income and the partner's share of the D.C. tax.

Installment Sales in Another State - You may be eligible for credit for taxes paid to another state for gain recognized on installment sales proceeds, even if the other state required that the total gain be recognized in an earlier tax year. Credit is allowed against the state income tax only. The gain must have been deferred for federal tax purposes, but fully taxed in the year of the sale by another state which does not recognize the deferral. The credit allowed is the amount of the gain taxed in Maryland in the current year multiplied by the lesser of:

- the maximum state tax rate (currently 4.75%), or
- the tax rate imposed by the other state on the gain.

PART B - CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

If you were eligible for a Child and Dependent Care Credit on your federal income tax return, Form 1040 or 1040A for tax year 2004, you may be entitled to a credit on your Maryland state income tax return. The credit starts at 32.5% of the federal credit allowed, but is phased out for taxpayers with federal adjusted gross incomes above \$41,000 (\$20,500 for individuals who are married, but file separate income tax returns). No credit is allowed for an individual whose federal adjusted gross income exceeds \$50,000 (\$25,000 for married filing separately). Use the chart below to determine the decimal amount to be entered on line 3 of Part B.

PART C - QUALITY TEACHER INCENTIVE CREDIT

If you are a Maryland teacher, you may be able to claim a credit against your State tax liability for tuition paid to take graduate-level courses required to maintain certification. This credit applies to individuals who:

- currently hold a standard professional certificate or advanced professional certificate;
- are employed by a county/city board of education in Maryland;
- teach in a public school and receive a satisfactory performance evaluation for teaching;
- successfully complete the courses with a grade of B or better; and
- have not been fully reimbursed for these expenses. Only the unreimbursed portion qualifies for the credit.

Each spouse that qualifies may claim this credit. Complete a separate column in the worksheet for each spouse.

INSTRUCTIONS

- Line 1. Enter the amount of tuition paid for graduate-level courses for each qualifying teacher.
- Line 2. Enter the amount received as a reimbursement for tuition from your employer.
- Line 4. The maximum amount of credit allowed is \$1,500 for each qualifying individual.
- Line 5. The credit is limited to the amount paid less any reimbursement up to the maximum amount allowed for each qualifying individual. Enter the lesser of line 3 or line 4.
- Line 6. Enter the sum of line 5, Columns A and B. Also enter this amount on line 3, Part H.

CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES CHART

If your filing status is Married Filing Separately and your federal adjusted gross income is:		Decimal Amount	For all other filing statuses, if your federal adjusted gross income is:	
At Least	But less than		At least	But less than
\$0-	\$20,501	.3250	\$0	\$41,001
\$20,501	\$21,001	.2925	\$41,001	\$42,001
\$21,001	\$21,501	.2600	\$42,001	\$43,001
\$21,501	\$22,001	.2275	\$43,001	\$44,001
\$22,001	\$22,501	.1950	\$44,001	\$45,001
\$22,501	\$23,001	.1625	\$45,001	\$46,001
\$23,001	\$23,501	.1300	\$46,001	\$47,001
\$23,501	\$24,001	.0975	\$47,001	\$48,001
\$24,001	\$24,501	.0650	\$48,001	\$49,001
\$24,501	\$25,001	.0325	\$49,001	\$50,001
\$25,001	or over	.0000	\$50,001	or over

PART D - CREDIT FOR AQUACULTURE OYSTER FLOATS

A credit is allowed for 100% of the amounts paid to purchase a new aquaculture oyster float that is designed to grow oysters at or under an individual homeowner's pier. The device must be buoyant and assist in the growth of oysters for the width of the pier. The credit cannot exceed \$500.

PART E - LONG-TERM CARE INSURANCE CREDIT

A one-time credit may be claimed against the state income tax for the payment of qualified long-term care (LTC) insurance premiums as defined by the Internal Revenue Service (Publication 502) for a policy to insure yourself, or your spouse, parent, step-parent, child or stepchild, who is a resident of Maryland.

A credit may not be claimed if:

- a. the insured was covered by LTC insurance prior to July 1, 2000;
- b. the credit for the insured is being claimed in this year by another taxpayer; or
- c. the credit is being or has been claimed in any other tax year.

The credit is equal to the LTC premiums paid with a maximum per insured of:

<u>Amount</u>	<u>Age of Insured</u>
\$260	under 41 years
\$490	41 to 50 years
\$500	over 50 years

SPECIFIC INSTRUCTIONS

- Complete columns A through D of the worksheet for each insured individual. If more space is required, attach a separate statement.
- Answer Questions 1 through 3. If you answered "yes" for any of the questions, no credit is allowed for that individual. Enter "0" in column E.
- Unless you have already entered "0", enter in Column E the amount of premiums paid for each insured individual up to the maximum for that age group.
- Add the amounts in Column E and enter the total on line 5. Also enter this amount on line 5, Part H.

