

IMPORTANT NOTES

You must file your Maryland Amended Form 502X electronically to claim, or change information related to, business income tax credits from Form 500CR.

Changes made as part of an amended return are subject to audit for up to three years from the date that the amended return is filed.

WHEN AND WHERE TO FILE

Generally, Form 502X must be filed within three years from the date the original return was due (including extensions) or filed. The following exceptions apply:

- A claim filed after three years, but within two years from the time the tax was paid is limited to the amount paid within the two years immediately before filing the claim.
- A claim for refund based on a federal net operating loss carryback must be filed within 3 years after the due date (including extensions) of the return for the tax year of the net operating loss.
- A claim for refund resulting from a credit for taxes paid to another state must be filed within one year of the date of the final notification by the other state that income tax is due.
- If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than three years from the date of filing the return or more than two years from the time the tax was paid, the claim for refund must be filed within one year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.
- If the United States Internal Revenue Service (IRS) issues a final determination of adjustments that would result in a decrease to Maryland taxable income, file Form 502X within one year after the final adjustment report or the final court decision if appealed.
- If the IRS issued a final determination of adjustments that would result in an increase to Maryland taxable income, file Form 502X within 90 days after the final determination.

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks. Note that no refund for less than \$1.00 will be issued.

The amended return must be filed electronically or with the **Comptroller of Maryland, Revenue Administration Division, 110 Carroll Street, Annapolis, Maryland 21411-0001.**

For more information regarding refund limitations, see Administrative Release 20.

PROTECTIVE CLAIMS

A protective claim is a claim for a specific amount of refund filed on an amended return with a request that the Comptroller delay acting on the refund request. The claim for refund may not be based on a federal audit. The delay requested must be due to a pending decision by a state or federal court which will affect the outcome of the refund, or for reasonable cause. The protective claim must be filed in accordance with the limitations outlined in the section WHEN AND WHERE FILE.

The Comptroller may accept or reject a protective claim. If rejected, the taxpayer will be informed of a right to a hearing. We cannot accept a protective claim unless an original return has been filed.

PENALTIES

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing false or fraudulent returns or making a false certification. The penalties include criminal fines, imprisonment and a penalty on your taxes. In addition, interest is charged on amounts not paid when due.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

PRIVACY ACT INFORMATION

The Revenue Administration Division requests information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. If you fail to provide all or part of the requested information, the exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Revenue Administration Division which contain personal information about you. You may inspect such records, and you have certain rights to amend or correct them.

As authorized by law, information furnished to the Revenue Administration Division may be given to the IRS, a proper official of any state that exchanges tax information with Maryland and to an officer of this state having a right to the information in that officer's official capacity. The information also may be obtained with a proper legislative or judicial order.

USE OF FEDERAL RETURN

Most changes to your federal return will result in changes on your Maryland return and you will need the information from your federal amendment to complete your Maryland amended return. Therefore, complete your federal return first. Maryland law requires that your income and deductions be entered on your Maryland return exactly as they were reported on your federal return. However, all items reported on your Maryland return are subject to verification, audit and revision by the Maryland Comptroller's Office.

If you are amending your federal return, attach a photocopy of the federal Form 1040X and any revised schedules to your Maryland Form 502X. If your tax has been increased by the IRS, you must report this increase to the Maryland Revenue Administration Division within 90 days from the final IRS determination.

SPECIFIC INSTRUCTIONS

1 NAME, ADDRESS AND YEAR INFORMATION.

Enter the year, Social Security Number, correct name and current address on the lines on page 1. Be sure to check the appropriate box if you or your spouse are 65 or over or blind on the last day of the tax year. Also enter the correct county, city or taxing area for the last day of the tax year being amended. If your address is different from the address on your original return, be sure to answer "Yes" to the first question.

2 QUESTIONS.

Answer all of the questions and attach copies of any federal notices, amended forms and schedules. If filing your amended return for a Net Operating Loss Carryback or Carryforward, check the appropriate box. If you have checked part-year

resident or nonresident, provide the dates you resided in Maryland for the tax year and explain any changes from your original filing in Part III on page 4 of Form 502X.

3 FILING STATUS.

Enter the filing status you used on your original return and show any change of filing status. Your filing status should correspond to the filing status used on your federal return.

Generally, you may not change from married filing joint to married filing separately after the original due date of the return. Any change in filing status to or from married filing joint requires the signature of both spouses. Enter a complete explanation in Part III on page 4 of Form 502X.

4 COMPLETE PAGE 3 AND 4 OF FORM 502X.

PART I

Enter your original or previously adjusted amounts of income in Column A. Enter any increase (or decrease) in Column B and enter the corrected amounts in Column C. If you are not making any changes to your income as previously reported, complete Column A only and enter the total on line 17 of Column C.

