



(OR FISCAL YEAR BEGINNING

2004, ENDING

SOCIAL SECURITY #		SPOUSE'S SOCIAL SECURITY #	
Your First Name	Initial	Last Name	
Spouse's First Name	Initial	Last Name	
PRESENT ADDRESS (No. and street)			
City or Town	State	Zip Code	
Name of county and incorporated city, town or special taxing area in which you were employed on the last day of the tax period (See Instructions)		Maryland County	City, town or taxing area

YOUR FILING STATUS—See Instruction 2 to determine if you are required to file.

1. Single (If you can be claimed on another person's tax return, use Filing Status 6)
2. Married filing joint return or spouse had no income
- ▶ 3. Married filing separately SPOUSE'S SOCIAL SECURITY NUMBER
4. Head of household
5. Qualifying widow(er) with dependent child
6. Dependent taxpayer (Enter 0 in Exemption Box (A)—See Instruction 7)

RESIDENCE INFORMATION

Enter your state of legal residence. _____
If not a resident for a full year, give dates.

FROM _____ **TO** _____
In what local taxing jurisdiction did you reside on the last day of the tax period?

Did you file a Maryland income tax return for 2003? Yes No
If "Yes," was it a Resident or a Nonresident Return?

EXEMPTIONS—See Instruction 9

Exemption Amount

(A) Yourself Spouse Enter No. Checked (A) × \$2,400 \$ _____

Check here if you are: Spouse is:
(B) ▶ 65 or over Blind 65 or over Blind Enter No. Checked (B) × \$1,000 \$ _____

(C) Dependent Children: Enter Total (C) × \$2,400 \$ _____
Name(s) Social Security number(s)

(D) Other Dependents regular 65 or over Enter Total (D) × \$2,400 \$ _____
Name(s) and Relationship(s) Social Security number(s)

(E) Enter Total Exemptions (Add A, B, C and D) ▶ (E) Total Amount \$ _____

INCOME AND ADJUSTMENTS INFORMATION (See Instruction 10)

STAPE CHECK HERE

1. Wages, salaries, tips, etc.
2. Taxable interest income
3. Dividend income
4. Taxable refunds, credits or offsets of state and local income taxes
5. Alimony received
6. Business income or (loss)
7. Capital gain or (loss)
8. Other gains or (losses) (from federal Form 4797)
9. Taxable amount of pensions, IRA distributions, and annuities
10. Rents, royalties, partnerships, estates, trusts, etc. (Circle appropriate item) ..
11. Farm income or (loss)
12. Unemployment compensation (insurance)
13. Taxable amount of social security and tier 1 railroad retirement benefits ...
14. Other income (including lottery or other gambling winnings)
15. Total income (Add lines 1 through 14)
16. Total adjustments to income from federal return (IRA, alimony, etc.) ...
17. Adjusted gross income (Subtract line 16 from line 15)

	FEDERAL INCOME (LOSS)	MARYLAND INCOME (LOSS)	NON-MARYLAND INCOME (LOSS)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			

ADDITIONS TO INCOME (See Instruction 11)

18. Non-Maryland loss
19. Other (Enter code letter(s) from Instruction 11)
- ▶ 20. Total Additions (Add lines 18 and 19)
21. Total federal adjusted gross income & Maryland additions (Add lines 17 (Column 1) and 20)

	Dollars	Cents
18		
19		
▶ 20		
21		

SUBTRACTIONS FROM INCOME (See Instruction 12)

22. Non-Maryland income
23. Other (Enter code letter(s) from Instruction 12)
- ▶ 24. Total Subtractions (Add lines 22 and 23)
25. Maryland adjusted gross income (Subtract line 24 from line 21)

	Dollars	Cents
22		
23		
▶ 24		
25		

MARYLAND INCOME TAX RETURN FORM 515

For nonresidents employed in Maryland who reside in jurisdictions of Delaware, New York and Pennsylvania that impose a local income or earnings tax on Maryland residents.

INSTRUCTIONS 2004

IMPORTANT NOTES

DUE DATE

Your return is due by April 15, 2005.

COMPLETING THE RETURN

You must use blue or black ink when completing your return. **DO NOT** use pencil or red ink. Submit the original return, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry.

You may round off all cents to the near-

est whole dollar. Fifty cents and above should be rounded to the next higher dollar. State calculations are rounded to the nearest penny.

PENALTIES

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return 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.

EXPLANATION OF TAX

The individual's employer shall withhold the Maryland local income tax. The individual shall not be required to file a Maryland return, nor the employer withhold the tax, if the Comptroller determines that the locality in which the individual resides does not impose a tax on Maryland residents with respect to income from salary, wages or other compensation for personal services performed in the locality or, if it does impose such a tax, that it provides an exemption, credit or other procedure whereby the income of residents of Maryland is rendered free of taxation and withholding.

