

Maryland TaxSlayer User Guide



Tax Year 2023

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Introduction

This guide is an aid for training and for preparing Maryland (MD) tax returns. This guide focuses on how to enter information into TaxSlayer (TSO) to get an accurate MD tax return. It is not an exhaustive study of MD tax law. If you need more information on a particular topic of MD tax law, consult the MD Instruction booklet issued by the state or contact your District Training Coordinator or the State Training Coordinator at tax.training.MD@gmail.com. Amended returns and for Part-Year returns are covered in separate guide.

This guide reflects TSO & MD tax law for TY 2023. If you need to prepare a prior year MD return, you must be certified for that year and you will want to use the tax guide for that year.

The screen shots are from TSO TY2022. They are outlined in red. The TSO TY2023 screens are not expected to change other than to add the new items in the next section. Sample reports are outlined in blue and sample tax documents are outlined in green.

Links have been added to speed up navigation using the PDF version of the guide. For those of you who like hard copy, the Amendments & Part-year returns sections are at the end of the document, so that if you can easily print all but those sections.

What is new

Subtraction U for retired military increased to \$12,500 for those under 55 and \$20,000 for those 55 and older.

The maximum subtraction for adoption expenses increased to \$10,000 (\$12,000 for special needs).

A new subtraction for union dues (yc) has been added. There is no limit.

The Maryland Earned income credit and child and dependent care credits have been increased and are automatically calculated by TaxSlayer.

Venison credit has been removed.

The Homeowners Tax Credit (HTC) program has changed to allow an application for taxpayers whose income is only from social security, pension, and annuity to be good for three years.

Taxpayers have 3 years to show that they used Student Debt Relief credit to pay down their student loan. Otherwise, it is deducted from their return.

Overview of MD Tax Returns

Maryland (MD) returns start with Federal (Fed) Adjusted Gross Income (AGI) and then adds or subtract items that MD & Fed tax differently to arrive at MD AGI. MD subtracts deductions & exemptions to arrive at Taxable Income. MD has both a state tax and a local (county) tax. From each, various credits are subtracted, arriving at total tax net of credits. Payments are subtracted from the total tax to arrive at the balance due or refund.

Data entered into TSO for the federal return flows automatically into the MD return. This guide focuses on items that are treated differently by Fed and MD. Some require entry on a federal screen, while most require entry on a MD screen.

Maryland Checklist

Items unique to MD return are not addressed in the AARP Intake Booklet. It is recommended that the Counselor give the taxpayer (TP) the Maryland Taxpayer Checklist. Any question for which the answer is YES requires additional action. At the end of each line on the checklist is a code indicating where to enter it into TSO. See the Appendix for a copy of the [MD Checklist](#).

Residency

A taxpayer is considered a Resident of MD if they had a permanent home in MD or if they maintained a place of abode in MD for more than 183 days during the year and was present in MD for more than 183 days, even though their permanent home is not in MD.

A taxpayer is considered a Part Year Resident if they had a legal residence in MD at any time during the year, but not the whole year. There is an exception for Military, but that is out of scope. See [Part Year return](#) section for those returns.

Residency status as Resident or Part Year Resident is based upon facts and is not a choice.

Maryland Data Entered on Federal screens

The following 3 items require special entry on the Federal screen in order to show up correctly on the MD return:

- Savings Bond / Treasury Interest,
- Tax Exempt Interest / Dividends, and
- MD State Retirement Pick-up.

Each situation is described below.

Savings Bond & Treasury Interest

U.S. Savings bond & other Treasury interest are taxable by Fed, but not by MD. See the list of [tax-exempt obligations for MD](#). When a 1099-INT has saving bond interest (box 3), go to the Fed Interest screen and fill in the TSO field for Box 3.

Interest on U.S. Savings Bonds and Treasury obligations (Box 3)
(Note: Enter Taxable amount only)

Further down the screen, enter the amount again in “Amount of Interest on U.S. Savings Bonds and Treasury Obligations” field and select MD from the dropdown box. That amount appears on MD 502 SU on line AB and is summarized on line 13 of MD 502 with the code AB. If there are multiple 1099-INT forms with savings bond or treasury interest, the amounts are totaled by TaxSlayer and only the total appears on the MD return.

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return

 Enter savings bond interest from box 3

Please select your state *

 Select MD

SUBTRACTIONS FROM MARYLAND INCOME						
See Instruction 13.	8.	Taxable refunds, credits or offsets of state and local income taxes included in line 1	▶	8.	_____	
	9.	Child and dependent care expenses	▶	9.	_____	
	10a.	Pension exclusion from worksheet (13A)	▶	10a.	11346.00	
		Yourself	<input checked="" type="checkbox"/>	Spouse	<input type="checkbox"/>	
	10b.	Pension exclusion from worksheet (13E)	▶	10b.	_____	
		Yourself	<input type="checkbox"/>	Spouse	<input type="checkbox"/>	
	11.	Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1	▶	11.	4158.00	
	12.	Income received during period of nonresidence (See Instruction 26.)	▶	12.	_____	
	13.	Subtractions from attached Form 502SU	▶	13.	300.00	
		AB				
	14.	Two-income subtraction from worksheet in Instruction 13.	▶	14.	13.00	
	15.	Total subtractions (Add lines 8 through 14. See instructions.)	▶	15.	15817.00	
	16.	Maryland adjusted gross income (Subtract line 15 from line 7.)	▶	16.	11454.00	

U.S. Treasury interest does not appear in a separate box on most tax documents. Look at the detailed interest pages of the brokerage statement to find it. For mutual fund investments, look for a page that shows the percentage of federal income by fund.

Note that interest paid by the IRS on a delayed refund is not considered U.S. Treasury interest and is taxed by MD

Tax Exempt Interest & Dividends

All municipal bond interest is tax exempt for Fed, but only interest from MD state & local jurisdictions, plus a few other jurisdictions is tax exempt in MD. Whenever a TP has a 1099-INT (or 1099-DIV) with tax exempt interest (or dividend), the portion that is taxable in MD must be entered in a separate field on the Fed screen. The interest & dividend screens are similar, so only the interest screen is shown below.

Tax Exempt Interest (Box 8)

Specified Private Activity Bond (Box 9)

Market Discount (Box 10)

Bond Premium (Box 11)

Bond Premium on Treasury Obligations (Box 12)

Bond Premium on Tax-exempt bond (Box 13)

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return

Taxable State Interest

1099 Int has a value in box 8 (box 12 for 1099 Div)

Press this to get to next screen to enter taxable amount

Calculate & enter the portion that is taxable in MD

Taxable State Interest Item

State *

Owner

Amount

The taxable portion appears in the Additions to MD Income section on line 2 of MD 502.

ADDITIONS TO MARYLAND INCOME See Instruction 12.	2. Tax-exempt interest on state and local obligations (bonds) other than Maryland	2.	50.00
	3. State retirement pickup.	3.	
	4. Lump sum distributions (from worksheet in Instruction 12.)	4.	
	5. Other additions (Enter code letter(s) from Instruction 12.) ▶	5.	
	6. Total additions (Add lines 2 through 5. See instructions.)	6.	50.00
	7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6.)	7.	27421.00

The trick is to identify how much is taxable in MD. This involves looking at the pages of the brokerage statement that list dividends and interest by individual investment. For mutual fund investments, look for a page that shows taxability by state. If there is no information on the taxability, assume it is all taxable in MD. In the Appendix is a list of financial instruments that are [tax-exempt in MD](#) and those that are [taxable in MD](#).

MD State Retirement Contributions (State Pick up on W-2)

Fed does not tax employee contributions to any retirement plans, but MD does tax employee contributions to its MD State Retirement Agency (MSRA) plan. Conversely, when a taxpayer receives a distribution from MSRA, the portion that was initially contributed by the employee is not taxed. See the Subtractions section for how a [MSRA distribution on a 1099-R](#) is handled.

