

**i. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT.** Businesses may claim a credit against the project cost to establish, relocate or expand a business in a Tier I county in Maryland.

**m. RESERVED**

**n. ENERGY STORAGE SYSTEMS TAX CREDIT.** An individual or business may claim a credit for certain costs to install an energy storage system paid or incurred during the taxable year.

**o. CYBERSECURITY INCENTIVE TAX CREDIT.** A credit may be claimed by a buyer of cybersecurity technology or cybersecurity services, subject to certain maximum amounts.

**p. RESERVED.**

**q. RESERVED.**

**r. RESERVED.**

**s. CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS.** Members of a Pass-Through Entity (PTE) may be eligible for a tax credit for an easement conveyed to the Maryland Environmental Trust, the Maryland Agricultural Land Preservation Foundation, or the Maryland Department of Natural Resources to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, view sheds or historic properties. The credit **may not** be claimed on **both** Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR.


**t. APPRENTICE EMPLOYEE TAX CREDIT.** Certain taxpayers may be eligible for an income tax credit for the first year of employment of eligible apprentices.

**u. QUALIFIED FARMS TAX CREDIT.** Qualified farms that make an eligible food donation may be eligible for an income tax credit.

**v. ENDOW MARYLAND TAX CREDIT.** Businesses that donate \$500 of cash or publicly traded securities to a qualified permanent endowment fund at an eligible community foundation may be eligible for a tax credit of 25% of the approved donation with a maximum credit of \$50,000. Individuals who make an approved donation may also be eligible for this tax credit, and may elect to claim this credit on Form 502CR instead of Form 500CR (See Line 24 Instructions, code letter i). The credit may not be claimed on both Form 500CR and Form 502CR. PTE members may claim this credit on Form 500CR.

**w. ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES TAX CREDIT.** Taxpayers making donations to a qualified permanent fund held at an eligible institution of higher education (Bowie State University, Coppin State University, Morgan State University, or University of Maryland Eastern Shore), may be eligible for a credit of 25% of the amount of donations. Taxpayers who make an approved donation and certified as eligible for this tax credit may claim the credit on Part BB of Form 500CR instead of Form 502CR. The credit **should not** be claimed on **both** Form 500CR and Form 502CR.

**x. WORK OPPORTUNITY TAX CREDIT.** An employer may claim a nonrefundable credit against the State income tax for up to 50% of the federal Work Opportunity Tax Credit with respect to a qualified individual who is employed in the State. Any unused amount of the credit may not be carried forward to any other tax year.

**y.  Automated External Defibrillator Tax Credit for Restaurants.** An individual who owns a restaurant in Maryland and purchases an automated external defibrillator for use at the restaurant may claim a credit. See Form 500CR, Part T for additional information.

**Use the LOCAL TAX RATE CHART and the LOCAL TAX WORKSHEET (19A) to figure your local income tax. Use the county (or Baltimore City) you resided in on the last day of the tax year and which you showed in the box at the top of Form 502. Military taxpayers should refer to Instruction 29.**

**2023 LOCAL TAX RATE CHART**

Subdivision	Rate
Baltimore City . . . . .	.0320
Allegany County . . . . .	.0303
<b>Anne Arundel County . . . . .</b>	<b>See below*</b>
Baltimore County . . . . .	.0320
Calvert County . . . . .	.0300
Caroline County . . . . .	.0320
Carroll County . . . . .	.0303
Cecil County . . . . .	.0280
Charles County . . . . .	.0303
Dorchester County . . . . .	.0320
<b>Frederick County . . . . .</b>	<b>See below**</b>
Garrett County . . . . .	.0265
Harford County . . . . .	.0306
Howard County . . . . .	.0320
Kent County . . . . .	.0320
Montgomery County . . . . .	.0320
Prince George's County . . . . .	.0320
Queen Anne's County . . . . .	.0320
St. Mary's County . . . . .	.0300
Somerset County . . . . .	.0320
Talbot County . . . . .	.0240
Washington County . . . . .	.0295
Wicomico County . . . . .	.0320
Worcester County . . . . .	.0225
<b>Nonresidents use . . . . .</b>	<b>.0225</b>

**NOTE**

\* **Anne Arundel Co.** The local tax rates for taxable year 2023 are as follows:

- (1) .0270 of an individual's Maryland taxable income of \$1 through \$50,000; and
- (2) .0281 of an individual's Maryland taxable income in excess of \$50,000.

Find the income range in the Anne Arundel County tax table (beginning on p. 33) that applies to the amount on line 20 of Form 502. If your taxable income is \$100,000 or more, use the Anne Arundel County Tax Computation Worksheet Schedule (19D) at the end of the tax table.

\*\* **Frederick Co.** The local tax rates for taxable year 2023 are as follows:

- (1) .0275 for taxpayers with Maryland taxable income of \$100,000 or less and a filing status of married filing joint, head of household, or qualifying surviving spouse with dependent child;
- (2) .0275 for taxpayers with Maryland taxable income of \$50,000 or less and a filing status of single, married filing separately, or dependent; and
- (3) .0296 for all other taxpayers.

**LOCAL TAX WORKSHEET (19A)**

Multiply the taxable net income by your local tax rate from the LOCAL TAX RATE CHART for the county in which you were a resident on the last day of the tax year. Enter the result on line 28 of Form 502. This is your local income tax. (Anne Arundel County residents use the Anne Arundel County tax table (beginning on p. 33)).