1 Who is a nonresident? In general, every individual other than a resident of Maryland is a nonresident.

You are a nonresident if you do not have your permanent home in Maryland and did not maintain a place of abode (that is, a place to live) in Maryland for more than

six months of the tax year.

If you establish or abandon legal residence in Maryland during the tax year, you are taxable as a resident for the portion of

the year during which your legal residence was in Maryland. (See Form 502 Instructions.)

2 Who must file? Decide if you must file a nonresident Maryland income tax return, Form 515. In general, you are liable for local income tax and must file this return if you are a nonresident of Maryland AND you received salary, wages or other compensation for personal services performed in any county of Maryland or in Baltimore City AND you lived in jurisdictions of Delaware, New York and Pennsylvania that impose a local or earnings tax on Maryland residents AND you are required to file a federal return.

TO DETERMINE IF YOU ARE REQUIRED TO FILE A MARYLAND RETURN:

- Add up all of your federal **gross** income (except any income which is exempt by law) to determine your total income.
- Do not include social security or railroad retirement benefits in your total federal income.
- Add to your total federal income any Maryland additions to income. Do not include any additions related to non-Maryland income or loss. (See Instruction 11.) **This is your Maryland gross income.**
- If you are a dependent taxpayer, add to

your total federal income any Maryland additions and subtract any Maryland subtractions. (See Instructions 11 and 12.) **This is your Maryland gross income.**

- You must file a Maryland return if your Maryland gross income equals or exceeds the income levels in Table 1.
- If you or your spouse is 65 or over, use Table 2, "Minimum Filing Levels for Taxpayers 65 or Over" on this page.

refund of the withholding. Complete all of the information at the top of the form through the filing status, residence information and exemption areas. Enter your federal adjusted gross income on line 17 in both columns 1 and 3 and line 24. Then complete lines 34, 50-55, 57 and 59.

Sign the form and attach withholding statements (Form W-2 or 1099) showing Maryland tax withheld equal to the refund you are claiming.

Your form is then complete. You must file within three years of the original due date to receive any refund.

MARYLAND TAX WITHHELD IN ERROR:

If Maryland tax was withheld in error from your income, you must file to obtain a

Minimum Filing Level Tables

Table 1
For taxpayers under 65

Single persons (including dependent taxpayers) . . .	\$ 7,950
Joint return	15,900
Married persons filing separately	3,100
Head of household	10,250
Qualifying widow(er)	12,800

Table 2
For taxpayers 65 or over

Single, age 65 or over	\$ 9,150
Joint return, one spouse age 65 or over	16,850
Joint return, both spouses age 65 or over	17,800
Married persons filing separately, age 65 or over	3,100
Head of household, age 65 or over	11,450
Qualifying widow(er), age 65 or over	13,750

3 What income is taxable? If you are required to file Form 515, then you are subject to local income tax on that portion of your federal adjusted gross income from salary, wages or other compensation for personal services performed in any county of Maryland or Baltimore City. If you have income other than wages subject to Maryland tax, you must also file Form 505. For further information and forms, call 410-260-7980 from Central Maryland or 1-800-MDTAXES from elsewhere. If you reside in New York City or Wilmington, Delaware, your wages are also subject to Maryland tax.

4 Use of federal return. First complete your 2004 federal income tax return.

You will need the information from your federal return in order to complete your Maryland return. Therefore, complete your federal return before you continue

beyond this point. 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 State Comptroller's Office.

5 Name and address information. Complete the "Name," "Address" and "Social Security Number" boxes.

6 County, city, town information. Fill in the boxes for MARYLAND COUNTY and CITY, TOWN OR TAXING AREA based on where in Maryland you were employed on the last day of the tax period (December 31, 2004 for calendar year taxpayers).

IF YOU WORKED IN BALTIMORE CITY:
 Leave the MARYLAND COUNTY box blank.
 Write "Baltimore City" in the CITY, TOWN OR TAXING AREA box.

IF YOU WORKED IN A MARYLAND COUNTY (NOT BALTIMORE CITY):
 1. Write the name of the county in the MARYLAND COUNTY box.
 2. Find the county in the list below.

3. If you worked in one of the areas listed under the county, write its name in the CITY, TOWN OR TAXING AREA box.
 4. If you did not work in one of the areas listed for the county, leave the CITY, TOWN OR TAXING AREA box blank.

LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND				
ALLEGANY COUNTY BARTON BELAIR BOWLING GREEN-ROBERT'S PLACE CRESAPTOWN CUMBERLAND ELLERSLIE FROSTBURG LAVALE LONACONING LUKE McCOOLE MIDLAND MT. SAVAGE POTOMAC PARK ADDITION WESTERNPORT	CARROLL COUNTY HAMPSTEAD MANCHESTER MT. AIRY NEW WINDSOR SYKEVILLE TANEYTOWN UNION BRIDGE WESTMINSTER	GARRETT COUNTY ACCIDENT DEER PARK FRIENDSVILLE GRANTSVILLE KITZMILLER LOCH LYNN HEIGHTS MOUNTAIN LAKE PARK OAKLAND	PRINCE GEORGE'S COUNTY BERWYN HEIGHTS BLADENSBURG BOWIE BRENTWOOD CAPITOL HEIGHTS CHEVERLY COLLEGE PARK COLMAR MANOR COTTAGE CITY DISTRICT HEIGHTS EAGLE HARBOR EDMONSTON FAIRMOUNT HEIGHTS FOREST HEIGHTS GLENARDEN GREENBELT HYATTSVILLE LANDOVER HILLS LAUREL MORNINGSIDE MT. RAINIER NEW CARROLLTON NORTH BRENTWOOD RIVERDALE PARK SEAT PLEASANT UNIVERSITY PARK UPPER MARLBORO	TALBOT COUNTY EASTON OXFORD QUEEN ANNE ST. MICHAELS TRAPPE
ANNE ARUNDEL COUNTY ANNAPOLIS HIGHLAND BEACH	CECIL COUNTY CECILTON CHARLESTOWN CHESAPEAKE CITY ELKTON NORTH EAST PERRYVILLE PORT DEPOSIT RISING SUN	HARFORD COUNTY ABERDEEN BEL AIR HAVRE DE GRACE	HOWARD COUNTY NO INCORPORATED CITIES OR TOWNS	WASHINGTON COUNTY BOONSBORO CLEARSPRING FUNKSTOWN HAGERSTOWN HANCOCK KEEDYSVILLE SHARPSBURG SMITHSBURG WILLIAMSPORT
BALTIMORE CITY	CHARLES COUNTY INDIAN HEAD LA PLATA PORT TOBACCO	KENT COUNTY BETTERTON CHESTERTOWN GALENA MILLINGTON ROCK HALL	KENT COUNTY BARNESVILLE BROOKEVILLE CHEVY CHASE SEC. 3 TOWN OF CHEVY CHASE (FORMERLY SEC. 4) CHEVY CHASE SEC. 5 CHEVY CHASE VIEW CHEVY CHASE VILLAGE DRUMMOND FRIENDSHIP HEIGHTS GAIHERSBURG GARRETT PARK GLEN ECHO KENSINGTON LAYTONSVILLE MARTIN'S ADDITION NORTH CHEVY CHASE OAKMONT POOLESVILLE ROCKVILLE SOMERSET TAKOMA PARK WASHINGTON GROVE	WICOMICO COUNTY DELMAR FRUITLAND HEBRON MARDELA SPRINGS PITTSVILLE SALISBURY SHARPTOWN WILLARDS
CALVERT COUNTY CHESAPEAKE BEACH NORTH BEACH	DORCHESTER COUNTY BROOKVIEW CAMBRIDGE CHURCH CREEK EAST NEW MARKET ELDORADO GALESTOWN HURLOCK SECRETARY VIENNA	MONTGOMERY COUNTY BARNESVILLE BROOKEVILLE CHEVY CHASE SEC. 3 TOWN OF CHEVY CHASE (FORMERLY SEC. 4) CHEVY CHASE SEC. 5 CHEVY CHASE VIEW CHEVY CHASE VILLAGE DRUMMOND FRIENDSHIP HEIGHTS GAIHERSBURG GARRETT PARK GLEN ECHO KENSINGTON LAYTONSVILLE MARTIN'S ADDITION NORTH CHEVY CHASE OAKMONT POOLESVILLE ROCKVILLE SOMERSET TAKOMA PARK WASHINGTON GROVE	QUEEN ANNE'S COUNTY BARCLAY CENTREVILLE CHURCH HILL MILLINGTON QUEEN ANNE QUEENSTOWN SUDLERSVILLE TEMPLEVILLE	WORCESTER COUNTY BERLIN OCEAN CITY POCOMOKE CITY SNOW HILL
CAROLINE COUNTY DENTON FEDERALSBURG GOLDSBORO GREENSBORO HIENDERSON HILLSBORO MARYDEL PRESTON RIDGELY TEMPLEVILLE	FREDERICK COUNTY BRUNSWICK BURKITTSVILLE EMMITTSBURG FREDERICK MIDDLETOWN MT. AIRY MYERSVILLE NEW MARKET ROSEMONT THURMONT WALKERSVILLE WOODSBORO	SOMERSET COUNTY CRISFIELD PRINCESS ANNE		

7 Filing status. Check the filing status box that matches the filing status you used on your federal return unless you are a dependent taxpayer.

A dependent taxpayer is one who can be claimed as a dependent on another person's federal return. If married, taxpayer and spouse must file separate returns. A dependent taxpayer may not claim a personal exemption for himself. Check the box for filing status 6.