PART II

If you itemized deductions, enter your original or previously adjusted amounts in Column A. Enter any increase (or decrease) in Column B and enter the corrected amounts in Column C. If you are not making any changes to your deductions as previously reported, complete Column A only and enter the total on line 11 of Column C.

NOTE: Any amount deducted as contributions of Preservation and Conservation Easements for which a credit is claimed on Form 502CR must be included on line 8 of Part II of Form 502X.

PART III

Use this section to provide a detailed explanation of the changes being made on the amended return. A filing status change must be fully explained here. If this is a part-year or nonresident return, give the dates you resided in Maryland for the tax year.

Enter the line number from page 1 and/or 2 for each item you are changing and state the reason for the change. Be sure to attach any required schedules or forms.

NOW COMPLETE PAGE 1 AND 2 OF FORM 502X.

COLUMNS A-C

In Column A, enter the amounts from your return as originally filed or as previously adjusted or amended.

In Column B, enter the net increase or net decrease for each line you are changing. Show all decreases in parentheses. Explain each change in Part III of Form 502X and attach any

related schedule or form. If you need more space, show the required information on an attached statement.

For Column C, add the increase in Column B to the amount in Column A, or subtract the Column B decrease from Column A. For any item you do not change, enter the amount from Column A in Column C.

5 FIGURE YOUR MARYLAND TAX.

LINE 1 – Income and adjustments from federal return.

Copy the amounts from your federal amended return or as corrected by the IRS and enter a complete explanation of the changes in Part III.

LINE 2 – Additions to income. For decoupling and tax preference items and amounts to be added when credits are claimed, attach corrected Maryland Form(s) 500DM, 502TP or 502CR. Enter an explanation of the changes in Part III.

LINE 4 – Subtractions from income. Enter items such as child care expenses, pension exclusion and other subtractions (shown in the instructions for your original return). Attach revised Form 502SU if there were any changes to that form. Enter an explanation of the changes in Part III and attach any corrected forms.

LINE 6 – Method of computation.

Standard deduction method. The standard deduction is 15% of the Maryland adjusted gross income with the following minimums and maximums.

Filing Status

Single Minimum of \$1,500 and maximum of \$2,000

Married filing separately

Dependent taxpayer

or

Filing Status

Married filing joint or spouse had no income Minimum of \$3,000 and maximum of \$4,000

Head of household

Qualifying widow(er) with dependent child

Itemized deduction method. Check the box and enter your total Maryland itemized deductions.

LINE 8 – Exemptions. Multiply exemptions for taxpayers 65 or over or blind by \$1,000, the personal exemption is \$3,200. This exemption is reduced once the taxpayer's federal adjusted gross income exceeds \$100,000 (\$150,000 if filing Joint, Head of Household, or Qualifying Widow(er) with Dependent Child). If you are subject to this reduction, see the exemption chart, Instruction 10 of the Resident Instructions. Attach amended

2015 Tax Rate Schedules

Tax Rate Schedule I

For taxpayers filing as Single, Married Filing Separately, or as Dependent Taxpayers. This rate is also used for taxpayers filing as Fiduciaries.

If taxable net income is:		Maryland Tax is:	
At least:	but not over:		
\$0	\$1,000	2.00%	of taxable net income
\$1,000	\$2,000	\$20.00 plus 3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00 plus 4.00%	of excess over \$2,000
\$3,000	\$100,000	\$90.00 plus 4.75%	of excess over \$3,000
\$100,000	\$125,000	\$4,697.50 plus 5.00%	of excess over \$100,000
\$125,000	\$150,000	\$5,947.50 plus 5.25%	of excess over \$125,000
\$150,000	\$250,000	\$7,260.00 plus 5.50%	of excess over \$150,000
\$250,000	--	\$12,760.00 plus 5.75%	of excess over \$250,000

Tax Rate Schedule II

For taxpayers filing Joint, Head of Household, or for Qualifying Widows/Widowers.

If taxable net income is:		Maryland Tax is:	
At least:	but not over:		
\$0	\$1,000	2.00%	of taxable net income
\$1,000	\$2,000	\$20.00 plus 3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00 plus 4.00%	of excess over \$2,000
\$3,000	\$150,000	\$90.00 plus 4.75%	of excess over \$3,000
\$150,000	\$175,000	\$7,072.50 plus 5.00%	of excess over \$150,000
\$175,000	\$225,000	\$8,322.50 plus 5.25%	of excess over \$175,000
\$225,000	\$300,000	\$10,947.50 plus 5.50%	of excess over \$225,000
\$300,000	--	\$15,072.50 plus 5.75%	of excess over \$300,000

Form 502B if you are changing dependent information.