PART F - CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS

If you donated an easement to the Maryland Environmental Trust or the Maryland Agricultural Land Preservation Foundation to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, viewsheds or historic properties, you may be eligible for a credit 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.

The credit is equal to the difference in the fair market values of the property reduced by payments received for the easement.

If the property is owned jointly by more than one individual such as a husband and wife, **each individual owner is entitled to the credit based on their percentage of ownership.** The credit amount is limited to the lesser of the individual's state tax liability

for that year or the maximum allowable credit of \$5,000, per owner. In the case of a joint return each spouse must calculate their own state tax liability for limitation purposes. You can use the rules for filing separate returns in Instruction 8 in the Resident booklet to calculate each spouse's Maryland tax.

If the individual's allowable credit amount exceeds the maximum of \$5,000 the excess may be carried forward for up to 15 years or until fully used. Complete lines 1-6 of Part F. If you itemize deductions, see Instruction 14 in the Resident booklet.

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, plus any carryover from the prior year.

The carryover amount can be found on Part E line 6 of Form 502CR for tax year 2003.

For additional information, contact the Maryland Environmental Trust at 410-514-7900 (www.dnr.state.md.us\met), or the Maryland Agricultural Land Preservation Foundation at 410-841-5860.

PART G - CLEAN ENERGY INCENTIVE CREDIT

If you purchased photovoltaic property, you may be entitled to a tax credit of 15% (up to \$2,000) of the cost. A credit is also allowed for up to 15% (up to \$1,000) of the cost of solar water heating property. If either of these items was purchased for business purposes, use Form 500CR. For additional information, contact the Maryland Energy Administration, 1623 Forest Drive, Annapolis, MD 21403 (410-260-7183).

PART H - INCOME TAX CREDIT SUMMARY

This part is to summarize parts A through G and the non-refundable portion of Heritage Structure Rehabilitation tax credits. If the total from Part H, line 9 exceeds the state tax, the excess may not be refunded.

PART J - REFUNDABLE INCOME TAX CREDITS

Line 1 - NEIGHBORHOOD STABILIZATION CREDIT

If you live in the Waverly or Landsdowne sections of Baltimore City, or in the Hillendale, Northbrook, Pelham Woods, or Taylor/Dartmouth areas of Baltimore County, you may qualify for this credit. To apply, an individual should contact Baltimore County. Credit for homes purchased in Baltimore City must have been applied for by December 31, 2002. After certification by Baltimore City or Baltimore County, you may claim an income tax credit equal to the property tax credit granted by Baltimore City or Baltimore County. Enter the amount on line 1 of Part J and attach a copy of the certification.

Line 2 - HERITAGE STRUCTURE REHABILITATION TAX CREDIT

See instructions for Form 502H.

Line 3 - CLAIM OF RIGHT

If you repaid an amount reported as income on a prior year tax return this year that was greater than \$3,000, you may be eligible for an IRC Section 1341 Claim of Right credit. For additional information, see Administrative Release 40.

Line 4 - Add lines 1 through 3 and enter the total on the appropriate line of the income tax form being filed.

IMPORTANT NOTICE ABOUT A STATE OF MARYLAND HOMEOWNERS' PROPERTY TAX CREDIT PROGRAM

Under Maryland law, you may be eligible for a substantial credit on the property tax bill issued on your home, based upon your gross household income. This program is available to homeowners of all ages and the credit is calculated solely on the basis of gross income. The application form is not provided here in this income tax booklet because the credits are issued as a deduction from the homeowner's July property tax bill. The property tax credit application forms are processed separately by the State Department of Assessments and Taxation.

Use the chart printed below to see if it would be worthwhile for you to submit a Homeowners' Tax Credit application. If the actual property taxes on your home (based on no more than \$150,000 of full market value) exceed the "Tax Limit" amount shown on the table below for your household income level, you may be eligible for a credit and are urged to file an application. The table is printed for illustrative purposes, and therefore, the income amounts are listed in increments of \$1,000. For purposes of this program, the applicant must report total income, which means the combined gross household income before any deductions are taken. Nontaxable income, such as Social Security, Railroad Retirement or Veterans' benefits, also must be reported as income for the tax credit program.