Generally, if you filed a joint federal return for 2004, you must file a joint Maryland return. Married couples who file joint federal returns may file separate Maryland returns when one spouse is a resident of Maryland and the other spouse is a nonresident of Maryland. If you and your

spouse filed separate federal returns, you must file separate Maryland returns. A surviving spouse may file a joint return with a decedent if a joint federal return was filed.

8 Residence information. Answer all questions and fill in the appropriate boxes.

9 Exemptions. Determine what exemptions you may claim, and check the appropriate boxes on the form.

EXEMPTIONS ALLOWED

You are permitted the same **number** of exemptions which you are permitted on your federal return; however, the exemption **amount** is different on the Maryland return. Even if you are not required to file a federal return, the federal rules for claiming exemptions still apply to you. Refer to the

federal income tax instructions for further information.

In addition to the exemptions allowed on your federal return, you and your spouse are permitted to claim exemptions for being age 65 or over or for blindness. These additional exemptions are in the amount of \$1,000 each.

NOTE: If "Other Dependents" are 65 or over, you receive an extra exemption of \$2,400 that is not permitted on the federal return. Simply check the appropriate boxes.

Complete the exemptions area on the front of Form 515 to determine the amount of exemption allowance to enter on line 29.

10 Income and adjustments. Complete lines 1-17 of the Federal Income column using the figures from your federal return.

Enter in the Maryland Income column all salaries or wages that were derived from Maryland sources. Enter in the Non-Maryland Income column all other income or loss. Adjustments to federal gross income are not generally applicable to

Maryland unless they pertain to compensation for services performed in Maryland.

If you also have income from Maryland such as business income, rental income, lottery winnings, etc., other than salary, wages or other compensation for services

performed in Maryland, you must file two nonresident returns. The wage income is taxed on Form 515 and the non-wage income on Form 505.

11 Additions to income. Determine which additions to income apply to you. Write the appropriate amounts on lines 18 and 19 and the total on line 20 of Form 515. Instructions for each line:

Line 18. NON-MARYLAND LOSS. If the amount on line 17 in Column 3 is a loss, enter it on line 18 and do not make any entry on line 22.

Line 19. OTHER ADDITIONS TO INCOME. If one or both of these apply to

you, enter the total amount on line 19 and identify each item using the code letter.

CODE LETTER

a. Wages, salaries or other compensation for services performed in Maryland that

are not subject to federal tax because of a treaty.

b. Pickup contributions of a state retirement or pension system member. (The pickup amount will be stated separately on your W-2 form.)

12 Subtractions from income. Determine which subtractions from income apply to you. Write the appropriate amounts on lines 22 and 23 and the total on line 24 of Form 515. Instructions for each line:

Line 22. NON-MARYLAND INCOME. If the amount on line 17 in Column 3 is not a loss, enter it on line 22 and do not make any entry on line 18.

Line 23. OTHER SUBTRACTIONS FROM INCOME. If one or more of these apply to your Maryland income, enter the total amount on line 23 and identify each item using the code letter.

CODE LETTER

- a. Child care expenses. You may subtract the cost of caring for your dependents while you work. There is a limitation of \$3,000 (\$6,000 if two or more dependents receive care.) Copy the amount from line 3 of either federal Form 2441 or Form 1040A Schedule 2.
- b. Expenses up to \$5,000 incurred by a blind person for a reader, or up to \$1,000 incurred by an employer for a reader for a blind employee.
- c. The amount added to your taxable income for the use of an official vehicle used by a member of a state, county or local police or fire department. The amount is stated separately on Form W-2.

- d. The lesser of \$1,200 or the Maryland income of the spouse with the lower income if both spouses have Maryland income and you file a joint return.
- e. Income for wages earned in Maryland by a nonresident rendering police, fire, rescue, or emergency services in an area covered under a state of emergency declared by the Governor, if the wages are paid by a nonprofit organization not registered to do business in the state and not otherwise doing business in the state, or by a state, county or political subdivision of a state, other than the State of Maryland.

13 Maryland income factor. You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Complete the worksheet below to figure the percentage of Maryland income to total income. If the result is less than 0 or greater than 1.0, use 1 as your factor. NOTE: If Maryland adjusted gross income (Line 2) is 0, use 0 as your factor.

MARYLAND INCOME FACTOR WORKSHEET

1. Enter your federal adjusted gross income (from line 17, Column 1)
2. Enter your Maryland adjusted gross income (from line 25)
3. Maryland income factor. (Divide line 2 by line 1.) If greater than 1, enter 1

1	
2	
3	

14

Standard deduction. Complete line 27 and check the box for Standard Deduction Method.

