









Income Tax

Senate Bill 613 and House Bill 644 (Chapters 506 and 507) – Income Tax – Electronic Filing – Designation to Purchase Federal Savings Bonds

- ✓ Allows an individual who files an income tax return electronically to use all or a portion of his refund to purchase U.S. Series I Savings Bonds.
- ✓ Applicable to taxable years beginning after December 31, 2014.



Tax Legislation Enacted in 2014



Income Tax



Administrative

Senate Bill 172 (Chapter 464) – Budget Reconciliation and Financing Act of 2014

- ✓ Provides that the interest rate for income tax refunds that the Comptroller must pay as a result of a final decision in Comptroller v. Wynne is the average prime rate during fiscal year 2015 rounded to the nearest whole number.
- ✓ Effective June 1, 2014 and applies only to income tax refunds attributable to taxable years beginning after December 31, 2005 but before January 1, 2015.

Subtractions

Senate Bill 596 and House Bill 923
(Chapters 528 and 529) – Income Tax
Subtraction Modification – Mortgage
Forgiveness Debt Relief – Extension

- ✓ Extend the subtraction for discharge of qualified principal residence indebtedness to tax years 2014 and 2015.
- ✓ Subtraction equals amount allowable under the Mortgage Forgiveness Debt Relief Act of 2007, as amended, but limited to \$100,000.00 for an individual and \$200,000.00 for taxpayers who file married filing jointly, head of household, or as a surviving spouse.

Senate Bill 1070 and House Bill 1228
(Chapters 371 and 372) – Income Tax –
Subtraction Modification – Volunteer Fire,
Rescue, and Emergency Medical Services
Members

- ✓ Increases the Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue, and EMS Personnel Subtraction Modification Program for individuals who serve in a volunteer capacity and qualify for active duty service during the tax year from \$3500 to \$5000 over six years. \$4000 for tax year 2015.



Tax Legislation Enacted in 2015



Income Tax



Administrative

House Bill 72 (Chapter 489, Acts of 2015)
- Budget Reconciliation and Financing Act
of 2015

- ✓ Limits eligibility for State and local earned income credit to residents and part-year residents beginning with tax year 2015.
- ✓ Decreases minimum amount of annual appropriation to the Maryland Cybersecurity Investment Tax Credit Fund from \$2,000,000 to \$1,500,000 for fiscal year 2016.

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House Bill 72 (Chapter 489, Acts of 2015)
- Budget Reconciliation and Financing Act
of 2015 cont'd

- ✓ Alters credit allowed for tax paid by a resident to another state by removing the limitation that the credit is only allowed against the State income tax.
- ✓ Effective June 1, 2015.

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House Bill 485 (Chapter 312, Acts of 2015)
- Election Law - Fair Campaign Financing
Fund - Income Tax Checkoff

- ✓ Establishes a checkoff on the individual income tax return through which individuals may make a contribution to the Fair Campaign Financing Fund.

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House Bill 871 (Chapter 462, Acts of 2015)
- State Board of Individual Tax Preparers -
Expiration and Surrender of Registrations
and Civil and Criminal

✓ Authorizes the State Board of Individual Tax Preparers to impose a civil penalty of up to \$5,000 on a person who violates any provision of the Maryland Individual Tax Preparers Act.

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House Bill 871 (Chapter 462, Acts of 2015)
- State Board of Individual Tax Preparers -
Expiration and Surrender of Registrations
and Civil and Criminal *cont'd*

✓ Unless the Board accepts the surrender of registration, registration remains in effect and does not expire while the individual is under investigation by the board or awaiting a hearing or disposition on charges.

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House Bill 871 (Chapter 462, Acts of 2015)
- State Board of Individual Tax Preparers -
Expiration and Surrender of Registrations
and Civil and Criminal *cont'd*

✓ Violators of the Maryland Individual Tax Preparers Act previously assessed a civil penalty will be guilty of a misdemeanor and subject to a maximum penalty of a \$500 fine and/or six months imprisonment.

✓ Effective: October 1, 2015.

