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Peter Franchot
Comptroller

Robert J. Murphy
Director
Central Payroll Bureau

TO: All State Agencies
FROM: Robert J. Murphy, Director
Central Payroll Bureau
DATE: November 3, 2014
SUBJECT: EARNED INCOME CREDIT (EIC)

Tax General Article 10-913 requires an employer to provide, on or before December 31, 2014, electronic or written notice to an employee who may be eligible for the federal and Maryland EITC. Tax alert 14-10 reflects updated 2014 "Income Eligibility" figures which were adjusted for inflation.

Employees need to be advised that eligibility for the federal and Maryland Earned Income Tax Credit may be applicable if both their federal adjusted gross income and their earned income is less than the following:

Updated figures:

- \$46,997 (\$52,427 for married filing jointly) with three or more qualifying children
- \$43,756 (\$49,186 for married filing jointly) with two qualifying children
- \$38,511 (\$43,941 for married filing jointly) with one qualifying child
- \$14,590 (\$20,020 for married filing jointly) with no qualifying children

Employees who meet this income eligibility should be advised to go to the Internal Revenue Service website at www.irs.gov, or contact their tax advisor, to see if they meet the other federal criteria. Employees who meet all of the federal requirements may be eligible for a Maryland credit up to one-half of the federal EITC, but not greater than the state income tax. Additionally, certain employees may also qualify for a refundable Maryland credit, or a local EITC.

All employees should be notified of these eligibility standards. **It is mandatory that employees with wages less than or equal to the amounts shown above be informed.** A notification flyer is included which should be distributed to employees and also posted with other personnel regulation information within your agency.

For further Maryland EITC information, visit our website at www.marylandtaxes.com, or call 1-800-MD-TAXES (1-800-638-2937), or 410-260-7980 from Central Maryland.

IMPORTANT NOTICE TO MARYLAND EMPLOYEES

FEDERAL AND MARYLAND EARNED INCOME TAX CREDITS ARE AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS AND FAMILIES

THESE CREDITS CAN REDUCE THE AMOUNT OF INCOME TAX OWED OR INCREASE AN INCOME TAX REFUND, AND SOME CREDITS MAY BE RECEIVED EVEN IF INCOME IS LESS THAN REQUIRED TO FILE A TAX RETURN

2014 Maryland Earned Income Tax Credit (EITC)

Maryland's EITC is a credit for certain taxpayers who have income and have worked. The state EITC reduces the amount of Maryland tax you owe. The local EITC reduces the amount of county tax you owe. Some taxpayers may even qualify for a refundable Maryland EITC.

Most taxpayers who are eligible and file for a federal EITC can receive the Maryland state and local EITC. The allowable Maryland credit is up to one-half of the federal credit. To be eligible for the federal and Maryland EITC, your federal adjusted gross income and your earned income must be less than the following:

- **\$46,997 (\$52,427 for married filing jointly) if with three or more qualifying children**
- **\$43,756 (\$49,186 for married filing jointly) if with two qualifying children**
- **\$38,511 (\$43,941 for married filing jointly) if with one qualifying child**
- **\$14,590 (\$20,020 for married filing jointly) if with no qualifying children**

To receive the Maryland EITC, you must be eligible for the federal credit. If your income is less than the amounts shown in this notice, you should visit the Internal Revenue Service website at www.irs.gov, or contact your tax advisor, to learn if you meet the other requirements. You may also be entitled to a refundable Maryland EITC and to a local EITC.

If you are a part-year resident or a non-resident of Maryland, you may be entitled to a prorated share of the credit, if you have Maryland income.

For more information about the Maryland EITC, visit our Web site at www.marylandtaxes.com or call 1-800-MD-TAXES (1-800-638-2937) or 410-260-7980 from Central Maryland. You must have a valid Social Security Number and file a tax return to claim this credit.

Reminder: Legally married same-sex couples must file as married filing jointly or married filing separately for tax year 2014. Employees wishing to adjust their withholding to reflect married status should complete a new Maryland Form MW507, as well as federal form W-4.

Recordatorio: Parejas del mismo sexo legalmente casadas deberán presentar la declaración de impuestos como casado en conjunto o casado pero realizando la presentación separado para el año tributario 2014. Empleados que deseen ajustar la retención de impuestos con su empleador para reflejar el estado civil como casado, deberán completar una nueva forma de Maryland MW507 así como la forma federal W-4.

Para obtener información en español sobre el Crédito Ingreso del Trabajo (EITC) de Maryland, visite www.marylandtaxes.com

2014 Federal Earned Income Tax Credit (EITC)

For more information about the federal EITC
visit: www.irs.gov/individuals or call the IRS at 1-800-829-1040