Most MD state, county, and city employees, but not all, are covered by MSRA. If the TP made a contribution to MSRA, the W-2 will have an amount in Box 14 with "STPICKU" description. That amount is not included in Box 1 of the W-2, because Fed does not tax it. No entry is needed on the MD screens once box 14 amount is correctly entered on the Federal W-2 entry screen.

a. Employee's social security number 011-00-XXXX		Save, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile		
b. Employer identification number (EIN) 15-1XXXXXX		1. Wages, tips, other compensation \$11,500.00		2. Federal income tax withheld \$1,500.00		
c. Employer's name, address, and ZIP code YOUR COUNTY SCHOOL 14 MAIN ST YC, YS, YZIP		3. Social security wages \$12,600.00		4. Social security tax withheld \$781.20		
		5. Medicare wages and tips \$12,600.00		6. Medicare tax withheld \$182.70		
		7. Social security tips		8. Allocated tips		
d. Control number		9.		10. Dependant care benefits		
e. Employee's first name and initial Employee's address and ZIP code TOM ANDREWS 12 MACON WAY YC/YS/ZIP		11. Nonqualified plans		12a. See instructions for box 12		
		13. Statutory Retirement Third-party Employee Plan sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b.		
		14. Other STPICKU 1,100.00		12c. 12d.		
15. State MD	Employer's state ID number 1211123	16. State wages, tips, etc. \$11,500.00	17. State income tax 800.00	18. Local wages, tips, etc.	19. Local income tax	20. Locality name
Form W-2 Wage and Tax Statement 20XX Copy B - To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.						

On the W-2 screen, select MD Pickup from the drop-down box for box 14.

On W-2 screen,
select MD PICKUP
& enter the
amount

14
a - Code a - Amount
MD PICKI \$1100.00

It appears on line 3 of MD return: State retirement pickup.

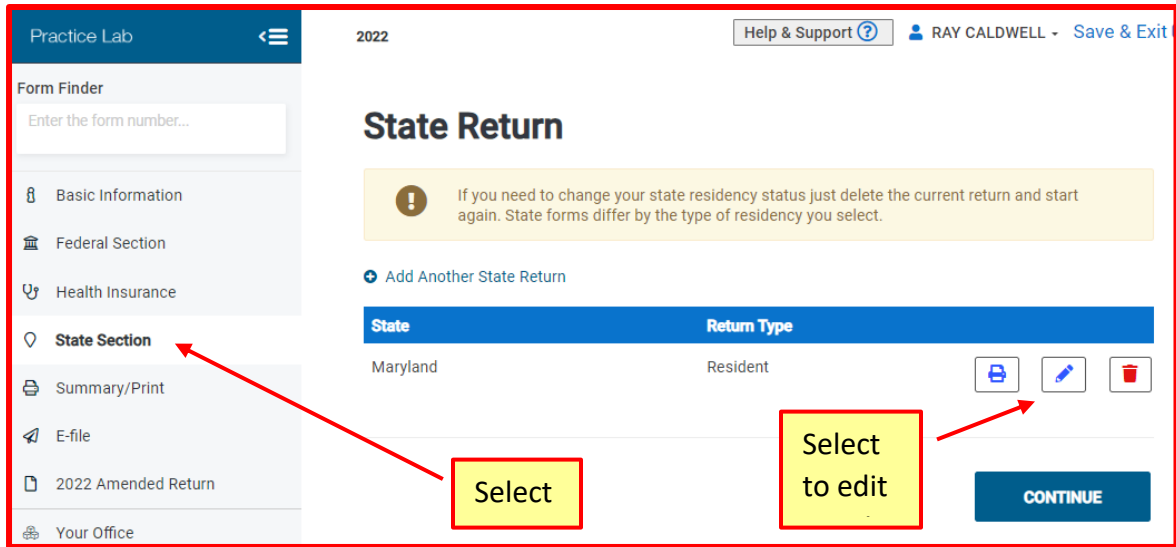
ADDITIONS TO MARYLAND INCOME	2. Tax-exempt interest on state and local obligations (bonds) other than Maryland ▶	2. _____
	3. State retirement pickup. ▶	3. 1100 00
	4. Lump sum distributions (from worksheet in Instruction 12.) ▶	4. _____
	5. Other additions (Enter code letter(s) from Instruction 12.) ▶	5. _____

How to Create a MD Resident return

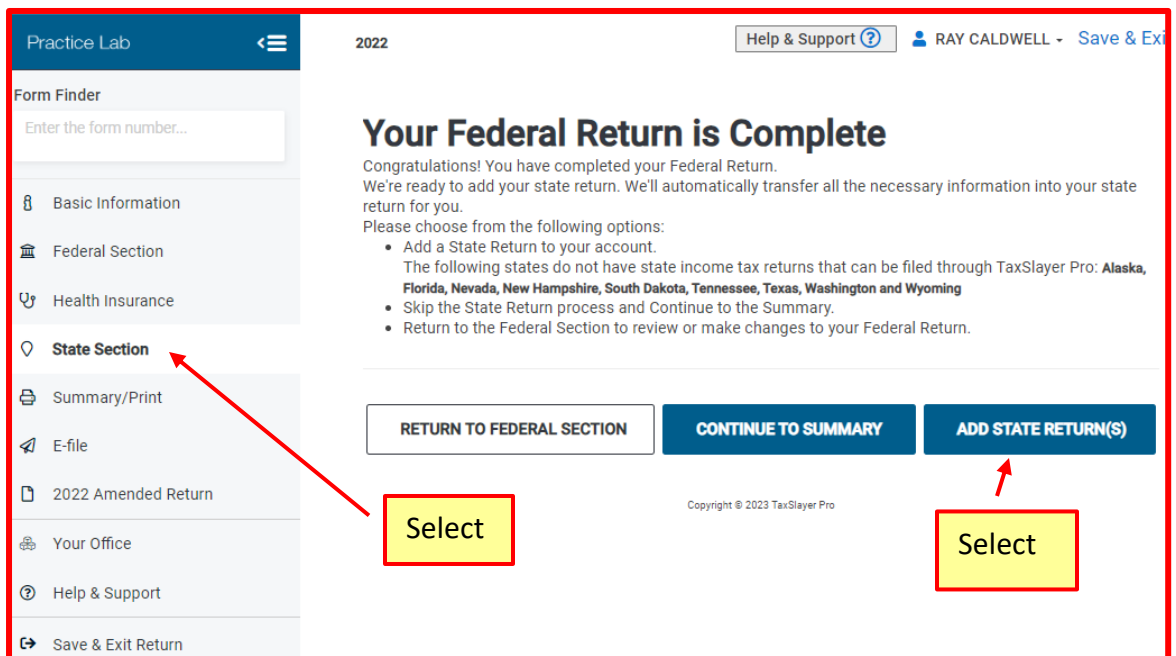
When you enter a MD zip code in the Fed Basic Information / Personal Information screen, TSO populates the “state” & “resident state” fields with “Maryland” and it automatically creates a resident MD return. As you leave that screen, TSO will take you to a series of MD screens asking about pensions, health care coverage, and the County the taxpayer (TP) resided in. Once you answer those questions, you are returned to the Federal Basic Information screen.

If you change the zip code on the Fed screen, be sure that the “resident state” field is correct. It is not automatically updated for changes to the zip code.

When you have completed the Federal return, if the MD return has been created, select State Section on left menu to see the state returns already created. Select the edit icon for Maryland.



If you need to manually create a MD return, go to the State Section & select Add State Returns.



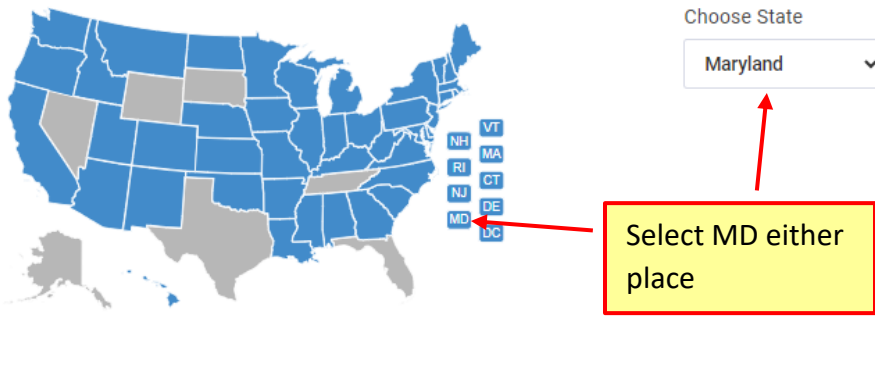
Next, select MD from the dropdown box or the button, then press Continue

Select your State Return

Please select the state that you would like to complete below.

