









Income Tax



Administrative

**Senate Bill 95 (Chapter 128) –
Comptroller – Monitoring and
Recording of Telephone Calls –
Training, Quality Assurance, and
Employee Safety**

- ✓ Allows the Comptroller’s office to record incoming phone calls to the call center for training, quality assurance, and employee safety purposes.

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.

Senate Bill 297 (Chapter 53) – State Board of Individual Tax Preparers – Sunset Extension and Program Evaluation

- ✓ Extends the termination date for the State Board of Individual Tax Preparers to July 1, 2026.
- ✓ Requires a preliminary evaluation of the board by December 15, 2023.

Senate Bill 297 (Chapter 53) – State Board of Individual Tax Preparers – Sunset Extension and Program Evaluation cont'd

- ✓ Requires report by October 1, 2015 that:
 - (1) provides an update on expenditures and special fund balance; and
 - (2) includes recommendations for legislative changes necessary to provide additional authority needed to address complaints alleging the unregistered provision of individual tax preparation services.

Senate Bill 604 and House Bill 743
(Chapters 536 and 537) – Income Tax
Forms – Graphical Representation of
General Fund Expenditures

- ✓ Requires the Comptroller to include on certain tax forms a demonstrative representation of how much of each dollar that the General Fund receives is spent on education, health, public safety and any other category included by the Comptroller.
- ✓ Effective October 1, 2014

House Bill 217 (Chapter 590) –
Maryland Income Tax Refund –
Washington County - Warrants

- ✓ Extends the Warrant Intercept Program to Washington County residents who have an outstanding warrant from Anne Arundel County, Baltimore City, or Washington County.



House Bill 217 (Chapter 590) –
Maryland Income Tax Refund –
Washington County – Warrants
cont'd

- ✓ May not withhold a refund of active duty member of the U.S. Armed Forces or a joint income tax return.
- ✓ Effective for 5 years beginning October 1, 2014. Abrogates September 30, 2019.

**House Bill 313 (Chapter 594) –
Maryland Income Tax Refund –
Baltimore City - Warrants**

- ✓ Extends the Warrant Intercept Program to Baltimore City residents who have an outstanding warrant from Anne Arundel County, Baltimore City, or Washington County.



**House Bill 313 (Chapter 594) –
Maryland Income Tax Refund –
Baltimore City - Warrants *cont'd***

- ✓ May not withhold a refund of active duty member of the U.S. Armed Forces or a joint income tax return.
- ✓ Effective for 5 years beginning October 1, 2014. Abrogates September 30, 2019.



Credits

**Senate Bill 486 (Chapter 511) –
Income Tax Credit – Endow Maryland**

- ✓ Creates a nonrefundable credit equal to 25% of a donation worth \$500.00 or more of cash or publicly traded securities made by the taxpayer to a “qualified permanent endowment fund” at an “eligible community foundation.”

**Senate Bill 486 (Chapter 511) –
Income Tax Credit – Endow Maryland
cont’d**

- ✓ Credit may be carried forward up to five years or until the full amount of the credit is used, whichever is sooner.
- ✓ To claim the credit, a taxpayer must apply to the Department Housing and Community Development (the “Department”) for a credit certificate.

**Senate Bill 486 (Chapter 511) –
Income Tax Credit – Endow Maryland
cont’d**

- ✓ On or before January 31 of each year, the Department must provide a list of approved credits from the prior tax year to the Comptroller.
- ✓ For any taxable year, the amount of each tax credit certificate may not exceed \$50,000.00.

**Senate Bill 486 (Chapter 511) –
Income Tax Credit – Endow Maryland
cont'd**

- ✓ For each taxable year, Department must reserve at least 10% of available credits for donations of \$30,000.00 or less.
- ✓ Provides an addition modification equal to the amount of any deduction taken for a donation for which a credit is claimed.

**Senate Bill 486 (Chapter 511) –
Income Tax Credit – Endow Maryland
cont'd**

- ✓ Applicable to all tax years beginning after December 31, 2014.

**Senate Bill 570 (Chapter 525) –
Income Tax Credit – Qualified
Research and Development Expenses –
Credit Amounts**

- ✓ Increases the amount of research and development tax credit by increasing from \$8.0 million to \$9.0 million the aggregate amount of credits that DBED may approve in each calendar year.

**Senate Bill 570 (Chapter 525) –
Income Tax Credit – Qualified
Research and Development Expenses –
Credit Amounts *cont'd***

Effective June 1, 2014, and will be applicable to all Maryland research and development tax credits certified after December 15, 2013.

**House Bill 198 (Chapter 389) – Income
Tax – Earned Income Credit –
Refundable Amount**

✓ Expands the Maryland refundable earned income credit (REIC) by increasing it over four years from 25% to 28% of the federal earned income credit (EIC).

**House Bill 198 (Chapter 389) – Income
Tax – Earned Income Credit –
Refundable Amount *cont'd***

✓ Beginning with tax year 2015 the credit increases from 25% to 25.5 %;
✓ to 26% in 2016;
✓ to 27% in 2017; and
✓ 28% beginning in 2018.



Sales and Use Tax

House Bill 786 (Chapter 424) – Sales and Use Tax – Tax-Free Weekend – Exemption for Light-Emitting Diode (LED) Lights

- ✓ Expands the annual sales tax-free period for certain Energy Star products and solar water heaters to include light-emitting diode (LED) light bulbs to the items that are exempt.
- ✓ Abrogates without further action at the end of June 30, 2017.



Estate Tax

House Bill 739 (Chapter 612) – Maryland Estate Tax – Unified Credit

✓ Gradually conforms the Maryland estate tax to the value of the unified credit under the federal estate tax, thereby increasing the amount that can be excluded for Maryland estate tax purposes.

House Bill 739 (Chapter 612) – Maryland Estate Tax – Unified Credit cont'd

✓ Phased over five years and is equal to:

- (1) \$1.5 million for a decedent dying in calendar year 2015;
- (2) \$2.0 million for a decedent dying in calendar year 2016;
- (3) \$3.0 million for a decedent dying in calendar year 2017;

House Bill 739 (Chapter 612) – Maryland Estate Tax – Unified Credit cont'd

✓ Phased over five years and is equal to:

- (4) \$4.0 million for a decedent dying in calendar year 2018; and
- (5) the amount excluded under the federal estate tax for a decedent dying on or after January 1, 2019.