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Senate Bill 763 (Chapter 763, Acts of 2015)
- Tax Amnesty Program

- ✓ Required an amnesty period from September 1, 2015 to October 30, 2015 during which the Comptroller shall waive all civil penalties (except previously assessed fraud penalties) and one-half interest that would have been imposed.

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Senate Bill 868 (Chapter 204, Acts of 2015)
- Public Utilities - Transportation Network Services and For-Hire Transportation

- ✓ Establishes a regulatory framework for “transportation network services” that encompasses “transportation network companies” and “transportation network operators.”

Senate Bill 868 (Chapter 204, Acts of 2015)
- Public Utilities - Transportation Network Services and For-Hire Transportation
cont'd

- ✓ Authorizes local jurisdictions to impose an assessment not to exceed 25 cents per trip on each trip provided by a TNC with “trip” defined as the period in which the operator transports the passenger and continuing until the passenger departs the motor vehicle.

Senate Bill 868 (Chapter 204, Acts of 2015)
– Public Utilities – Transportation Network
Services and For-Hire Transportation
cont'd

- ✓ Authorizes the Comptroller to collect and distribute assessments.
- ✓ Any jurisdiction imposing assessments must notify the Comptroller of the amount of charge per trip.
- ✓ Effective 120 days after the Comptroller receives notice.



Subtractions

Senate Bill 592 (Chapter 125, Acts of 2015)
– Income Tax - Subtraction Modification -
Military Retirement Income - Individuals
at Least 65 Years Old

- ✓ Increases the existing subtraction modification on military retirement income for individuals who are at least 65 years old.
- ✓ Maximum amount that can be excluded is increased from \$5,000 to \$10,000.

Credits

House Bill 473 (Chapter 473, Acts of 2015) - Tax Credits - Employment of Individuals With Disabilities

- ✓ Increases the maximum value of the Qualifying Employees with Disabilities Tax Credit.
 - Employers can claim a credit equal to 30% of the first \$9,000 of wages paid to the qualifying employee for each of the first two years of employment, and
 - the maximum amount of eligible child care and transportation expenses that can be claimed in each of the first two years is increased to \$900.

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Senate Bill 694 (Chapter 193, Acts of 2015) - Income Tax Credit - Oyster Shell Recycling - Credit Amount

- ✓ Increases the credit to \$5 per bushel of oyster shells recycled during the taxable year.
- ✓ Individuals or corporations claiming credit are required to provide verification of the amount of oyster shells recycled.
- ✓ The credit may not exceed the lesser of \$750 or the State income tax.

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Senate Bill 905 (Chapter 486, Acts of 2015)
- Income Tax - Film Production Activity
Tax Credit

- ✓ Repeals the termination date of the of the film production activity tax credit program.
- ✓ For fiscal year 2017 and each fiscal year thereafter, it is the intent of the General Assembly that the Governor include in the budget bill an appropriation to the reserve fund.

Senate Bill 905 (Chapter 486, Acts of 2015)
- Income Tax - Film Production Activity
Tax Credit *cont'd*

- ✓ The amount is equal to the amount DBED reports as necessary to maintain the current level of film production activity in the state; and the amount of tax credits necessary to attract new film production activity to the state.
- ✓ Requires DBED to provide this information on or before July 1 of each year.



Estate Tax

House Bill 828 (Chapter 104, Acts of 2015)
– Maryland Estate Tax – Filing of Tax
Returns

- ✓ Alters requirements for filing estate tax returns so as to require returns only to be filed with the Comptroller 9 months after the date of death of the decedent.
- ✓ Estate tax returns should no longer be filed with the Register of Wills.

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Senate Bill 178 (Chapter 18, Acts of 2015) –
Maryland Estate Tax – Filing of Tax
Returns

- ✓ Prohibits the assessment of penalty for late payment of the Maryland estate tax if an alternative payment schedule is allowed by the Comptroller and the tax is paid in accordance with the alternative payment schedule.

Senate Bill 178 (Chapter 18, Acts of 2015) –
Maryland Estate Tax – Filing of Tax
Returns cont'd

- ✓ The prohibition only applies to estates that apply for an alternative payment schedule for payment of the Maryland estate tax on or after July 1, 2015, and receive approval by the Comptroller to pay the estate tax in accordance with an alternative payment schedule.
