

AMENDED MARYLAND TAX RETURN

Header section containing personal information: Your first name and initial, Last name, Social security number, Check here if you are: 65 or over, Blind, Spouse's first name and initial, Last name, Social security number, Check here if your spouse is: 65 or over, Blind, Tax year being amended, Present address (No. and street or rural rt.), City or Town, State, Zip Code, Daytime telephone number, Name of County in which you were a resident on the last day of the tax year, Maryland County, Name of incorporated city, town, or special taxing area in which you were a resident on the last day of the tax year, City, Town or Taxing Area.

IMPORTANT NOTE: Read the instructions and complete page 2. Failure to complete page 2 may delay your refund or increase interest charges on a balance due.

Is this address different than the address on your original return? YES NO

Check: Full-year resident Part-year resident or Nonresident

If part-year resident or nonresident enter dates you resided in Maryland - . Any changes from the original filing must be explained in Part III on the back of this form.

Did you request an extension of time to file the original return? YES NO

If yes, enter the date the return was filed

Is an amended Federal return being filed? YES NO

If yes, submit copy.

Has your original Federal return been changed or corrected by the Internal Revenue Service? YES NO

If yes, submit copy of the IRS notice.

CHANGE OF FILING STATUS

- Original Amended
1. Single
2. Married filing joint return or spouse had no income
4. Married filing separately
5. Head of household
6. Qualifying widow(er) with dependent child
7. Dependent taxpayer

Table with 3 columns: A. As originally reported or as previously adjusted (See instructions), B. Net change - increase or (decrease) - explain on page 2, C. Correct amount. Rows 51-77.

- 51. Federal adjusted gross income
52. Additions to income
53. Total (Add lines 51 and 52)
54. Subtractions from income
55. Total Maryland adjusted gross income (Subtract line 54 from line 53)
56. All taxpayers must complete this line - CHECK ONLY ONE METHOD
STANDARD DEDUCTION METHOD Use percentage applicable for year of return. (See Instruction 5)
ITEMIZED DEDUCTION METHOD Enter total Maryland itemized deductions from Part I on page 2.
57. Net income (Subtract line 56 from line 55)
58. Exemption amount (See Instruction 5)
59. Taxable net income (Subtract line 58 from line 57)
60. Maryland tax (from Tax Table or Computation Worksheet)
61. Earned income credit (1/2 of the federal earned income credit)
62a. Adjusted Maryland tax (Subtract line 61 from line 60)
62b. Local income tax (Use rate applicable to year of return) Enter % of line 62a. (See Instruction 7)
62c. Total Maryland and local income tax (Add lines 62a and 62b)
63. Contribution: Chesapeake Bay & Endangered Species Fund Fair Campaign Financing Fund
(not for use prior to 1988) (not for use prior to 1995) Enter total contributions
64. Total Maryland income tax, local income tax and contribution (Add lines 62c and 63)
65. Total Maryland tax withheld
66. Estimated tax payments and payment made with an extension request, Form 502E
67. Credit for income tax paid another state (Attach Form 502CR)
68. Business tax credits (Attach Form 500Z or 500CR)
69. Tax paid with original return, plus additional tax paid after it was filed (Do not include any interest or penalty)
70. Total payments and credits (Add lines 65 through 69)
71. Balance due (if line 64 is more than line 70)
72. Overpayment (if line 64 is less than line 70)
73. Overpayment, if any, as shown on original return or as previously adjusted
74. Amount of overpayment TO BE REFUNDED TO YOU (Only if line 73 is less than line 72) (Subtract line 73 from line 72)
75. Balance of tax due (Add amount on line 71 to line 73) (If line 73 is more than line 72, subtract line 72 from line 73)
76. Interest charges on tax due and/or from Form 502UP (for persons who paid too little estimated tax)
77. TOTAL AMOUNT DUE (Add line 75 and line 76) PAY IN FULL WITH THIS RETURN

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Make checks payable to: COMPTROLLER OF THE TREASURY (Write social security no. on check)

Your signature Date
Spouse's signature Date

Signature of preparer other than taxpayer Date
Address of preparer

IMPORTANT NOTES

WHEN AND WHERE TO FILE

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

- a claim filed within three years after the date of filing the return is limited to the amount paid within the three years (including extensions) before you filed the claim.
- 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 three 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 notification by the other state that income tax is due.
- If the Internal Revenue Service 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 Internal Revenue Service issued a final determination of adjustments that would result in an increase to Maryland taxable income, file Form 502X within ninety 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. Please note that no refund for less than \$1.00 will be issued.