Only states that accept tax returns for which you have not already created a state tax return are listed here. The following states **do not** have individual income tax returns:

Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming



The form displays a map of the United States where most states are highlighted in blue, indicating they are available for selection. A legend to the right of the map lists state abbreviations: VT, NH, RI, NJ, MD, DE, CT, MA, and DC. A red arrow points from a yellow callout box to the 'MD' option in the legend. To the right of the map is a 'Choose State' dropdown menu with 'Maryland' selected. Another red arrow points from the dropdown menu to the same yellow callout box.

Choose State
Maryland

Select MD either place

CANCEL

CONTINUE

Next, select Resident, then press Continue. See later sections in the guide for [Part-Year](#) & [Non-Resident returns](#).

Select your Maryland Return Residency

Please choose a return type

- Resident:** You are a Resident of Maryland if your permanent home is or was in Maryland OR your permanent home is outside of Maryland but you maintained a place of abode in Maryland for more than 6 months of the tax year and you were physically present for 183 days or more.
- Part Year:** You are Part Year Resident of Maryland if you moved into or moved out of Maryland during the tax year.
- Non-Resident:** You are a Nonresident if you were not a resident of Maryland but earned Maryland income.

CANCEL

CONTINUE

TSO will take you to a series of MD screens asking about pensions, health care coverage, and the County the taxpayer (TP) resided in. See [Pension Exclusion](#) section for discussion of pension screen. See [Basic Info](#) section for discussion of the latter two. Once you answer the questions, you are returned to the MD Return menu.

TaxSlayer MD menus

Below are the topics on the MD Return menu. Each will be addressed in turn in subsequent sections.

- [Basic Information](#)
- [Income](#)
- [Additions to Income](#)
- [Subtractions from Income](#)
- [Income Modifications](#)
- [Credits](#)
- [Contributions](#)
- [Payments](#)
- [Penalties and Interest](#)
- [Miscellaneous Forms](#)

Basic Information

Information from the Federal Basic Information screen is automatically transferred to the MD return. MD's Basic Info screen asks for info unique to MD.

When you first enter Federal Basic Info, you are taken to a MD screen briefly to answer if the Taxpayer, Spouse & Dependents each have health care coverage. TSO asks those questions again every time that you enter the MD return. If anyone on the return does not have health coverage, answer No and the TP can opt to give their name, SSN, date of birth, address and AGI to MD Comptroller and/or Medical Assistance.

Select the County in which you resided on December 31, 2022. Part-Year residents select the county you lived in prior to leaving the state.

MONTGOMERY - ALL OTHER AREAS

Do you have health care coverage?

Yes

No

Do you authorize the Comptroller of Maryland to share information from this tax return with the Maryland health Benefit Exchange for the purpose of determining pre-eligibility for no-cost or low-cost health care coverage?

Yes

No

E-mail address

If claiming dependents, do all dependents have Health Care Coverage?

Yes

No

If all dependents do not have health care coverage, enter the dependents without coverage

[Click here to access the Maryland's Voter Registration Website.](#)

Did You File a Maryland Return for 2021?

Yes

No

If Yes, Select Type of Return Filed for 2021

Resident

Must be accurate

Is populated by answers to pop-up question, default is Yes

Change to Yes, default is No

Would you like to share your tax information with the Medical Assistance Program?

Yes

No

Physical address in Maryland

Select if PO Box used on Fed return

Enter the county or county/city that the TP lives in. This determines both the local tax rate and the amount of tax shared by the county with the city. Only include the city if the TP lives within the city limits.

The default answer to “Did you file a return for 2022?” is blank. If one was filed, change that to “Yes” and fill in the next field about the type of return filed.

Maryland requires a street address on the return. If the address on the Federal return is PO Box, enter the physical street address at the bottom of the screen.

Income

This menu is not used.

Additions to Income

Additions to Income are items that MD taxes that Federal does not. The most common additions to income are Interest & Dividends that are tax-exempt for Federal, but not exempt in MD. These are entered in the [taxable interest / dividend fields](#) on the Federal interest & dividend screens. The MD Additions to Income screen is infrequently used because the few items that are in scope for Tax-Aide are rare.

Excess distributions from ABLE funds and MD Tuition Saving (529) accounts are in scope. Any distribution received from an ABLE account or a 529 education savings account that was not included in federal adjusted gross income and was not used for the benefit of the designated beneficiary for qualified disability or education expenses, must be added back into MD taxable income. Since the Gains in the fund are taxed by the IRS, only the amount of the original contribution for which a subtraction from MD income was taken is entered as an addition to MD income.

“Part year adjustments when a non-resident” is applicable only to [part-year returns](#) and is addressed in that section.

Enter Non-Maryland Tax-Exempt Interest on State and Local Obligations (Do not re-enter Federally reported Tax-Exempt Interest sourced to Maryland)

\$

Enter Lump Sum Distributions

\$ **Excess 529 or ABLE**

(1) Select the Other Additions that apply to you and enter the amount below

--Select--

(1) Enter the Other Additions Amount for the above addition

\$ **Choose addition, enter amount**

(2) Select the Other Additions that apply to you and enter the amount below

--Select--

(2) Enter the Other Additions Amount for the above addition

\$

If properly entered on Federal screen, it will carry over to the MD return, but will not be visible here

Below are the dropdown box choices for fields 1 & 2 above.

- Select-
- A - Part year adjustments when you were a nonresident
- B - Net additions to income from pass through entities
- C - Net additions to income from a trust
- D - Scorporation taxes included on MD 502CR
- E - Business tax credits reported on the MD 500CR.
- F - Oil percentage depletion
- G - Income exempt from federal tax
- H - NOL to the extent of double benefit
- I - Total of your tax preference items over \$10,000. Attach MD Form 502TP.
- J - Expenses attributable to operating a family day care
- K - Refunds of advanced tuition payments
- P - Refunds received by ABLÉ account contributor under MD ABLÉ Prog
- Q - Difference between FAGI under Mortgage Forgiveness and FAGI claimed in taxable year
- S - Funds withdrawn from first-time homebuyer savings account for other than eligible costs for purchase of home in the State

Subtractions from Income

Subtractions are items that Fed taxes that MD does not. The main screen is below. Each selection leads to an entry screen.

Subtractions From Income

BACK
CONTINUE

We have automatically carried over your subtractions from income to your Maryland return; however, Maryland does not tax certain items of income that are taxed by the Federal Government. Enter the amounts to be subtracted as allowable.

Pension Exclusion	EDIT
Two-Income Subtraction	BEGIN
Military Retirement Income Subtraction	BEGIN
Pension Exclusion for Forest/Park/Wildlife Rangers	BEGIN
Other Subtractions from Income	BEGIN

Pension Exclusion

MD does not tax the first \$36,200 of qualified pension income for TP or SP who is age 65 or over (each is eligible for his exclusion) and for both when either one of them is totally & permanently disabled, regardless of their ages. TSO calculates ages from the birth dates entered in the Federal screen. Check the box for disability on the MD pension exclusion screen, if applicable. MD verifies that there is documentation of total and permanent disability on file and rejects the subtraction until it gets proof.

Qualified pension income includes social security and distributions from qualified retirement plans, e.g., pension and employee stock ownership plans (ESOP). It does not include distributions from IRA's or insurance annuity programs. A 1099-R with box 7 code 7D indicates it is an annuity. Not all annuities are so marked, though. When an Insurance Co is the Payor on a 1099-R, ask if the payment is an annuity program. TSO assumes that taxable amount field on 1099-R screen is qualified pension income, unless either, the IRA box is checked on the 1099-R screen or an amount of non-qualified pension income is entered on the MD pension exclusion screen below.

Pension Exclusion

Totally Disabled Taxpayer:

Yes
 No

Spouse:

Yes
 No

Check if totally & permanently disabled

Taxable pension income entered on the federal will be automatically pulled to the MD pension exclusion if the taxpayer qualifies.

Enter any Nonqualifying pension income (this amount will be subtracted from the amount pulled from the federal return)

Taxpayer: \$

Spouse: \$

Enter amount of non-qualifying pension income (e.g., Annuity) (positive #)

Federal return has taxable pension income in the amount of \$22,787.00.

Total Benefits Received from Social Security

Taxpayer: \$ 22954

Spouse: \$ 11452

No entry needed

To avoid double counting a pension in both a Subtraction and the Pension Exclusion, certain pension-related subtractions must be entered as positive numbers on the above screen in the “non-qualifying pension income” field. This includes pensions for firemen or policemen for job related injuries or disabilities (Subtraction A) and pension for surviving spouse of firemen or policemen who died in the line of duty (Subtraction AA). TSO automatically excludes amounts used for the Military (Subtraction U) or Public Safety Officer (Subtraction V) pension subtractions when calculating the MD pension exclusion.

