**GENERAL INSTRUCTIONS**
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.
Find the state to which you paid a nonresident tax in the groups listed on the back. The instructions for that group will tell you if you are eligible for credit and if you should complete Form 502CR.

If you are eligible for a credit, you must file your Maryland income tax return on Form 502 and you should first complete lines 1 through 62a of that form before preparing Form 502CR.

Form 502CR must be completed and attached 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 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. Credit cannot be allowed against the local portion of the tax calculated on the return of the other state or on the Maryland return (line 62b of Form 502).

**SPECIFIC INSTRUCTIONS**

**Line 1** — Enter your taxable net income as determined on line 59, Form 502. This amount includes all income received by you.

**Line 2** — Write on this line only the net income which is taxable in both the other state and Maryland. If you are taxed in the other state on income which is not taxable in Maryland, do not include that amount on line 2.

**Line 5** — Enter the Maryland tax (line 62a, Form 502).

**Line 6** — Compute the Maryland tax that would be due on the revised taxable net income (line 3) by using the Maryland Tax Table or Computation Worksheet contained in the instructions for Form 502. Do not include the local income tax.

**Line 7** — Enter the state tax shown on the tax return filed with the state of __________________. (Do not enter state tax withheld from your W-2 forms.) (Attach copy of return).

**Line 8** — Your credit for income tax paid to other state (Write the smaller of line 6 or 7 here and on line 67, Form 502).

### Form 502 CR TAX CREDITS FOR INCOME TAXES PAID TO OTHER STATES ATTACH TO YOUR TAX RETURN

<table>
<thead>
<tr>
<th>Your first name and initial</th>
<th>Last name</th>
<th>Social security number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse's first name and initial</td>
<td>Last name</td>
<td>Social security number</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxable net income (line 59, Form 502)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable net income in other state</td>
</tr>
<tr>
<td>Revised taxable net income (line 1 less line 2) (if less than zero, write zero)</td>
</tr>
<tr>
<td>Maryland tax (line 62a, Form 502)</td>
</tr>
<tr>
<td>Tax on amount on line 3 (from Maryland Tax Table or Computation Worksheet)</td>
</tr>
<tr>
<td>Tentative tax credit (line 4 less line 5)</td>
</tr>
<tr>
<td>State tax shown on the tax return filed with the state of __________________. (Do not enter state tax withheld from your W-2 forms.) (Attach copy of return)</td>
</tr>
<tr>
<td>Credit for income tax paid to other state (Write the smaller of line 6 or 7 here and on line 67, Form 502)</td>
</tr>
</tbody>
</table>

1996
GROUP A — Nonreciprocal – Credit is taken on the Maryland resident return.

Alabama
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Georgia
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oregon
Pennsylvania
(except wage income)
Rhode Island
South Carolina
Tennessee
Utah
Vermont
Virginia
(except wage income)
Washington, D.C.
(except wage income)
West Virginia
(except wage income)
Wisconsin
Territories and Possessions of the United States
Group A — 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 B — Reciprocal for wages, salaries, tips and commission income only.

Pennsylvania
Virginia
(except wage income)
Washington, D.C.
(except wage income)
West Virginia
Group B — Maryland has a reciprocal agreement with the states included in Group B. The agreement applies only to wages, salaries, tips and commissions. It does not apply to business income, farm income, rental income, etc. If you had earned income other than wages, salaries, tips and commissions in these states, complete Form 502CR and attach it and a copy of the other state’s nonresident income tax return to your Maryland return.

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

GROUP C — No State income tax – No credit allowed.

Alaska
Florida
Nevada
South Dakota
Texas
Washington
Wyoming
Group C — 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.

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 A or B can claim a credit on the Maryland return (Form 502) using Form 502CR.
2. A person domiciled in any state listed in Group A or B who must file a resident return with Maryland must take the credit in the state of domicile.

SPECIAL INSTRUCTIONS

Composite Returns — When a partnership, S Corporation or limited liability company (LLC) files a composite return on behalf of its partners or shareholders with states in Groups A and B, Maryland resident partners or shareholders may claim a credit for their share of the tax paid. No credit is available for taxes paid to states in Group C, or for taxes paid to cities or local jurisdictions. If the Maryland resident must file an individual nonresident return reporting the partnership, S Corporation or LLC income, a separate Form 502CR must be completed for each state and submitted with a copy of the return filed with the other state.

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:

Stock Ownership Percentage Corporation Taxable Income
Line 2, Form 502CR

Stock Ownership Percentage Corporation Tax
Line 7, Form 502CR

NOTE: A preliminary calculation using Form 502 must be made before calculating the credit on Form 502CR. Complete lines 51 through 62a on Form 502 to determine the amounts to be used for the 502CR computation.

The credit amount shown on line 8 of Form 502CR must then be included as an addition to income on line 21 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 the 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.

Sale of Residence in Another State — If you sell or exchange a residence located in another state in the current taxable year you may be entitled to a credit if:

1. You included the gain in your federal adjusted gross income;
2. You deferred recognition of gain for federal purposes on a previous principal residence in a prior taxable year; and
3. The deferred gain reduced the basis in the residence sold in the current taxable year, and where the previous principal residence was located.

If you satisfy all of these conditions do not complete Form 502CR. Contact any office of the Revenue Administration Division to receive additional information for claiming this credit.