The amended return must be filed with the Comptroller of the Treasury, Revenue Administration Division, Annapolis, Maryland 21411-0001.

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 TO FILE. The Comptroller may accept or reject a protective claim. If rejected, the taxpayer will be informed of a right to a hearing.

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.

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 United States Internal Revenue Service, 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 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 State 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 Internal Revenue Service, you must report this increase to the Maryland Revenue Administration Division within ninety (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 in the boxes. Be sure to check the appropriate box if you or your spouse are 65 or over or blind on the last day of the taxable year. Also enter the correct county, city or taxing area for the last day of the taxable year being amended. If your address is different than the address on your original return, be sure to answer "Yes" to Question 1.

2 QUESTIONS. Answer all of the questions and attach copies of any federal notices, amended forms and schedules. 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 the back 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 from married filing separately to joint or from

married filing joint to married filing separately requires the signature of both spouses. Enter a complete explanation in Part III on the back of Form 502X. **NOTE:** If you are amending a year prior to

1992 in which you filed married combined separate or you wish to change to married combined separate, contact the Revenue Administration Division at (410) 974-3981 for assistance.

4 COMPLETING THE FRONT OF FORM 502X.

COLUMNS A-C

In Column A, enter the amounts from your return as originally filed or as previously adjusted. If your return was changed or audited by the IRS, enter the adjusted amounts.

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 51—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 52—Additions to income. For items such as tax preference items, lump sum distributions and amounts to be added when credits are claimed, attach corrected Maryland Form 502TP, 502CR, 500CR or 500Z. Enter an explanation of the changes in Part III.

LINE 54—Subtractions from income. Enter items such as child care expenses, pension ex-

clusion, and other subtractions (shown in the instructions for your original return). Enter an explanation of the changes in Part III.

LINE 56—Method of computation.

Standard deduction method. For tax years beginning after 1988 (1989 and later), the standard deduction is 15% of the Maryland adjusted gross income with the following minimums and maximums:

Filing Status 1, 4 & 7 - Minimum of \$1,500 and maximum of \$2,000

Filing Status 2, 5 & 6 - Minimum of \$3,000 and maximum of \$4,000

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

LINE 58—Exemptions. For tax years 1990 and later multiply all regular exemptions by \$1,200. Multiply exemptions for taxpayers 65 or over or blind by \$1,000.

LINE 60—Computing the tax. Line 59 will be your Maryland taxable income. Use the tax table provided with the amended forms to find your tax. If your income on line 59 is over \$100,000, use the rate schedule below for the appropriate tax year.

TAX RATE SCHEDULES

For Tax Years Beginning Before January 1, 1992 and After December 31, 1994

If amount on line 59 is:		Amount of tax
At least	but not over	(Enter on line 60)
\$ 0	\$1,000	2% of amount on line 59
1,000	2,000	\$20 plus 3% of excess over \$1,000
2,000	3,000	\$50 plus 4% of excess over \$2,000
3,000	-	\$90 plus 5% of excess over \$3,000

For Tax Years 1992, 1993 and 1994

If amount on line 59 is:		Amount of tax
At least	but not over	(Enter on line 60)
\$ 0	1,000	2% of amount on line 59
1,000	2,000	\$20 plus 3% of excess over \$1,000
2,000	3,000	\$50 plus 4% of excess over \$2,000
3,000	100,000	\$90 plus 5% of excess over \$3,000
100,000	-	\$4,940 plus 6% of excess over \$100,000

If your filing status is joint, head of household or qualifying widow(er), substitute \$150,000 for \$100,000 and \$7,440 for \$4,940 in the above rate schedule.