LINE 10 – Computing the tax. Line 9 will be your Maryland taxable income. Use the rate schedule.

6 EARNED INCOME CREDIT, POVERTY LEVEL CREDIT, CREDITS FOR INDIVIDUALS AND BUSINESS TAX CREDITS.

Enter each credit being claimed on the appropriate field on line 10a. You may claim a credit equal to one-half of your federal earned income credit on line 10a. If you were a part-year resident or a nonresident, you must prorate the earned income credit using the Maryland income factor. See Instruction 13.

You may also claim a credit on line 10a equal to 5% of your earned income if your income is less than the poverty level guidelines. Please refer to the Resident Instructions and worksheet to compute the allowable credit. If you were a part-year resident or a nonresident, you must prorate the poverty level credit using the Maryland income factor. See Instruction 13.

Personal income tax credits from Form 502CR should be entered on the appropriate field on line 10a. A credit for a portion of the local income tax may also be available. See instructions to Form 502CR, Part A and the instructions in Part 7 below. If this amount is different from the original return, be sure to attach completed Form 502CR with appropriate documentation or certification.

You must file your amended return electronically to claim or modify a business tax credit from Form 500CR. A paper version of Form 500CR is no longer available.

The amount of the nonrefundable portion of the business tax credit Form 500CR should be entered on line 10a of the electronic version of 502X. If this amount is different from the original return, be sure to include the appropriate documentation or certification with the electronic version.

If the total credits on line 10a are greater than the tax on line 10, enter zero on line 10b. The credits entered on line 10a are nonrefundable. For information concerning refundable credits, see Instruction 9.

7 LOCAL INCOME TAX AND LOCAL CREDITS.

Complete lines 11, 11a and 11b.

The local income tax is calculated by multiplying the taxable net income from line 9 by the local tax rate shown on the following Local Tax Rate Chart. Use the local tax rate for the county (or Baltimore City) in which you resided on the last day of the tax year. Enter the result on line 11.

A separate calculation of the earned income credit is required when computing the local income tax. Use the worksheets in the appropriate instructions to compute the local credits and enter the result on line 11a. If you were a part-year resident, you must prorate the local credits using the Maryland income factor. See Instruction 13.

Enter the amount of the credit calculated in the local summary of Form 502CR, Part K on the Personal Credit field on line 11a.

2015 Tax Rate Chart

Subdivision	2015
Baltimore City	.0320
Allegany County	.0305
Anne Arundel County	.0256
Baltimore County	.0283
Calvert County	.0280
Caroline County	.0273
Carroll County	.0303
Cecil County	.0280
Charles County	.0303
Dorchester County	.0262

Frederick County	.0296
Garrett County	.0265
Harford County	.0306
Howard County	.0320
Kent County	.0285
Montgomery County	.0320
Prince George's County	.0320
Queen Anne's County	.0320
St. Mary's County	.0300
Somerset County	.0315
Talbot County	.0240
Washington County	.0280
Wicomico County	.0320
Worcester County	.0125

8 CONTRIBUTIONS TO THE CHESAPEAKE BAY AND ENDANGERED SPECIES FUND, DEVELOPMENTAL DISABILITIES SERVICES AND SUPPORT FUND, MARYLAND CANCER FUND AND FAIR CAMPAIGN FINANCING FUND.

Enter the amounts of your contribution in 13A for the Chesapeake Bay and Endangered Species Fund, 13B for the Developmental Disabilities Services and Support Fund, 13C for the Maryland Cancer Fund, 13D for the Fair Campaign Financing Fund. Any contribution will increase your balance due or reduce your refund. Enter the total of your contributions in the appropriate columns. Additional information concerning the funds is contained in the instructions for the tax year of the amended return.

9 TAXES PAID AND CREDITS.

Write your taxes paid and credits on lines 15-20.

Enter the correct amounts on lines 15 through 19 and attach any additional or corrected W-2 statements, photocopies of cancelled checks or money orders for estimated account payments not credited on your original return. Attach corrected Form 502CR and other state returns, and/or Form 502S.

Refundable Earned Income Credit. You may be eligible for a refundable earned income credit if one-half of your federal earned income credit is greater than your Maryland tax. Please refer to the Refundable Earned Income Credit Worksheet in the Resident Instructions, and enter the allowable credit on line 17.

Refundable Income Tax Credits. Enter the total of your refundable income tax credits on line 19. You must attach Form 502CR.

