



COMPTROLLER  
*of* MARYLAND  
*Serving the People*

Peter Franchot  
*Comptroller*

Robert J. Murphy  
*Director*  
Central Payroll Bureau

TO: All State Agencies  
FROM: Robert J. Murphy, Director  
Central Payroll Bureau  
DATE: December 22, 2016  
SUBJECT: EARNED INCOME CREDIT (EIC)

Tax General Article 10-913 requires an employer to provide, on or before December 31, 2016, electronic or written notice to an employee who may be eligible for the federal and Maryland EITC. Tax alert 16-10 reflects updated 2016 "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:**

- \$47,955 (\$53,505 for married filing jointly) with three or more qualifying children
- \$44,648 (\$50,198 for married filing jointly) with two qualifying children
- \$39,296 (\$44,846 for married filing jointly) with one qualifying child
- \$14,880 (\$20,430 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](http://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](http://www.marylandtaxes.com), or call 1-800-MD-TAXES (1-800-638-2937), or 410-260-7980 from Central Maryland.

Maryland Employer Withholding Tax

# Tax Alert



COMPTROLLER  
*of* MARYLAND  
*Serving the People*

Tax Alert Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, Maryland 21401

Call 1-800-MD-TAXES (1-800-638-2937)  
or from Central Maryland 410-260-7980

For tax information: [www.marylandtaxes.com](http://www.marylandtaxes.com).  
Questions? Send them to [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us).

16-10

## REQUIREMENT TO NOTIFY EMPLOYEES OF POTENTIAL EARNED INCOME TAX CREDIT (EITC) ELIGIBILITY

Tax-General Article § 10-913 requires an employer to provide, on or before December 31, 2016, electronic or written notice to an employee who may be eligible for the federal and Maryland EITC.

Your employees may be entitled to claim an EITC on their 2016 federal and Maryland **resident** income tax returns if both their federal adjusted gross income and their earned income is less than the following:

- \$47,955 (\$53,505 married filing jointly) with three or more qualifying children
- \$44,648 (\$50,198 married filing jointly) with two qualifying children
- \$39,296 (\$44,846 married filing jointly) with one qualifying child
- \$14,880 (\$20,430 married filing jointly) with no qualifying children

Employees who meet this income eligibility should be advised to go to the Internal Revenue Service Web site at [www.irs.gov](http://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 half of the federal EITC, but not greater than the state income tax. Additionally, certain employees also may qualify for a refundable Maryland credit, or a local EITC.

You may choose to notify all of your employees; or you may choose to notify only those employees with wages less than or equal to the amounts shown above. A sample notification is included on the back of this alert and may be photocopied and distributed to your employees, or you may choose to develop your own notice.

For more information about the Maryland EITC, visit our Web site at [www.marylandtaxes.com](http://www.marylandtaxes.com), or call 1-800-MD-TAXES (1-800-638-2937) or from Central Maryland 410-260-7980.

**Reminder:** Legally married same-sex couples must file as married filing jointly or married filing separately for tax year 2016. 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 2016. 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 por Ingreso del Trabajo (EITC) de Maryland, visite [www.marylandtaxes.com](http://www.marylandtaxes.com).

Please see our 2017 edition of **Withholding Tax Facts** which offers more information about filing your employer withholding tax forms, reconciliation statement and other employer withholding related forms.

**Withholding Tax Facts is available at [www.marylandtaxes.com](http://www.marylandtaxes.com).**

## IMPORTANT NOTICE TO MARYLAND EMPLOYEES

**Did you know that 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 you owe or increase your income tax refund; and, you may qualify to receive some of these credits even if you did not earn enough income to be required to file a tax return.**

### 2016 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:

- \$47,955 (\$53,505 married filing jointly) with three or more qualifying children
- \$44,648 (\$50,198 married filing jointly) with two qualifying children
- \$39,296 (\$44,846 married filing jointly) with one qualifying child
- \$14,880 (\$20,430 married filing jointly) 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, visit the Internal Revenue Service Web site at [www.irs.gov](http://www.irs.gov), or contact your tax advisor, to learn if you meet the other requirements. You also may be entitled to a refundable Maryland EITC and to a local EITC.

If you are a part-year resident, you may be entitled to a prorated share of the credit, if you have Maryland income. As of 2016, nonresidents are no longer eligible for the Maryland credit.

For more information about the Maryland EITC, visit our Web site at [www.marylandtaxes.com](http://www.marylandtaxes.com) or call 1-800-MD-TAXES (1-800-638-2937) or from Central Maryland 410-260-7980. 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 2016. 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 2016. 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 por Ingreso del Trabajo (EITC) de Maryland, visite [www.marylandtaxes.com](http://www.marylandtaxes.com).

### 2016 Federal Earned Income Tax Credit (EITC)

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