Two Income Subtraction (TIS)

On a joint return, if both taxpayer and spouse have income subject to MD tax, Maryland allows an additional subtraction of up to \$1,200 of income. The amount of the subtraction is based on the lesser of the incomes of each spouse subject to MD tax after all other subtractions have been applied. It appears on line 14 of the MD 502. TSO shows its calculation on the worksheet below that is printed after the MD return.

TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET (13D)		
	(a) You	(b) Spouse
1. ENTER the portion of federal adjusted gross income from line 1 of Form 502 attributable to each spouse.	25724	1547
2. ENTER the portion of additions to income from line 6 of Form 502 attributable to each spouse.		
3. ADD lines 1 and 2.	25724	1547
4. ENTER the portion of subtractions from income from lines 8-13 of Form 502 attributable to each spouse.	14120	1384
5. SUBTRACT line 4 from line 3.	11604	163
6. COMPARE the amounts on lines 5 (a) and (b) and enter the smaller amount here but not less than zero.		163
7. ENTER \$1,200 or the amount on line 6, whichever is less. ENTER this amount on line 14 of Form 502.		163

The calculation in TSO is automatic, but not always accurate. Errors occur when Federal Income, Federal Adjustments, MD Additions, or MD Subtractions are not attributed to TP vs. SP. The attribution is accurate when these items are attributed to either the TP or the SP using check boxes on the entry screens. When there are no TP/SP check boxes, TSO assumes a 50/50 split. To correct this, print the MD return to see the worksheet above and make the accurate attributions on the MD TIS screen below.

Two Income Subtraction

BACK

CONTINUE

The Subtractions for Pension exclusion and Taxable Social Security and RR benefits (Tier I, II and supplemental) included in federal AGI have been automatically calculated. All other subtractions will be split 50/50. If you wish to change the allocation of these subtractions, enter the amounts below for taxpayer and spouse.

Enter the portion of Taxable refunds, credits or offsets of state and local income taxes included in federal AGI Subtraction from Income that applies to the Two-Income married couple subtraction worksheet

Taxpayer: \$

From MD 502
line 8

Spouse: \$

Be sure that amounts entered for TP & SP equal the total amount of the item on the return

Enter the portion of Child and dependent care expenses

Taxpayer: \$

From MD 502
line 9

Spouse: \$

Enter the portion of Income received during period of nonresidence

Taxpayer: \$

For part-year
returns only

Spouse: \$

Enter the portion of Other Subtractions from Income on Form 502SU that apply to the Two-Income married couple subtraction worksheet

Taxpayer: \$

Spouse: \$

Attribute military pension here, along with other subtractions not covered in fields above

The Additions for State retirement pickup and Tax-exempt interest on state and local obligations (bonds) other than Maryland will be allocated between taxpayer and spouse. All other additions will be split 50/50. If you wish to change the allocation of these additions, enter the amounts below for taxpayer and spouse.

Enter the portion of Tax-exempt interest on state and local obligations (bonds) other than MD that apply to the Two-Income married couple subtraction worksheet

Taxpayer: \$

Spouse: \$

From MD 502 line 2

Enter the portion of Lump sum distributions that apply to the Two-Income married couple subtraction worksheet

Taxpayer: \$

Spouse: \$

From MD 502 line 4

Enter the portion of Other Additions to Income that apply to the Two-Income married couple subtraction worksheet

Taxpayer: \$

Spouse: \$

From MD 502 line 5

Adjustment to State Calculated AGI

Taxpayer: \$

Spouse: \$

Federal income or adjustments not attributed: e.g., student loan interest, alimony, or alimony. The two amounts should net to zero

In some cases, even if the TIS is accurate, TSO will give a hard error message, preventing continuation to the E-file section. This often occurs with military pension subtractions. If a TIS error message occurs, enter the amounts on the TIS screen above.

Military Retirement Income Subtraction

MD allows a subtraction of up to \$20,000 for a military pension for retiree aged 55 or over and up to \$12,500 for under 55. Pensioner must have been a member of an active or reserve component of the armed forces of the United States, an active-duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, the Coast and Geodetic Survey, a member of the Maryland National Guard, or the member's surviving spouse or ex-spouse.

If there is a military pension, enter full amount on the Military Pension screen below. TSO calculates the limits based upon age. It appears on MD 502 line 13 with code U. The balance of the military pension is eligible for the regular [pension exclusion](#).

In the year of a retiree's death, there may be two sets of payments, one to the retiree and another to the surviving spouse. A single retirement cannot result in two military subtractions entries on the same return. Do not combine them; enter the larger of the two.

Military Retirement Income Subtraction

BACK

Enter amount of military income allowed

Taxpayer: \$

Spouse: \$

Enter full amount of military pension. TSO will apply limits based upon age.

	8. Taxable refunds, credits or offsets of state and local income taxes included in line 1	8.	
	9. Child and dependent care expenses	9.	
SUBTRACTIONS FROM MARYLAND INCOME See Instruction 13.	10a. Pension exclusion from worksheet (13A) Yourself <input type="checkbox"/> Spouse <input checked="" type="checkbox"/>	10a.	16500 00
	10b. Pension exclusion from worksheet (13E) Yourself <input type="checkbox"/> Spouse <input type="checkbox"/>	10b.	
	11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1	11.	12325 00
	12. Income received during period of nonresidence (See Instruction 26.)	12.	
	13. Subtractions from attached Form 502SU <input type="checkbox"/> U	13.	15000 00
	14. Two-income subtraction from worksheet in Instruction 13	14.	1200 00
	15. Total subtractions (Add lines 8 through 14. See instructions.)	15.	45025 00
	16. Maryland adjusted gross income (Subtract line 15 from line 7.)	16.	33800 00

Pension Exclusion for Forest/Park/Wildlife Rangers

MD subtracts up to \$15,000 of pension for retired Forest/Park/Wildlife Ranger aged 55 to 64. It appears on MD 502 line 10b.

Retired Forest/Park/Wildlife Ranger Subtraction

Qualifying pension and retirement annuity included in your federal AGI

Taxpayer: \$ No entry required

Spouse: \$

Net taxable pension and retirement annuity included in your federal AGI attributable to employment as a forest/park/wildlife ranger of the United States, State of Maryland or a political subdivision of the State of Maryland

Taxpayer: \$ 5000 Entry total ranger pension

Spouse: \$

SUBTRACTIONS FROM MARYLAND INCOME <small>See Instruction 13.</small>	8. Taxable refunds, credits or offsets of state and local income taxes included in line 1	8. _____
	9. Child and dependent care expenses	9. _____
	10a. Pension exclusion from worksheet (13A) Yourself <input type="checkbox"/> Spouse <input type="checkbox"/>	10a. _____
	10b. Pension exclusion from worksheet (13E) Yourself <input checked="" type="checkbox"/> Spouse <input type="checkbox"/>	10b. 5000.00
	11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1	11. _____
	12. Income received during period of nonresidence (See Instruction 26.)	12. _____
	13. Subtractions from attached Form 502SU <u>XB</u> <u>Q</u> <u>AB</u>	13. 4655.00
	14. Two-income subtraction from worksheet in Instruction 13	14. _____
	15. Total subtractions (Add lines 8 through 14. See instructions.)	15. 9655.00
	16. Maryland adjusted gross income (Subtract line 15 from line 7.)	16. 42950.00

This subtraction only available to pensioners ages 64 and under, thus any excess above \$15,000 is not eligible for the pension exclusion since the TP is not 65 or over.

Other Subtractions from Income

There are a variety of other Subtractions that MD allows. Below is the entry screen. The miscellaneous Subtractions appear on MD 502 line 13 with a code to the left. Below is a description of each Subtraction

Other Subtractions From Income

BACK
CONTINUE

The preparer or taxpayer will need to forward the signature document and requested certification forms, either by email to cert@comp.state.md.us or by mail to the P. O. Box at: Revenue Administration Division, Electronic Processing Section, P O Box 2364, Annapolis, MD 21404.