- NEIGHBORHOOD STABILIZATION CREDIT.** Individuals certified by Baltimore County as qualified for the neighborhood stabilization credit may claim a credit equal to the property tax credit granted by Baltimore County. Attach a copy of the certification.
- SUSTAINABLE COMMUNITIES TAX CREDIT.** See instructions for Form 502S.
- REFUNDABLE BUSINESS INCOME TAX CREDIT.** See Form 500CR Instructions for qualifications. You must amend your return electronically to claim a business tax credit from Form 500CR.
- IRC Section 1341 Repayment.** If you repaid an amount this year reported as income on a prior year federal tax return that was greater than \$3,000, you may be eligible for an IRC Section 1341 repayment credit. See Administrative Release 40.
- Nonresident PTE tax.** If you are the beneficiary of a trust, or a member of a PTE, for which nonresident PTE tax was paid, you may be entitled to a share of that tax. See Form 502CR Instructions.

10 BALANCE DUE OR OVERPAYMENT.

Calculate the balance due or overpayment by subtracting the total on line 20 from the amount on line 14 and enter the result on either line 21 or line 22.

Enter the tax paid with the original return plus any additional tax paid after filing on line 23 (do not enter interest or penalty paid), OR, enter the overpayment from your original return plus any additional overpayments from prior amendments or adjustments on line 24.

If there is an amount on line 21:

- and line 21 is more than line 23, you owe additional tax. Enter the difference on line 26 and compute the interest due using the interest rates in Instruction 11.
- and there is also an amount on line 24, you owe additional tax. Add the two together and enter the total on line 26. Compute the interest due. See Instruction 11.
- and line 21 is less than line 23, you are due a refund. Enter the difference on line 25.

If there is an amount on line 22:

- and line 22 is more than line 24, you are due an additional refund. Enter the difference on line 25.
- and there is also an amount on line 23, you are due an additional refund. Add the two together and enter on line 25.
- and line 22 is less than line 24, you owe additional tax. Enter the difference on line 26 and compute the interest due using the interest rates in Instruction 11.

Previous interest and penalty

Interest and/or penalty charges for the year you are amending, whether previously paid or still outstanding, may be adjusted as a result of your amendment. Any payments made on the account have been applied first to penalty, then to interest and lastly to tax due. These payments may require reallocation depending on the result of the amendment. We will notify you of the net balance due or refund when we have completed processing your Form 502X.

NOTE: If all or part of the overpayment on your original return was credited to an estimated tax account for next year, we cannot reduce or remove this credit without specific authorization from you. If you have a balance due, and wish to apply monies credited to a 2015 estimated tax account, attach written authorization for the amount to be removed. Interest charges are assessed even if the balance due is removed from the 2015 account.

11 INTEREST ON TAX DUE AND INTEREST FOR UNDERPAYMENT OF ESTIMATED TAX.

Interest must be computed and paid on any balance of tax due. Interest is due from the date the return was originally due to be filed until the date the tax is paid. The annual interest rate has been 13% since January 1, 1993.

UNDERPAYMENT OF ESTIMATED TAX

If you do not meet the requirement for avoidance of interest for underpayment of estimated tax, obtain Form 502UP online at www.marylandtaxes.com or from any office of the Revenue Administration Division. Complete and attach it to your amended return. Enter any interest due on line 27 of Form 502X.

If you calculated and paid interest on underpayment of estimated tax with your original return, recalculate the interest based on your amended tax return, and attach a copy of a revised Form 502UP showing your recalculation.

12 SIGNATURE, ATTACHMENTS AND PAYMENT INSTRUCTIONS.

Sign and date your return on page 4 and attach all required forms, schedules and statements.

SIGNATURES

You must sign your return. Both spouses must sign a joint return. Your signature(s) signify that your return, including all attachments, is, to the best of your knowledge and belief, true,

correct and complete, under penalties of perjury.

TAX PREPARERS

If another person prepared your return, that person also must sign the return and enter their Preparer's Tax Identification Number (PTIN). The preparer declares that the return is based on all information required to be reported of which the preparer has knowledge, under penalties of perjury. Penalties may be imposed for tax preparers who fail to sign the tax return and provide their tax identification number.

ATTACHMENTS

Be sure to attach wage and tax statements (Forms W-2 and 1099) to the front of your return if you are claiming additional Maryland withholding. Be sure to attach all forms, K-1s, schedules and statements required by these instructions. Do not attach worksheets. Enclose your check or money order, if required.

MAILING INSTRUCTIONS

Mail your return to:

**Comptroller of Maryland
Revenue Administration Division
Amended Return Unit
110 Carroll Street
Annapolis, Maryland 21411-0001**

PAYMENT INSTRUCTIONS

Make your check or money order payable to "Comptroller of Maryland." Write the type of tax and year of tax being paid on your check. It is recommended that you include your Social Security Number on check using blue or black ink.
DO NOT SEND CASH.