2004 COMBINED GROSS HOUSEHOLD INCOME BEFORE DEDUCTIONS		TAX LIMIT	2004 COMBINED GROSS HOUSEHOLD INCOME BEFORE DEDUCTIONS		TAX LIMIT	2004 COMBINED GROSS HOUSEHOLD INCOME BEFORE DEDUCTIONS		TAX LIMIT
\$0-	4,000	\$ 0	13,000	285	22,000	1,020		
	5,000	10	14,000	350	23,000	1,110		
	6,000	20	15,000	415	24,000	1,200		
	7,000	30	16,000	480	25,000	1,290		
	8,000	40	17,000	570	26,000	1,380		
	9,000	85	18,000	660	27,000	1,470		
	10,000	130	19,000	750	28,000	1,560		
	11,000	175	20,000	840	29,000	1,650		
	12,000	220	21,000	930	30,000	1,740		
					and up	*		

*For each additional \$1,000 of income add \$90 to \$1,740 to find the amount that your tax must exceed.

If you think you might qualify on the basis of your household income, there are certain other legal requirements which must be met. Due to space restrictions, not all of the other special limitations can be listed here in this notice. The purpose of this notice is simply to advise you of the availability of the program and to suggest that you inquire further if you think you qualify on the basis of the income chart provided above.

To obtain a Homeowners' Tax Credit application form or to receive further information about your eligibility for the program, you should telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland. The application form explains the various program requirements in detail. The deadline for filing a Homeowners' Tax Credit application is generally September 1, 2005.

RENTERS' TAX CREDIT PROGRAM

The State of Maryland also makes available a Renters' Tax Credit of up to \$600 a year for renters age 60 and over or those 100% disabled if they qualify on the basis of income. Renters under age 60 who have a dependent child may be eligible for a credit if certain separate income requirements are met. To obtain a Renters' Tax Credit application form or to receive further information about the program, you may telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland. The filing deadline for the Renters' Program is September 1, 2005.

REAL PROPERTY TAX EXEMPTIONS FOR 100% DISABLED VETERANS AND BLIND PERSONS

There is a complete exemption from real property taxes on the dwelling house owned by disabled veterans with a 100% service connected permanent disability or by their surviving spouses. The State also allows an exemption on the first \$15,000 of valuation on the dwelling house owned by legally blind persons. For further information about either exemption, please telephone 410-767-4433 in the Baltimore area or 1-800-944-7403 (toll free) in other areas of Maryland.

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Tax Information and Assistance

PERSONAL SERVICE

Free, in-person tax assistance is provided at the taxpayer service offices listed to the right. Please bring a completed copy of your federal return and all W-2 statements. Offices are open Monday - Friday, 8:00 a.m. - 5:00 p.m. For accommodations for a disability, please contact the most convenient office before your visit.

EXTRA HOURS OF TAX ASSISTANCE

Our offices offer the following extended hours:

Monday, February 21, 2005	8:00 a.m. - 5:00 p.m.
Saturday, April 2, 2005	9:00 a.m. - 1:00 p.m.
Saturday, April 9, 2005	9:00 a.m. - 1:00 p.m.
Friday, April 15, 2005	8:00 a.m. - 7:00 p.m.

SPECIAL ASSISTANCE

Hearing impaired individuals may call:

Maryland Relay Service (MRS)	711
..... or 1-800-735-2258	
Baltimore Metro (TTY)	410-260-7157
..... or 410-767-1967	
Wheaton (TTY)	301-949-6032
Large format tax forms	410-260-7951

GENERAL INFORMATION

Call 1-800-MD TAXES (1-800-638-2937) or visit www.marylandtaxes.com. The Comptroller of Maryland offers extended hours for free telephone assistance from January 18 - April 15, 2005. During this period, telephone assistance is available from 8:00 a.m. until 9:00 p.m., Monday through Friday.

For more information regarding telephone assistance or to obtain forms and other publications, see page ii.

REFUND INFORMATION

Central Maryland	410-260-7701
Elsewhere	1-800-218-8160

BRANCH OFFICE

PHONE NUMBER

Annapolis 80 Calvert St., 1st Floor	410-260-7980
Baltimore 301 W. Preston St., Rm. 206	410-767-1995
Cumberland 112 Baltimore St., 2nd Floor	301-777-2165 301-334-8880
Elkton 103 Chesapeake Blvd., Suite D	410-996-0580
Frederick 100 W. Patrick St., Rm. 2110	301-694-1982
Hagerstown 1 S. Potomac St.	301-791-4776
New Carrollton 8181 Professional Pl., Ste. 101	301-459-9195
Salisbury 201 Baptist St., Rm. 2248	410-543-6800
Towson 300 E. Joppa Rd., PL-1A	410-321-2306
Upper Marlboro 14735 Main St., Rm. 083B	301-952-2810
Waldorf 183 Smallwood Village Ctr.	301-645-2226 301-843-0977
Wheaton 11510 Georgia Ave., Ste. 190	301-949-6030

DEADLINE: FRIDAY, APRIL 15, 2005