(1) Select the Other Subtractions that applies to you and enter the amount below

R - Pickup contribution on Form 1099R

(1) Enter the Other Subtractions Amount for the above subtraction

\$ 6000

(2) Select the Other Subtractions that applies to you and enter the amount below

--Select--

(2) Enter the Other Subtractions Amount for the above subtraction

\$

Choose from drop down box, enter amount. Up to 6 subtractions allowed

SUBTRACTIONS FROM MARYLAND INCOME <small>See Instruction 13.</small>	8. Taxable refunds, credits or offsets of state and local income taxes included in line 1 ▶ 8.			
	9. Child and dependent care expenses ▶ 9.			
	10a. Pension exclusion from worksheet (13A) Yourself ▶ <input type="checkbox"/> Spouse ▶ <input checked="" type="checkbox"/> ▶ 10a.		16500	00
	10b. Pension exclusion from worksheet (13E) Yourself ▶ <input type="checkbox"/> Spouse ▶ <input type="checkbox"/> ▶ 10b.			
	11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1 ▶ 11.		12325	00
	12. Income received during period of nonresidence (See Instruction 26.) ▶ 12.			
	13. Subtractions from attached Form 502SU ▶ R		6000	00
	14. Two-income subtraction from worksheet in Instruction 13 ▶ 14.		1200	00
	15. Total subtractions (Add lines 8 through 14. See Instructions.) ▶ 15.		36025	00
	16. Maryland adjusted gross income (Subtract line 15 from line 7.) ▶ 16.		42800	00

The dropdown list is in the same order as the MD form 502 instructions. Ones that are out of scope are not included below.

a. Payments from a pension system to firemen and policemen for job related injuries or disabilities not to exceed the amount included in total income. This is for the retiree only, not a surviving spouse. Manually enter the amount again on pension exclusion screen in non-qualified pension field, to prevent double subtraction.

e. Profit, without regard to losses, from the sale or exchange of bonds issued by the state or local governments of Maryland

h. Expenses up to \$5,000 incurred by a blind person for a reader.

j. Amount of 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 the W-2.

k. Up to \$12,000 in expenses incurred by parents to adopt a child with special needs through a public or non-profit adoption agency; up to \$10,000 for adoption of a child without special needs who is a Maryland resident.

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.

q. Unreimbursed vehicle travel expenses for select volunteer activities. Do not enter this on Subtractions Screen. Enter it on [Income Modification](#) Screen.

r. Amount of pick-up contribution distributed is shown in box 19 on Form 1099R from the MD state retirement or pension systems (MSRA). The subtraction is limited to the lesser of the amount of pickup contribution in box 19 or the taxable pension in box 2a. Unused portion may be carried forward to next year until the full amount has been claimed. Note that initial contribution appears on W-2. See [State Pick up](#) section for how that is handled.

u. Military subtraction. Do not enter this in Other Subtractions. Enter it on the [Military Pension screen](#).

v. Up to \$15,000 in income from an employee retirement system that is attributable to service as a public safety employee (PSO) for a taxpayer who is age 55 or older on the last day of the taxable year. To qualify, you must be a retired correctional officer, law enforcement officer, or fire, rescue, or emergency services personnel of the United States, Maryland, or a political subdivision of Maryland. This is only available to the retiree, not a surviving spouse. Only subtract income that you included on your federal return as taxable income received as a pension, annuity or endowment from a qualified employee retirement system. Amounts greater than \$15,000 are included in the calculation of the Pension Exclusion.

va. The Honorable Louis L. Goldstein Volunteer Fire, Rescue and Emergency Medical Services Personnel Subtraction is \$7,000 for each taxpayer who is a qualifying volunteer as certified by a MD fire, rescue or emergency medical services organization and \$7,000 for each taxpayer who is a qualifying member of the U.S. Coast Guard Auxiliary, MD Defense Force or MD Civil Air Patrol as certified by these organizations. The Taxpayer must submit a copy of the certificate to the state either with a paper return or preferably by emailing the certificate to efil@marylandtaxes.gov.

vb. The Honorable Louis L. Goldstein Volunteer Police Personnel Subtraction is \$5,000 for each taxpayer who is a qualifying police auxiliary or reserve volunteer as certified by a bona fide Maryland police agency. The Taxpayer must submit a copy of the certificate to the state either with a paper return or preferably by emailing the certificate to efil@marylandtaxes.gov.

w. Up to \$1,500 of unreimbursed expenses that a foster parent incurs on behalf of a foster child. The foster parent must be approved by a local department to provide 24-hour care for a foster child in the house where the foster parent resides. A treatment foster parent licensed by a child placement agency may not claim the subtraction modification. Foster parent includes a kinship parent. The expenses must be deemed necessary by the local department of social services or the Montgomery County Department of Health and Human Services and may not include an expense for which the foster parent receives an allowance or reimbursement from any public or private agency.

xa. Up to \$2,500 per contract purchased for advanced tuition payments made to the Maryland Prepaid College Trust. Only \$2,500 may be subtracted by a taxpayer who is the owner of the contract for each beneficiary included in the contract.

xb. Up to \$2,500 per contributor per beneficiary of the total of all amounts contributed to investment accounts under the Maryland College Investment Plan and Maryland Broker-Dealer College Investment Plan. This cannot be claimed if account holder received a State contribution.

xc. Any ABLE distribution included in federal AGI, unless it was a refund or non-qualified distribution.

xd. Up to \$2,500 per ABLE account contributor per beneficiary of the total of all amounts contributed under the Maryland ABLE Program. A contribution in excess of the \$2,500 annual limitation, may be carried over and taken, subject to the annual \$2,500 limit. The carry over is limited to 10 succeeding taxable years.

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. Manually enter the subtraction again on pension exclusion screen in non-qualified pension field, to prevent double subtraction.

ab. Income from U.S. Government obligations. Do not enter interest that was entered on federal return as described in [Saving Bond](#) section. However, manual entry in Other Subtractions is required for capital gains from U.S. Government obligations and interest income on a K-1 from U.S. Government obligations.

ee. Amount received as a grant under the Solar Energy Grant Program administered by the Maryland Energy Administration, but not more than the amount included in your total income.

hh. Exemption adjustment where Fed AGI exceeds \$100,000 (\$150,000 for MFJ, HOH or QSS) and the MD exemption would have been higher if not for income from U.S. Government Obligations.

ii. Interest on any Build America Bond that is included in Fed AGI.

oo. Up to \$5,000 of income earned by a MD law enforcement officer residing in the MD political subdivision in which the officer is employed if the crime rate in that political subdivision exceeds the state's crime rate.

qq. This is moot, as long as Fed does not tax mortgage forgiveness. Amount of qualified principal residence indebtedness included in Fed AGI that was allowable as an exclusion under the Mortgage Forgiveness Debt Relief Act of 2007, as amended. The subtraction may not exceed \$100,000 for taxpayers who file S or MFS, and may not exceed \$200,000 for MFJ, HOH or QSS. Qualified principal residence indebtedness is debt used to buy, build or substantially improve your principal residence, or to refinance debt incurred for those purposes but only if the debt is secured by the home.

ss. A living individual may deduct up to \$10,000 of unreimbursed travel expenses, lodging expenses, lost wages, child care, elder care expenses, or medical expenses, paid or incurred, during the taxable year that are attributable to the donation of all or part of one or more of the individual's liver, kidney, pancreas, intestine, lung, or bone marrow to another individual for organ transplant. If filing a joint return, each individual may claim up to the maximum amount allowed.

tt. A full-time classroom teacher who teaches Kindergarten to grade 12 in an elementary or secondary school in the State of Maryland for an academic year ending during the taxable year may subtract up to \$250 of unreimbursed expenses paid or incurred during the taxable year for the purchase of classroom supplies used by: 1) students in the classroom; or 2) the teacher to prepare for or during classroom teaching. Only subtract the amount paid in excess of Educator Expense Adjustment on the Federal return. If filing a joint return, each teacher may claim up to the maximum amount allowed.

vv. The value of a subsidy for rental expenses received by a resident of Howard County under the "Live Where You Work" program of the Downtown Columbia Plan.

ww. A qualified individual may subtract up to \$5,000 per year of the amount contributed to a designated First-Time Homebuyer Savings Account plus the earnings, including interest and other income on the principal, on such account. The First-Time Homebuyer Savings Account must be opened for the sole purpose of paying or reimbursing eligible costs for the purchase of a home in the State. The subtraction may be claimed for a period not to exceed 10 years, and total earnings may not exceed \$50,000 during that 10-year period.

xx. Amount of donations of certain disposable diapers, certain hygiene products, and certain monetary gifts made by a taxpayer during the taxable year to certain qualified charitable entities that are registered with the Comptroller. The limit is \$1,000. To qualify for this subtraction, you must enter the value of the donation and the name of each qualified charitable entity to which a donation was made. The Comptroller may verify the donation with the qualified charitable entity.

ya. A subtraction against the State income tax for resident individuals who are at least 100 years of age at the end of the taxable year. The maximum value of the subtraction modification is equal to \$100,000 of income received by an individual during a taxable year. This subtraction is automatically calculated by TaxSlayer.