6 EARNED INCOME CREDIT. Beginning with calendar year 1987, you may deduct one-half of your federal earned income credit on line 61. If the amount on line 61 is greater than the tax on line 60, enter zero on line 62a. If you are a part-year resident, you must prorate the credit by the number of months of residence. The earned income credit on the Maryland return is non-refundable.

7 LOCAL INCOME TAX. Use the percentage applicable for the year being amended for the county (or Baltimore City) in which you resided on the last day of that taxable year. Add lines 62a and 62b and enter on line 62c. For tax years 1992, 1993 and 1994 the law allows only taxable income less than \$100,000 (\$150,000 for taxpayers filing joint, head of household or qualifying widow(er)) to be taxed at local tax rates higher than 50%. All taxable income over those amounts is limited to a 50% local tax rate. For tax years prior to 1992 and after 1994, all taxable income is subject to the local tax rate in effect for the tax year of the amended return.

Local Tax Rate Chart

	1993	1994	1995	1996
Allegany County	60%	60%	60%	60%
Baltimore County	55%	55%	55%	55%
Caroline County	50%	50%	50%	60%
Carroll County	50%	50%	50%	58%
Montgomery County	60%	60%	60%	60%
Prince George's County	60%	60%	60%	60%
Queen Anne's County	50%	55%	55%	55%
St. Mary's County	50%	60%	60%	60%
Somerset County	50%	60%	60%	60%
Talbot County	60%	60%	60%	55%
Wicomico County	50%	60%	60%	60%
Worcester County	30%	30%	30%	30%

All other counties and Baltimore City have 50% local tax rate.

8 CONTRIBUTIONS TO THE CHESAPEAKE BAY AND ENDANGERED SPECIES FUND AND FAIR CAMPAIGN FINANCING FUND. For tax years 1988 through 1996 you may contribute to the Chesapeake Bay and Endangered Species Fund. For tax years after 1994 you may also contribute to the Fair Campaign Financing Fund. Contributions to the campaign fund are limited to \$500 (\$1,000 on a joint return) per year. Any contribution to either fund will increase your tax or reduce your refund. Enter the amount, if any, in the appropriate boxes on line 63 and the total in the appropriate columns. Additional information concerning the funds is contained in the Maryland resident individual income tax packet for the tax year of the amended return.

9 TAXES PAID AND CREDITS. Write your taxes paid and credits on lines 65 -70.

Enter the correct amounts on lines 65 through 68 and attach any additional or corrected W-2 statements, photocopies of checks or money orders for estimated account payments not credited on your original return, corrected Form 502CR and other state returns, or corrected Form 500Z or 500CR. Tax payments made with the original return plus any additional tax paid after filing should be entered on line 69. Do not include on line 69 any interest or penalty paid. Enter the total of payments and credits on line 70.

10 OVERPAYMENT OR BALANCE DUE. Calculate the balance due or overpayment by subtracting the total on line 70 from the total Maryland and local tax on line 64.

Enter the overpayment, if any, from your original return on line 73. Include on this line any refunds from prior amendments or adjustments. If line 72 is more than line 73, you are due an additional refund. Enter the difference on line 74.

If line 72 is less than line 73, you owe additional tax. Enter the difference on line 75 and compute interest due using the interest rates in Instruction 11. If line 71 shows a balance due and there is no amount on line 73, enter the balance on line 75 and compute the interest due.

If line 71 shows a balance due and there is an amount on line 73, add the two together and enter the total on line 75. Compute the interest due.