1. TAXABLE net income from line 20 of Form 502 . . . . .	1. \$ _____
2. LOCAL tax rate from the 2023 Local Tax Rate Chart . . . . .	2. <u>0</u> _____
3. LOCAL income tax (Multiply line 1 by line 2.) Enter this amount on line 28 of Form 502 rounded to the nearest cent or whole dollar . . . . .	3. \$ _____

**19 LOCAL INCOME TAX AND LOCAL CREDITS.**

**Maryland counties and Baltimore City levy an income tax which is a percentage of Maryland taxable net income.**

**SPECIAL NOTE:** If you and your spouse were domiciled in different taxing jurisdictions, you should file separate Maryland returns even though you filed a joint federal return. (See Instruction 7.) However, if you choose to file a joint Maryland return, use the following instructions. Enter both counties and/or local jurisdictions in the county, city, town or special taxing area box of your return. If the local tax rates are the same, complete the worksheets as instructed and attach a schedule showing the local tax for each jurisdiction based on the ratio of each spouse's income to the total income. Also note the words "separate jurisdictions" on line 28 of Form 502. If the local tax rates are different, calculate a ratio of each spouse's income to total income. Then apply this ratio to the taxable net income and calculate the local tax for each spouse separately using the appropriate local tax rates. Enter the combined local tax on line 28 of Form 502 and write the words "separate jurisdictions" on that line. Attach a schedule showing your calculations.

**Local Earned Income Credit.**

If you entered an earned income credit on line 22 of Form 502, complete the LOCAL EARNED INCOME CREDIT WORKSHEET (19B). If you do not meet the minimum age requirement under the federal earned income credit and are otherwise eligible for the federal credit for those without a qualifying child, you may claim the state earned income credit (calculate federal earned income credit disregarding the minimum age requirement). If you or your spouse do not possess a valid SSN but are otherwise eligible for the federal credit and are filing your Maryland return using an ITIN, you may claim the state earned income credit by calculating the federal earned income credit disregarding the SSN requirement).

**LOCAL EARNED INCOME CREDIT WORKSHEET (19B)**

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

1. Enter federal earned income credit from your federal return . . . . . 1. \_\_\_\_\_
2. Enter your local tax rate from line 2 of the Local Tax Worksheet (Anne Arundel County residents use .0270). . . . . 2. 0 \_\_\_\_\_
3. Multiply line 2 by 10 and enter on line 4.  

Example:	.0320
	<u>x 10</u>
	.320
4. Local earned income credit rate . . . . . 4. \_\_\_\_\_
5. Multiply line 1 by line 4. Enter here and on line 29 of Form 502 . . . . . 5. \_\_\_\_\_

**Note:** In lieu of multiplying by 10, you may simply move the decimal point one place to the right and enter on line 4.

**Local poverty level credit.** If you entered a poverty level credit on line 23 of Form 502, complete the LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C).

**LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C)**

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

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

- A. ENTER the amount from line 2 of the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) . . . . . A. \_\_\_\_\_
- B. ENTER your local tax rate from line 2 of the LOCAL TAX WORKSHEET (19A) (Anne Arundel County residents use .0270). . . . . B. 0 \_\_\_\_\_
- C. MULTIPLY line A by line B. Enter the amount here and on line 30 of Form 502 . . . C. \_\_\_\_\_

**20 TOTAL MARYLAND TAX, LOCAL TAX AND CONTRIBUTIONS.**

Add your Maryland tax from line 27 of Form 502 and your local tax from line 33 of Form 502. Enter the result on line 34 of Form 502. Add to your tax any contribution amounts and enter the total on line 39 of Form 502.

**CHESAPEAKE BAY AND ENDANGERED SPECIES FUND**

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

**DEVELOPMENTAL DISABILITIES SERVICES AND SUPPORT FUND**

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

**MARYLAND CANCER FUND**

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

**FAIR CAMPAIGN FINANCING FUND**

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

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

**21 TAXES PAID AND REFUNDABLE CREDITS.**

Write your taxes paid and credits on lines 40-43 of Form 502.

Instructions for each line:

**Line 40. MARYLAND TAX WITHHELD.** Write the total Maryland and local tax withheld as shown on the wage and tax statements (Forms W-2, W-2G or 1099(s)) you have received. Add the amounts identified as Maryland and local tax withheld on each form and write the total on this line. Attach Forms W-2, W-2G and 1099(s) to your return **if Maryland tax is withheld. You will not get credit for your withholding if you do not attach Forms 1099(s), W-2 or W-2G, substantiating Maryland withholding.**

**IMPORTANT:** Your wage and tax statements contain many numbers. Be sure you add only the amounts identified as Maryland state and local tax withheld. **Do not enter estimated tax paid on this line.**

**Line 41. ESTIMATED TAX PAYMENTS.** Enter on line 41 the total of:

- a. Maryland estimated tax payments;
- b. Amount of overpayment applied from 2022 return;
- c. Payments made with a request for an automatic extension of time to file your 2023 return. See the instructions on Form PV found on the PAYMENT VOUCHER WORKSHEET FOR ESTIMATED TAX AND EXTENSION PAYMENTS (PVW); and
- d. Reported income tax withheld on your behalf as an estimated payment, if you participated in a nonresident real estate transaction as an individual, partner of a PTE, S-Corp, or beneficiary of a fiduciary. Enter code number **506** on one of the code number lines to the right of the telephone number area. The tax will be identified as Maryland tax withheld on Form MW506NRS. Attach a copy of your federal return and all relevant schedules that report the sale of the property.

**NOTE:** Estimated tax payments are required if you expect to receive any income (like pensions, business income, capital gains, lottery, etc.) from which no tax or not enough Maryland tax will be withheld. Read the instructions for Form PV found on the