(yc) A subtraction for qualified union Dues.

When a certificate or other documentation is required to be filed with the tax return, the return must be paper filed or the certificate must be emailed to efil@marylandtaxes.gov.

Income Modifications

Oddly named, this screen is where unreimbursed travel expenses incurred for qualifying volunteer activities are entered. The subtraction appears on MD 502 on line 13 with code Q. Qualifying activities are:

- Volunteer at a fire company
- Volunteer for a charitable organization whose principal purpose is to provide medical, health or nutritional care
- Assist handicapped students at a Maryland community college, other than providing transportation to and from the school

Income Modifications

BACK

Use of Vehicle for Charitable Purposes (Form 502V)

Select

BEGIN

Decoupling Modification (Form 500DM)

BEGIN

Form 502V provides a subtraction from income for unreimbursed automobile travel expenses for service as a Volunteer for a nonprofit volunteer fire company or other Qualified organization.

To file Form 502V select YES and complete the information below

Yes

No

Be sure to check yes, otherwise it does not carry to the MD 502

Enter the Name of Qualifying Organization

CHESAPEAKE CITY VOLUNTEER FIRE COMPANY

Enter Total Charitable Mileage incurred for providing qualifying services from 01/01/2022 to 06/30/2022

1575

Enter the organization and unreimbursed miles and any reimbursement

Enter Total Charitable Mileage incurred for providing qualifying services from 07/01/2022 to 12/31/2022

2382

Enter any Reimbursement for travel that you have received

\$

Enter Amount also included on Federal Schedule A as a charitable deduction.

\$

Credits

Only six of the credits on the MD credit screen are in scope. Each has its own input screen. There is a seventh, the Senior Tax Credit, that does not require any input. TSO calculates it automatically based upon the ages of the TP & SP. The Senior Tax Credit has MD AGI limits, so it may not appear on all tax returns.

Credits

Certain credits are automatically calculated and carried from your Federal return to your Maryland return. Below are additional credits that are available for Maryland. Please review each section and complete the necessary information as it is applicable to your tax situation.

Credit for Taxes Paid to Another State - Form 502CR	<input type="button" value="BEGIN"/>
Quality Teacher Incentive Credit - Form 502CR	<input type="button" value="BEGIN"/>
Enter the amount paid to purchase an aquaculture oyster float(s) - Form 502CR	
<input type="text" value="\$"/> <input type="button" value="OOS"/>	
Long-Term Care Insurance Credit - Form 502CR	<input type="button" value="BEGIN"/>
Preservation and Conservation Easements Credit - Form 502CR	<input type="button" value="OOS"/> <input type="button" value="BEGIN"/>
Venison Donation - Feed the Hungry Organizations Tax Credit - Form 502CR	<input type="button" value="BEGIN"/>
Community Investment Tax Credit - Form 502CR	<input type="button" value="OOS"/> <input type="button" value="BEGIN"/>
Endow Maryland Tax Credit - Form 502CR	<input type="button" value="OOS"/> <input type="button" value="BEGIN"/>
Preceptors in Areas with Health Care Workforce Shortages Tax Credit - Form 502CR	<input type="button" value="OOS"/> <input type="button" value="BEGIN"/>

Independent Living Tax Credit - Form 502CR		BEGIN
Endowments of Maryland Historically Black Colleges and Universities - Form 502CR	OOS	BEGIN
Student Loan Debt Relief Tax Credit - Form 502CR		BEGIN
<p>The preparer or taxpayer will need to forward the signature document and requested certification forms, either by email to cert@comp.state.md.us or by mail to the P. O. Box at: Revenue Administration Division, Electronic Processing Section, P O Box 2364, Annapolis, MD 21404.</p>		
<p>IRC Section 1341 Repayment Credit - Form 502CR (See Instructions and Administrative Release 40)</p>		
\$	OOS	
Flow-through Nonresident PTE tax - Form 502CR	OOS	BEGIN
Catalytic Revitalization Projects and Historic Revitalization Credit - Form 502CR	OOS	BEGIN
<p>PTE Tax Paid on Resident members' distributive or pro rata shares of income</p>		
\$	OOS	
Business Tax Credits - Form 500CR	OOS	BEGIN

Credit for Taxes Paid to Another State

MD has a reciprocal tax agreement with PA, DC, VA and WV. For MD residents, MD will tax the earnings from the other state and the reciprocal state will not. The agreement applies only to wages, salaries, tips and commissions. It does not apply to gambling winnings, business income, farm income, rental income, gain from the sale of tangible property. Those are taxed like income from any non-reciprocal state.

If taxes were withheld in a reciprocal state, enter the W-2 in the Federal screen as usual, except enter zero in the "state income" field. Create non-resident (NR) return for that state. Since the income is zero for the reciprocal state, all of the withholdings will be refunded. There will be no credit on the MD return for taxes paid to the reciprocal state.

For income from a state that is not subject to reciprocity, MD will automatically apply a credit for the amount of tax on the other state return when the non-resident (NR) return for that state is created in TSO. Moreover, the NR state return accompanies the MD return when it is e-filed.

If there are any changes to the Federal return after the NR return has been created, TSO will not update the MD credit for the change in tax on the NR return. To correct this, either delete and recreate the MD return or manually change the amounts on the second screen below.

Credit For Taxes Paid to Another State

[BACK](#)

[+ Add State](#)

State DE	
Tax Paid	\$9,265

[Edit](#)

[Delete](#)

Click on 3 vertical dots and select Edit

Credit For Taxes Paid To Another State

[BACK](#) [CONTINUE](#)

Credit for taxes paid to another state. (We will automatically calculate this credit for your Resident return if you have a NonResident return created on your account. If you have a Part-Year return created, you will need to fill in the information below, if required.)

Select the Other State

Delaware

Enter total income taxable to Other State

\$ 9265

Correct the total taxable income

Enter the amount of income tax paid to the other state(s). This is generally indicated as total tax on the other state return. If income entered above is less than the other states total income, prorate the tax amount entered. DO NOT enter your other state withholding shown on your W-2 or other reporting form.

\$ 477

Correct the total tax

If a W-2 has local tax withholdings, enter those manually on the screen above. If it is a non-reciprocity state, e.g., Delaware, add the local tax to the state tax figure. If it is a reciprocal state, first, you have to Add a State on the top screen. Then enter the state name, taxable income and tax in the above screen.

Whenever a NR return is prepared, the Counselor must either be certified for that state or engage a certified Counselor from that state, i.e., through the State Tax Assistance Program (STAP) to review the out-of-state return. Advise the Site Coordinator to initiate STAP. Advise the TP to return in a week, to give the other state's Counselor time to review the return.

Quality Teacher Incentive Credit

A qualified teacher may be able to claim a credit of up to \$1,500 for tuition paid to take graduate-level courses required to maintain certification. To qualify, the teacher must meet all five criteria below.

- Currently hold a standard professional certificate or advanced professional certificate
- Be employed by a county/city board of education in Maryland, a state or local correctional facility, or a juvenile correctional facility as listed below
- Teach in a public school or qualified facility and receive a satisfactory performance
- Successfully complete the courses with a grade of B or better
- Have not been fully reimbursed by the state/county/city for these expenses

Only the unreimbursed portion qualifies for the credit. Each spouse that qualifies may claim this credit. The limit is per individual.

Qualified juvenile facilities include the Alfred D. Noyes Children's Center; the Baltimore City Juvenile Justice Center; the Charles H. Hickey, Jr. School; the Cheltenham Youth Facility; the J. DeWeese Carter Center; the Lower Eastern Shore Children's Center; the Thomas J. S. Waxter Children's Center; the Victor Cullen Center; the Western Maryland Children's Center; and the youth centers.