13 CHANGE OF RESIDENT STATUS.

Be sure to enter a full explanation of the change of resident status in Part III on page 4 of the amended form.

If you are changing your resident status from a resident to a nonresident, see Instruction 14. Complete Part III with a full explanation of your reasons for the change. A nonresident of Maryland is subject to tax on income from Maryland sources; that is, wages and salaries from services performed in Maryland, income from business carried on in Maryland, gambling winnings from Maryland sources, income from pass-through entities with Maryland income and gain or loss from the sale of property located in Maryland. Other income (interest, dividends, pensions, salaries or business income from sources outside Maryland, etc.) may be subtracted. Itemized deductions must be allocated according to the Maryland income factor. Exemptions must be prorated according to the Maryland income factor.

If you are amending to show part-year resident status, include dates of residence and indicate the other state of residence in Part III. Subtract all income received during your nonresident period. If you have any losses or adjustments to federal income that do not pertain to the resident period, you must show them as additions. Your standard deduction or itemized deductions and exemptions must be prorated according to the Maryland income factor. Be sure to enter the dates of residence in Part III and attach a photocopy of the income tax return filed with the other state or states of residence. If you are changing your status from a nonresident to a resident, you **must** use Form 502X and follow the instructions as written.

Maryland Income Factor

You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Divide your Maryland adjusted gross income (line 5) by your federal adjusted gross income (line 1) to figure the percentage of Maryland income to total income. Use amended amounts if either of these lines were changed. The factor cannot exceed 1 (100%) and cannot be less than zero (0%). If line 5

is 0 or less, the factor is 0. If line 5 is greater than 0 and line 1 is 0 or less, the factor is 1. Another method of allocating itemized deductions may be allowed if you receive written approval prior to the filing of your return.

14 **NONRESIDENTS.**

Generally, nonresident taxpayers will use Form 505X and Form 505NR to amend their return; however, nonresidents who wish to amend Form 515, must use Form 502X and a revised Form 505NR.

In addition, if you are changing from nonresident to resident status, you must use Form 502X and see Instruction 13.

15 **NET OPERATING LOSS (NOL).**

To claim a deduction for a federal NOL on the Maryland return, you must first calculate the NOL for federal purposes. A deduction will be allowed on the Maryland return for the amount of the loss actually used on the federal return. The amount of loss used for federal purposes is generally equal to the federal taxable income (before loss is used) or the federal modified taxable income as calculated for the year of carryback or carryforward.

An addition or subtraction modification may be required in a carryback or carryforward year when the federal NOL, or the year to which the NOL is carried, includes certain items included in certain provisions of the Internal Revenue Code from which the State of Maryland has decoupled, including items included in certain special depreciation allowances and 5-year carryback provisions. For more information, refer to Administrative Release 38.

An NOL generated when an individual or a business entity is not subject to Maryland income tax law, in a tax year beginning on or after October 22, 2007, cannot be used as a deduction to offset Maryland income. For acquisitions or liquidations occurring on or after October 22, 2007, the acquiring business entity which is subject to Maryland income tax law cannot use the acquired or liquidated business entity's NOL as a deduction to offset Maryland income, if the acquired or liquidated business

entity was not subject to Maryland income tax law when its NOL was generated. An NOL being carried forward from tax years beginning before October 22, 2007 can be used until exhausted.

An addition to income may be required in a carryback or carryforward year if the total Maryland additions to income exceeds the total Maryland subtractions from income **in the loss year**. The required addition to income represents a recapture of the excess additions over subtractions. The addition to income required is generally equal to the lesser of the NOL deduction in the carryback year or the net addition modification (NAM) in the loss year unless the loss year includes a decoupling modification. For more information regarding NAM, refer to Administrative Release 18.

If you elect to forego a carryback for the loss year, a copy of the federal election for the loss year must be attached with the Maryland amended return.

You must attach copies of amended federal Form 1045 or 1040X, whichever was used for federal purposes, and a copy of the federal income tax return for the year of the loss. Also include Schedules A and B of Form 1045 or the equivalent worksheets used to develop the federal NOL and show the amounts used on the federal return in the carryback or carryforward years. Check the appropriate CARRY BACK or CARRY FORWARD box on page 1 of Form 502X.

16 **INCOME TAX ASSISTANCE.**

If you need more information, visit our Web site at **www.marylandtaxes.com**. You may also call 1-800-638-2937 or from Central Maryland 410-260-7980.