The Standard Deduction Method gives you a standard deduction without the need to itemize deductions. Use the appropriate worksheet below to determine the total

standard deduction for your filing status and Maryland income. You must adjust the total standard deduction based on the percentage of Maryland

income. Use the Maryland income factor from Instruction 13 to figure your Maryland standard deduction.

Figure your standard deduction

If your filing status is:

- Single
- Married filing separately
- or
- Dependent taxpayer

Use Worksheet 1, below.

- Married filing jointly
- Head of household
- or
- Qualifying widow(er)

Use Worksheet 2, below.

Worksheet 1	
If your income on line 26 is between:	Your standard deduction is:
\$1 - 10,000	\$ <u>1,500</u>
or	
If your income on line 26 is between \$10,000-13,333	
Enter income from line 26:	\$ _____
Multiply by 15 percent (.15)X _____ .15
This is your standard deduction	\$ _____
or	
If your income on line 26 is:	Your standard deduction is:
\$13,333 or over	\$ <u>2,000</u>
Enter your standard deduction on line 1 below.	

Worksheet 2	
If your income on line 26 is between:	Your standard deduction is:
\$1 - 20,000	\$ <u>3,000</u>
or	
If your income on line 26 is between \$20,000-26,667	
Enter income from line 26:	\$ _____
Multiply by 15 percent (.15)X _____ .15
This is your standard deduction	\$ _____
or	
If your income on line 26 is:	Your standard deduction is:
\$26,667 or over	\$ <u>4,000</u>
Enter your standard deduction on line 1 below.	

STANDARD DEDUCTION CALCULATION

1. Enter your standard deduction from Standard Deduction Worksheet above
2. Enter your Maryland income factor (from line 3, Instruction 13)
3. Total Maryland standard deduction (Multiply line 1 by line 2). Enter here and on line 27

1	
2	
3	

15 Itemized deductions. If you figure your tax by the Itemized Deduction Method, complete line 27 and check the box for Itemized Deduction Method.

To use the Itemized Deduction Method, you must itemize your deductions on your federal return and complete federal Form 1040 Schedule A. Copy the amount from Schedule A, line 28, Total Itemized Deductions, onto line 1 of the Itemized Deduction Worksheet below. Complete lines 1 to 5 and enter result on line 27 of Form 515. Also, the amount of any donated easement deducted as a contribution for which a Preservation and Conservation Easements

Credit is claimed on Form 502CR must be added to line 2. NOTE: Certain high-income taxpayers are required to reduce their federal itemized deductions. If you had to reduce your total federal itemized deductions, use the itemized deduction worksheet for high-income taxpayers to calculate the amount of state and local taxes to be entered on line 2 of the following worksheet.

You are not required to itemize deductions on your Maryland return simply

because you itemized on your federal return. Figure your tax each way to determine which method is best for you.

Your Maryland itemized deductions are limited to those deductions related to Maryland income. You must adjust the total itemized deductions based on the percentage of Maryland income. Use the Maryland income factor from Instruction 13 to figure your allowable Maryland itemized deductions.

ITEMIZED DEDUCTIONS WORKSHEET

1. Total federal itemized deductions (from line 28, federal Schedule A)
2. State and local income taxes included in federal Schedule A, line 5
3. Net deductions (Subtract line 2 from line 1)
4. Enter your Maryland income factor (from line 3, Instruction 13)
5. Total Maryland itemized deductions (Multiply line 3 by line 4). Enter here and on line 27.

1	
2	
3	
4	
5	

ITEMIZED DEDUCTION WORKSHEET FOR HIGH-INCOME TAXPAYERS

1. ENTER the amount from line 28 of federal Schedule A. \$_____
2. ENTER the total of lines 4, 13 and 19, plus any gambling and casualty or theft losses included in line 27 of federal Schedule A. \$_____
3. Federal itemized deductions that were limited (SUBTRACT line 2 from line 1) \$_____
4. Federal itemized deductions subject to limitation (ENTER the total of lines 9, 10, 11, 12, 18, 26 and line 27 less any gambling and casualty or theft losses included in 27 of federal Schedule A \$_____
5. DIVIDE line 3 by line 4 \$_____
6. ENTER the amount of state and local income taxes from line 5 of federal Schedule A \$_____
7. MULTIPLY line 5 by line 6. Enter here and on line 1 of the Itemized Deduction Worksheet \$_____

16 Exemption allowance computation. You must adjust the total exemption amount on line 29 based on the percentage of Maryland income. On line 30 enter the Maryland income factor from Instruction 13 to figure your Maryland exemption allowance.

17 Figure your Maryland taxable net income. Subtract line 31 from line 28.

18 Figure the Maryland tax. You must use the tax table if your taxable income is less than \$100,000.

Find the income range in the tax table that applies to the amount on line 32 of your return. Find the Maryland tax corre-

sponding to your income range. Enter the tax amount on line 33 of your return. If your taxable income on line 32 is \$100,000 or

more, use the Maryland Tax Computation Worksheet at the end of the tax table.