If there is an outstanding balance due for the year you are amending, the interest and penalty 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 1997 estimated tax account, please attach written authorization for the amount to be removed. Interest charges are assessed even if the balance due is removed from the 1997 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. Use the following rates:

Period	Annual Interest Rate
January 1, 1986 to December 31, 1989	12%
January 1, 1990 to December 31, 1990	13%
January 1, 1991 to December 31, 1992	12%
January 1, 1993 to December 31, 1997	13%

UNDERPAYMENT OF ESTIMATED TAX

If you do not meet the requirement for avoidance of interest for underpayment of estimated tax, obtain the proper Form 502UP for the tax year in question from any office of the Revenue Administration Division. Complete and attach it to your amended return. Enter any interest due on line 76 of Form 502X.

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

12 TURN THE FORM OVER AND COMPLETE PAGE 2.

PART I

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.

PART II

Complete the pension exclusion computation when any pension exclusion is claimed, even if you are not revising the amount. Use the following amounts as the maximum allowable exclusion:

- 1993 - \$13,100
- 1994 - \$13,600
- 1995 - \$13,800
- 1996 - \$14,400

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 for each item you are changing and state the reason for the change. Be sure to attach any required schedules or forms.

13 SIGNATURE, ATTACHMENTS AND PAYMENT INSTRUCTIONS. Sign and date your return and attach all required forms, schedules, and statements.

SIGNATURES

You must sign your return. Both husband and wife 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 the penalties of perjury.

TAX PREPARERS

If another person prepared your return, that person must also sign the return. The preparer declares that the return is based on all informa-

tion 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, 1099, and MW-509) to the front of your return if you are claiming additional Maryland withholding. Be sure to attach all forms, 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 the Treasury
Revenue Administration Division
Amended Return Unit
Annapolis, Maryland 21411-0001

PAYMENT INSTRUCTIONS

Make your check or money order payable to "Comptroller of the Treasury." Put your social security number, type of tax and year of tax being paid on your check. **DO NOT SEND CASH.**

14 CHANGE OF RESIDENT STATUS. Be sure to enter a full explanation of the change of resident status in Part III on the back of the amended form.

If you are changing your resident status from a resident to a nonresident, 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 partnerships or S corporations 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 ratio that Maryland income bears to non-Maryland income. For tax years after 1991, exemptions must be prorated according to the ratio that Maryland income bears to non-Maryland income.

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 non-resident period in Part III. If you have any losses or adjustments to federal income that do not pertain to the resident period, you must show them as additions. For tax years after 1992, your standard deduction or itemized deductions and exemptions must be prorated according to the ratio that Maryland income bears to non-Maryland income. 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.

15 NONRESIDENTS. Nonresidents who are amending their Maryland income tax returns should indicate in Part III that they are amending Form 505, and should not complete line 62b on Form 502X.

16 NET OPERATING LOSS (NOL). To claim a deduction for a federal net operating loss on the Maryland return, you must first calculate the net operating loss for federal purposes. A deduction will be allowed on the Maryland return for the amount of the loss actually utilized on the federal return. The amount of loss utilized 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.

For years beginning after December 31, 1988, if claiming a net operating loss carryback or carryforward and the total of addition modifications exceeds the total of subtraction modifications in the year of the loss, a modification to recapture the excess of additions over subtractions is required when claiming the corresponding net operating loss deduction.

Therefore, if, in the year of the net operating loss, total addition modifications exceed to-

tal subtraction modifications, enter as an Addition to Income the smaller of:

- Net operating loss deduction attributable to the loss year (tax year in which net operating loss occurred)
- or
- The net addition modification in the loss year plus the cumulative net operating loss deductions claimed for current and prior years attributable to the loss year, less the total net operating loss in the loss year.

For further instruction and examples, you may request Administrative Release No. 18.

Please attach a copy of federal Form 1045 or 1040X, whichever was used for federal purposes, a copy of the worksheet used to calculate the federal net operating loss, and any other schedules or worksheets used to show the amounts utilized in the carryback or carryforward years on the federal return.

17 INCOME TAX ASSISTANCE. If you need additional information contact the Maryland Revenue Administration Division at 1-800-MD-TAXES or (410) 974-3981.