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. Complete the following information.

Enter the Maryland public school system in which you teach

BO MANOR

Enter the amount of Tuition paid

\$ 2000

Enter the amount of tuition reimbursement received

\$ 0

Enter the name of Institution tuition was paid to:

UNIVERSITY OF MARYLAND

Complete each field

Long Term Care Insurance Credit

A non-refundable 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 IRS (Publication 502) for a policy to insure taxpayer, spouse, parent, stepparent, child or stepchild, who is a resident of Maryland. A credit may not be claimed if any apply:

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

The credit is equal to the LTC premiums paid, up to a maximum per insured of \$450 for insured aged 40 or less and \$500 for insured over 40 years old. The first screen asks the qualifying questions. The second screen asks for information about the insured and the premium paid. There is room to enter info for 2 qualified insured persons.

Long Term Care Insurance Credit

BACK

CONTINUE

If any of these are Yes, the credit is not available

THIS IS A ONE-TIME CREDIT

Did the insured individual have long-term care insurance prior to July 1, 2000?

Yes

No

Is the credit being claimed for the insured individual in this year by any other taxpayer?

Yes

No

Has credit been claimed by anyone for the insured individual in any other tax year?

Yes

No

Is the insured individual for whom the credit is being claimed a nonresident of Maryland?

Yes

No

Qualifying Insured Individual (1)

BEGIN

Qualifying Insured Individual (1)

First Name of Qualifying Insured Individual

Last Name of Qualifying Insured Individual
 Fill in all fields

Age of Qualifying Insured Individual

Social Security Number of Qualifying Insured Individual

Relationship of Qualifying Insured Individual to Taxpayer
 ▼

Amount of Premium Paid

Independent Living Tax Credit

An individual may claim a credit against their Maryland State income tax equal to 50% of the qualified expenses incurred during a taxable year to install accessibility and universal visit ability features to, or within, a home. The qualified expenses incurred must be certified by the Department of Housing and Community Development in advance. See instructions for Form 502CR. The **certification must be submitted with the return**. If it cannot be attached electronically in TSO, the MD return must be paper filed.

Independent Living Tax Credit

BACK
CONTINUE

The preparer or taxpayer will need to attach a pdf or forward the signature document and requested certification forms, either by email to cert@comp.state.md.us or by mail to the P. O. Box at: Revenue Administration Division, Electronic Processing Section, P O Box 2364, Annapolis, MD 21404.

Independent Living Tax Credit (certified by the Maryland Department of Housing and Community Development)

Enter approved amount & attach certificate

Attach PDF of Certification Form
BEGIN

Student Loan Debt Relief Tax Credit

The Student Loan Debt Relief Refundable Tax Credit may be claimed by certain qualified taxpayers in the amount certified by the Maryland Higher Education Commission. A “Qualified taxpayer” means an individual who has incurred at least \$20,000 in undergraduate or graduate student loan debt and has at least \$5,000 in outstanding student loan debt when submitting an application for certification to the Maryland Higher Education Commission. The certificate authorizing the credit and specifying the amount of the credit will be issued to the student each year by 15 December. The credit must be claimed for the tax year for which the certification was issued. The **certification must be submitted with the return**. If it cannot be attached electronically in TSO, the MD return must be paper filed or the certificate emailed to efil.marylandtaxes.gov.

Student Loan Debt Relief Tax Credit

BACK
CONTINUE

The preparer or taxpayer will need to attach a pdf or forward the signature document and requested certification forms, either by email to cert@comp.state.md.us or by mail to the P. O. Box at: Revenue Administration Division, Electronic Processing Section, P O Box 2364, Annapolis, MD 21404.

Student Loan Debt Relief Tax Credit

\$ 5000

Attach PDF of Certification Form

Enter amount approved per certificate

Attach scanned certificate

BEGIN

Senior Tax Credit

For taxpayers filing S, aged 65 or older with income less than \$100,000, the credit is \$1,000. For MFJ (both 65 or older), HOH, and QSS the income limit is \$150,000 and the credit is \$1,750. For MFJ with only one aged 65 or older, the credit is \$1,000.

Earned Income Tax Credit

TaxSlayer automatically calculates EIC. There is no input required.

Contributions

The TP can choose to donate amounts to any of the four organizations. Amounts entered will appear on lines 35 through 38 of MD 502.

Contributions

Chesapeake Bay and Endangered Species Fund

Developmental Disabilities Services and Support Fund

Maryland Cancer Fund

Fair Campaign Financing Fund

Payments

Estimated state tax payments made during the year are entered on the Federal screen.

To apply some or all of a MD refund to next year's return, enter the amount on the screen below. This amount does not carry forward to the following year. So, it is helpful to enter a note in TaxSlayer to remind the preparer next year. Likewise, look at last year's MD return to verify if any refund had been applied to the current year. If that is the case, enter it on the Federal screen for state estimated payments.

If the taxpayer files an extension, enter the amount that will be paid with the extension on the screen below.

Payments

Your state withholdings and payments are automatically pulled from your Federal return. Please be sure that the state sections are completed on forms such as your W-2s and 1099s for accurate calculations. If you would like to apply all or part of your state refund to next years state tax return, you can come back to this section to enter that amount. The refund generator will display your refund amount once you have completed and SAVED the State return. To come back, State Section >> Edit >> Enter Myself >> Payments. Please note, if you enter an amount that is greater than your refund or you have a balance due on your state, the amount entered here will not be transferred to your state return.

Enter the amount of state refund that you would like to apply to next year

\$

Portion of refund to be applied to next year's return

Amount Paid with Extension

\$

Payment TP plans to send in with the extension

Tax Withheld on Form MW506NRS

\$

OOS

The preparer or taxpayer will need to attach a pdf of the MD Schedule K-1 (510) or forward the signature document and requested certification forms, either by email to cert@comp.state.md.us or by mail to the P. O. Box at: Revenue Administration Division, Electronic Processing Section, P O Box 2364, Annapolis, MD 21404.

Nonresident tax paid by pass-through entities (MD Schedule K-1 (510) required)

\$

OOS

Penalties and Interest

The only occasion to use this screen is if the funds in a First Time Homebuyers Savings Account are withdrawn and used for an ineligible purpose.

Penalties and Interest

Interest for Late Filing

Penalty for Withdrawal of Funds from a First Time Homebuyer Savings Account for an Ineligible Purpose

Miscellaneous Forms

Miscellaneous Forms

Estimated Payment Vouchers, Form PV

Form 502UP Underpayment of Estimated Tax

Application For Extension to File Personal Income Tax Return

MD Schedule K-1 (510) Input

Form HTC - Homeowners' Property Tax Credit Application

Form RTC - Renters' Tax Credit Application

Estimated Payment Vouchers

Taxpayers who owe money or those who pay estimated taxes regularly often want printed vouchers for making estimated payments for the following year. By entering amounts on the screen below, payment vouchers will be printed with the MD return.

Estimated Payment Vouchers Form PV

BACK

Enter amount of estimated payment by quarter

Payment Voucher 1, Due April 15, 2023

\$

Payment Voucher 2, Due June 15, 2023

\$

Payment Voucher 3, Due September 15, 2023

\$

Payment Voucher 4, Due January 15, 2024

\$

The easy way to calculate the amount for each quarter is to divide the balance due from the current MD return plus total estimated payments made during the current year by four. This works if no material changes are expected to the return.

Underpayment of Estimated Tax

MD has requested that we do not prepare a 502UP. TaxSlayer should default to not calculate the penalty. However, if the MD return reflects an underpayment penalty on line 49 of MD 502, access the screen below and select “NO” to the question “Complete 502UP”.

Form 502UP Underpayment Of Estimated Tax

Complete 502UP

Yes

No

If a penalty is automatically calculated, select No

Tax Developed on Tax Preference Items

\$

First Time Filer

Yes

No

Do not enter anything else on this screen

Prior Year Tax Liability

\$

Enter the dates of each estimated tax payment below

Payment Date (1st Quarter)

mm/dd/yyyy 📅

Homeowners Tax Credit (HTC)

TSO can create the Homeowners Tax Credit (HTC) application. However, it cannot be electronically filed. It must be submitted annually, or it can be submitted once every three years if the only income on the return is from social security, pension, or annuities. The approved credit is applied to the upcoming real estate tax bill. Qualification is based upon the gross income, including gross social security and tax-exempt interest, and real estate tax. See a separate presentation for further details on HTC.