19 Earned income, poverty level, and other credits for individuals and businesses. You may claim a credit on line 34 equal to one-half of the earned income credit on your federal return multiplied by the Maryland income factor. You may claim a credit on line 35 of 5% of your earned income multiplied by the Maryland income factor if your income is less than the poverty income guidelines. You may also be eligible for a refundable earned income credit.

EARNED INCOME CREDIT

If you claimed an earned income credit on your federal return, then you may claim one-half (50%) of the federal credit multiplied by the Maryland income factor on your Maryland return. If you filed a joint federal return, but a separate Maryland return, you may claim a combined total of up to one-half the federal credit. Complete Part I of the worksheet on page 6 to calculate the amount to enter on line 34 of Form 515.

This is not a refundable credit.

POVERTY LEVEL CREDIT

If your earned income and federal adjusted gross income are below the poverty level income for the number of exemptions on your federal tax return, you may be eligible for the poverty level credit.

You are not eligible for this credit if you checked filing status 6 (dependent taxpayer) on your Maryland income tax return.

Generally, if your Maryland state tax exceeds 50% of your federal earned income credit and your earned income and federal adjusted gross income are below the poverty income guidelines from the worksheet, you may claim a credit of 5% of your earned income multiplied by the Maryland income factor.

Complete Part II of the worksheet on page 6 to calculate the amount to enter on line 35 of Form 515.

This is not a refundable credit.

PERSONAL INCOME TAX CREDITS

Enter the total of your personal income tax credits as listed below. Complete and submit Form 502CR with Form 515.

a. Credits for Income Taxes Paid to Other States. This credit is not available for non-resident taxpayers.

b. Credit for Child and Dependent Care Expenses. If you were eligible for a Child and Dependent Care Credit on your federal income tax return and your income is below certain thresholds you are entitled to a tax credit equal to a percentage of the federal credit.

c. 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.

d. Credit for Aquaculture Oyster Floats. If you purchased a new aquaculture oyster float during the tax year, you may be entitled to a credit of up to \$500 for the cost of the float.

e. Long-Term Care Insurance Credit. If you paid a premium for a long-term care insurance policy for yourself or certain family members, you may be eligible for a tax credit.

f. Credit for Preservation and Conservation Easements. If you donated an easement to the Maryland Environmental Trust or the Maryland Agricultural Land Preservation Foundation to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, viewsheds, or historic properties, you may be eligible for a credit.

g. Clean Energy Incentive Credit. If you purchased photovoltaic or solar water heating property during the tax year, you may be entitled to a credit for a portion of the costs.

For additional information regarding any of the above personal income tax credits, see the instructions for Form 502CR, Income Tax Credits. Form 502CR and instructions are available from any office of the Comptroller.

BUSINESS TAX CREDITS

Business tax credits (as calculated on Form 500CR) are as follows: Enterprise Zone Tax Credit, Employment Opportunity Tax Credit, Maryland Disability Employment Tax Credit, Job Creation Tax Credit, Community Investment Tax Credit (formerly Neighborhood Partnership Program Tax Credit), Businesses That Create New Jobs Tax Credit, Water Quality Improvement Credit, Employer Provided Long-term Care Insurance Credit, One Maryland Economic Development Tax Credit, Commuter Tax Credit, Research and Development Tax Credit, Clean Energy Incentive Act, Electric and Gas Utility Credits, Credit for Maryland-mined Coal, the Telecommunications Property Tax Credit, Long Term Employment of Qualified Ex-Felons Tax Credit and the Green Buildings Tax Credit.

For additional information regarding the above income tax credits, see the instructions provided for Form 500CR-Business Tax Credits. Form 500CR is available from any office of the Comptroller.

REFUNDABLE EARNED INCOME CREDIT

If one-half of your prorated federal earned income credit is greater than your Maryland tax and you have one or more dependents that you may claim as an exemption on your federal income tax return, you may also be eligible for a refundable earned income credit. This credit is the amount by which 20% of your federal earned income credit multiplied by the Maryland income factor exceeds your Maryland tax liability. Complete Part III of the worksheet on page 6 and enter the result on line 52 of Form 515.

EARNED INCOME CREDIT, POVERTY LEVEL CREDIT and REFUNDABLE EARNED INCOME CREDIT WORKSHEET

PART I – Earned Income Credit

1. Maryland tax (from line 33 of Form 515) 1. _____
2. Federal earned income credit _____ x 50% (.50). 2. _____
3. Multiply line 2 by the Maryland income factor _____% (from line 30). Enter this amount here and on line 34 of Form 515. 3. _____
4. Subtract line 3 from line 1. If less than zero (0) enter zero (0) 4. _____

If line 4 is greater than zero (0), you may qualify for the Poverty Level Credit. Go to Part II.

If line 4 is zero (0), you may qualify for the Refundable Earned Income Credit. Go to Part III.

PART II – Poverty Level Credit

If you checked filing status 6 on your Maryland return, you are not eligible for this credit.

1. Enter the amount from line 21, of Form 515. If you checked filing status 3 (married filing separately) and you filed a joint federal return enter your joint federal adjusted gross income plus any Maryland additions 1. _____
 2. Enter the total of your salary, wages, tips and other employee compensation and net profit from self-employment. (Do not include a farm or business loss.) Also include your distributive share of pass-through entity income 2. _____
 3. Find the number of exemptions in the chart that is the same as the number of exemptions entered on your federal tax return. Enter the income level that corresponds to the exemption number. 3. _____
 4. Enter the amount from line 1 or 2, whichever is larger. 4. _____
- Compare lines 3 and 4. If line 4 is greater than or equal to line 3, STOP HERE.
You do not qualify for this credit.
- If line 3 is greater than line 4, continue to line 5.
5. Multiply line 2 of Part II by 5% (.05). 5. _____
 6. Multiply line 5 by the Maryland income factor _____% (from line 30).
Enter that amount here and on line 35 of Form 515. 6. _____

POVERTY INCOME GUIDELINES

Number of Exemptions on Federal Return	Income Level
1	\$ 9,310
2	\$12,490
3	\$15,670
4	\$18,850
5	\$22,030
6	\$25,210
7	\$28,390
8	\$31,570

If you have more than 8 exemptions, add \$3,180 to the last income level for each additional exemption.

PART III – Refundable Earned Income Credit

You must have one or more dependents who may be claimed as an exemption to claim this credit.
COMPUTE THIS CREDIT ONLY IF LINE 4 IN PART I IS ZERO.

1. Multiply your federal earned income credit _____ by the Maryland income factor _____% (from line 30). 1. _____
 2. Multiply line 1 x 20% (.20) and enter the result. 2. _____
 3. Enter your Maryland tax from Part I, line 1. 3. _____
 4. Subtract line 3 from line 2. If less than zero (0) enter zero (0). This is your refundable earned income credit. 4. _____
- If line 4 is greater than zero, enter the amount on line 52 of Form 515.

20 **Local income tax and local credits.** Maryland counties and Baltimore City may levy an income tax which is a percentage of Maryland taxable income. Use the **LOCAL TAX RATE CHART** and the **LOCAL TAX WORKSHEET** to figure your local income tax. Use the Maryland county (or Baltimore City) in which you were employed on the last day of the tax year and which you showed in the box at the top of Form 515.

Local earned income credit. If you calculated an earned income credit on line 34 of Form 515, complete the LOCAL EARNED

INCOME CREDIT WORKSHEET.

Local poverty level credit. If you calculated a poverty level credit on line 35 of Form 515,

complete the LOCAL POVERTY LEVEL CREDIT WORKSHEET.

LOCAL TAX WORKSHEET

Multiply the taxable net income by your local tax rate from the LOCAL TAX RATE CHART for the county in which you were employed on the last day of the tax period. Enter the result on line 40 of Form 515. This is your local income tax.

1. Taxable net income from line 32 of Form 515. \$ _____
2. Local tax rate from the LOCAL TAX RATE CHART **0** _____
3. Local income tax (Multiply line 1 by line 2.) Enter this amount on line 40 of Form 515 rounded to the nearest cent or whole dollar \$ _____

2004 LOCAL TAX RATE CHART

Subdivision	Rate	Subdivision	Rate	Subdivision	Rate
Baltimore City	.0305	Charles County	.0290	Prince George's County	.0320
Allegany County	.0293	Dorchester County	.0262	Queen Anne's County	.0285
Anne Arundel County	.0256	Frederick County	.0296	St. Mary's County	.0310
Baltimore County	.0283	Garrett County	.0265	Somerset County	.0315
Calvert County	.0280	Harford County	.0306	Talbot County	.0225
Caroline County	.0263	Howard County	.0320	Washington County	.0280
Carroll County	.0305	Kent County	.0258	Wicomico County	.0310
Cecil County	.0280	Montgomery County	.0320	Worcester County	.0125

LOCAL EARNED INCOME CREDIT WORKSHEET

1. Enter federal earned income credit from your federal return. 1. _____
 2. Enter your local tax rate 2. **0** _____
 3. Multiply line 2 by 10 and enter on line 4. 3. _____ **x10**
- (Example: $\begin{array}{r} .0256 \\ \times 10 \\ \hline .256 \end{array}$)

Note: In lieu of multiplying by 10 you may simply move the decimal point one place to the right and enter on line 4.
4. Local earned income credit rate 4. _____
 5. Multiply line 1 by line 4. 5. _____
 6. Multiply line 5 by the Maryland income factor _____% (from line 30). Enter here and on line 41 of Form 515. 6. _____

LOCAL POVERTY LEVEL CREDIT WORKSHEET

Refer to the STATE POVERTY LEVEL CREDIT WORKSHEET in Instruction 19. If the amount on line 3 of that worksheet 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. A. _____
- B. Enter your local tax rate from line 2 of the LOCAL TAX WORKSHEET. B. **0** _____
- C. Multiply line A by line B. C. _____
- D. Multiply line C by the Maryland income factor _____% (from line 30). Enter the amount here and on line 42 of Form 515. D. _____

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Taxes paid and credits. Write your taxes paid and credits on lines 50-54.