Renters Tax Credit (RTC)

TSO can create the Renter's Tax Credit (RTC) application. However, it cannot be electronically filed. This is a credit towards rent for low income taxpayers. There is a chart showing rent by income levels. If the rent exceeds the amount listed for the taxpayer's gross household income, then a credit is granted.

Minimizing MD Tax

Standard vs. Itemized Deductions

TSO automatically uses the larger of the itemized deductions or standard deduction when creating the Federal return. MD requires using the same method as Federal. The standard deduction for MD is relatively small. Sometimes, if the total itemized deductions are within a few thousand dollars or 75% of the Federal standard deduction, the combined Federal and MD tax can be reduced by choosing to itemize. This causes the MD tax to go down by more than the Federal goes up.

To test this, first make sure all potential itemized deductions have been entered on the Federal screens, then total the Federal and MD refunds (or balances due) on the Refund Monitor on the right side of the screen.

RETURN SUMMARY	
AGI	\$78,825
Federal	\$4,879
State - MD	\$3,672

Go to Federal menu Deductions / Itemized Deductions / Use Standard or Itemized Deduction. Select force itemization. Total up the new amounts on the Refund Monitor. Determine which is better. Be sure the selection is set to the better one when you are done.

Force Itemized Deduction Instead of Standard Deduction

Please choose one:

Use better of standard deduction or itemized deduction.

Force to use itemized deduction. Select force, to see if better

CANCEL **CONTINUE**

Forcing sales tax in itemized deductions

TSO automatically uses the larger of state income tax deduction vs. state sales tax deduction when calculating itemized deductions for the Federal return. MD's itemized deduction calculation starts with Federal Itemized Deductions and subtracts state income tax withheld and estimated tax payments that appear on 1040 Sch A line 5a. If the MD sales tax deduction is within a few thousand dollars of the state income tax paid, it is possible to reduce the combined Federal and MD taxes by forcing the use of sales tax. To test which is better, look at the Federal and MD refunds (or balances due) on refund monitor. Then change the setting to force sales tax and examine the refund monitor again to see if it improved. To force sales tax, go to Federal menu Deductions / Itemized Deductions / Taxes You Paid and check the box for I want to deduct my state sales taxes instead of my state income taxes.

Schedule A - Taxes You Paid

CANCEL

CONTINUE



State and Local Tax amounts are automatically pulled from W-2, 1099, W-2G, and Estimates.

PLEASE DO NOT include any of these amounts in any of the boxes below or your calculations will NOT be correct.

Taxes Paid

Additional State and Local Income Tax

(DO NOT INCLUDE AMOUNTS FROM W-2, 1099, W-2G or Estimates.)

\$

State and Local Sales Tax Paid

ADD SALES TAX WORKSHEET

Prior Year 4th Quarter State Estimates paid after 12/31/2021

\$

Check this box



I want to deduct my state sales taxes instead of my state income taxes.

Appendices

Amended Returns

See separate training guide for Amended returns.

Part Year Returns

See separate training guide for Part Year returns.

MD Non-Resident Returns

There is a separate PowerPoint presentation for preparing MD Non-Resident Returns. It is rare that Counselors in MD are asked to prepare a MD Non-Resident Return; however, Counselors in neighboring states often do, if they are certified. Otherwise, they contact the MD Counselors who provide cross state assistance via the STAP program.

MD Checklist

See next page.

MARYLAND TAXPAYER CHECKLIST TY 2023

Yes	No	Did/was the taxpayer?
		Live in a state other than Maryland for any part of the year
		Anyone on return has NO Health Insurance today
		Pay real estate taxes and qualify for the Homeowners Tax Credit (HTC)
		Rent a house or apartment and qualify for the Renters Tax Credit (RTC)
		Qualify for elderly or retired military property tax credit (Owner who is ret mil or >40 yrs occupancy and > 65 years old)(county specific)
		Retired military (u)
		Retired Federal or MD PSO age 55 + (v)
		Retired Federal or MD Ranger age 55-64 (10b)
		Receive payment as a surviving spouse or beneficiary of a law enforcement office or firefighter killed in the line of duty (aa)
		Receive disability retirement payments for injury as a firemen or police (a)
		Police officer who lives & works in high crime subdivision (oo)
		Paid union dues (yc)
		Teach K-12 with unreimbursed tuition expenses for maintaining teaching certification Need B or higher (CR c)
		Teach FT K-12 with unreimbursed classroom expenses > fed limit of \$300 (tt)
		Pay Long Term Care insurance premiums (one-time credit) (CR e)
		Make MD tax estimated payments in 2023 or pay 2022 MD tax in 2023
		Contribute to MD Prepaid College Trust or Investment 529 Plan (xa/xb)
		Volunteer for charity for medical, health, nutritional care or assist handicapped students at community college & have unreimbursed mileage (q)
		Volunteer or work for fire or rescue & get a Length of Service awd (n)
		Volunteer or work for fire or rescue & get a Goldstein Certificate (va)
		Volunteer police auxiliary or Reserve & get a Goldstein Certificate (vb)
		Volunteer for a fire department & have unreimbursed mileage exp (q)
		Work for police or fire dept. & have income for use of official vehicle(j)
		Receive a Solar Energy grant from MD that is on Fed return (ee)
		Pay for a reader because you are blind (h)
		Adopt a child with or without special needs (k)
		Have unreimbursed expenses for a foster child living with you? (w)
		Have certificate for a tax credit (CR CC 1, CR K, CR N)
		Contribute to an ABLE account (xd)
		Act as a living Organ Donor (ss)
		Contribute to Diaper bank or similar qualified charity (xx)
		Contribute to first time home buyers savings account (ww)
		Age 100 + (ya)

Interest Tax-Exempt in MD

1. Maryland Municipal and State Obligations
2. Banks for Cooperatives
3. Federal Deposit Insurance Corporation
4. Federal Farm Credit Banks
 - Farm Credit Consolidated System-wide Discount Notes
 - Farm Credit Banks Consolidated System-wide Bonds
5. Federal Financing Bank
6. Federal Home Loan Banks
7. Federal Intermediate Banks
8. Federal Land Bank Association
9. Federal Land Banks
10. Federal Savings and Loan Insurance Corporation (FSLIC)
11. Financial Assistance Corporation (Farm Credit System Financial Assistance Corporation)
12. Financing Corporation (FICO)
13. General Services Administration (GSA) (Participation Certificates)
14. Guam Bonds
15. Panama Canal Zone Bonds specifically exempt from tax by 31 USC 744 and 745
16. Production Credit Association
17. Public Housing and Urban Renewal Project Notes issued by Public Housing and Urban Renewal Agencies administered by the Department of Housing and Urban Development
18. Puerto Rican Bonds
19. Resolution Funding Corporation
20. Small Business Administration SBA Debentures
21. Student Loan Marketing Association (Sallie Mae)
22. Tennessee Valley Authority (TVA)
23. U.S. Postal Service
24. U.S. Savings Bonds (Series E and H or EE and HH)
25. U.S. Treasury Notes and Bills
26. The Virgin Island Bonds
27. Washington Metropolitan Area Transit Authority Bonds (METRO)
28. Washington Suburban Sanitary Commission Bond

Interest Taxable in MD

1. District of Columbia Armory Bonds (issued after 1975)
2. District of Columbia Bonds (issued after 1975)
3. Export-Import Bank of the United States (Eximbank) Certificate of Beneficial Interest (CBIs)
4. Farmers Home Administration (including USAVE Certificates)
5. Federal Home Loan Mortgage Corporation (Freddie Mac) Mortgage Participation Certificates (PCs)
6. Federal Housing Authority (FHA)
7. Federal National Mortgage Association (Fannie Mae)
8. Government National Mortgage Association (GNMA) - See Administrative Release #10.
9. International Institutions
 - Asian Development Bank
 - Inter-American Development Bank
 - International Bank of Reconstruction and Development (World Bank)
 - International Monetary Fund
10. Maritime Administration (Merchant Marine)
11. Money Market Certificates
12. Municipal or State Obligations – Other than Maryland
13. New Communities Debentures issued under the Housing and Urban Development Act of 1968 and supplemented and extended in 1970 (includes Jonathan Development Corporation)
14. Repurchase Agreements
15. RFK Stadium Bonds
16. Washington Airports Authority Bonds - Release 13 9/2010