Line 50. Write the total Maryland and local tax withheld as shown on the wage and tax statements (Forms W-2, W-2G or 1099) you have received. Add up the amounts identified as Maryland and local tax withheld on each form and write the total on line 50. Attach Forms W-2, W-2G and 1099 to your return **if Maryland tax is withheld.**

IMPORTANT: Your wage and tax statements contain many numbers. Be sure you add only the amounts identified as Maryland and local tax withheld.

Line 51. Enter on line 51 the total of:
 a. Maryland estimated tax payments, AND
 b. payment made with a request for an automatic extension of time to file your return.

Line 52. If one-half of your federal earned income credit is greater than your Maryland state income tax, you may be eligible for a refundable earned income credit. See Instruction 19 and complete the REFUNDABLE EARNED INCOME CREDIT WORKSHEET to calculate this credit.

Line 53. Complete this line only if you are a Pennsylvania resident. If you reside in New York City or Wilmington, Delaware, do not make an entry on this line. Residents of these cities are subject to both the state tax and the local tax on wages earned in Maryland.

Line 54. REFUNDABLE INCOME TAX CREDITS. Enter the amount from line 4, Part J of Form 502CR.

NOTE: HERITAGE STRUCTURE REHABILITATION TAX CREDIT. See Form 502H for qualifications and instructions.

22**Overpayment or balance due.** Calculate the balance due (line 56) or overpayment and refund (line 57).**23****Telephone numbers, code number, signatures and attachments.** Enter your telephone numbers, and sign and date your return. Be sure to attach all required forms, schedules and statements.**CODE NUMBER**

If special circumstances apply, you may not owe the interest for underpayment of estimated tax. Refer to Form 502UP for additional information. Enter code **300** if you are a farmer or fisherman or enter code **301** if your income was received unevenly throughout the year in the code number box located to the right of the signature area. Attach your completed Form 502UP if you have entered code **301**.

SIGNATURES

You must sign your return. Both husband and wife must sign a joint return.

Your signature(s) signifies that your return, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under the penalties of perjury.

If a power of attorney is necessary, complete federal Form 2848 and attach to your return.

TAX PREPARERS

If another person prepared your return, that person must also sign the return and enter their social security number or 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 the penalties of perjury.

ATTACHMENTS

Be sure to attach wage and tax statements (Form W-2, W-2G or 1099) to the front of your return if Maryland tax is withheld. Be sure to attach all forms, schedules and statements required by these instructions. Place your check or money order on top of your wage and tax statements and fasten with one staple on the front of your tax return.

24**Payment and mailing instructions and deadlines.****PAYMENT BY CREDIT CARD**

You may pay your balance due, estimated or extension payments by using MasterCard, Discover, American Express or Visa.

Credit card payments may be made by telephone or over the internet. The internet option is available to everyone. You must have filed a 2003 Maryland income tax return to use the telephone option.

Both options will be processed by Official Payments Corporation who will charge a convenience fee of 2.5% on the amount of your payment. The State will not receive this fee. You will be told the amount of the fee before you complete your transaction. Do not include the amount of the convenience fee as part of the tax payment.

To make a credit card payment call 1-800-2PAYTAX (1-800-272-9829) or visit their website at:

www.officialpayments.com

PAYMENT BY CHECK OR MONEY ORDER

Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink. Put your social security number, type of tax and year of tax being paid on your check. **DO NOT SEND CASH.**

MAILING INSTRUCTIONS

Mail your return to:
**Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001**

Sending your return by certified mail will not result in special handling and may delay your refund.

DUE DATE

Returns must be mailed by April 15, 2005, for calendar year taxpayers. Persons filing on a fiscal year basis must file by the

15th day of the fourth month following the close of the fiscal year.

EXTENSION OF TIME TO FILE

Follow the instructions on Form 502E to request an automatic extension of the time to file your 2004 return. Filing this form extends the time to file your return, but does not extend the time to pay your taxes. Payment of the expected tax due is required with Form 502E by April 15, 2005. You can pay by electronic funds withdrawal (direct debit) or credit card on our website. If no tax is due and you requested a federal extension, you do not need to file Form 502E or take any other action to obtain an automatic extension.