

Chapter 389

(House Bill 198)

AN ACT concerning

Income Tax – Earned Income Credit – Refundable Amount

FOR the purpose of altering, for certain taxable years, the percentage of the federal earned income credit used for determining the amount that an individual may claim as a refund under the Maryland earned income credit under certain circumstances; and generally relating to the earned income credit allowed under the State income tax.

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–704(a) and (b)(1)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–704(b)(2)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Tax – General

10–704.

(a) (1) An individual may claim a credit against the State income tax for a taxable year in the amount determined under subsection (b) of this section for earned income.

(2) An individual may claim a credit against the county income tax for a taxable year in the amount determined under subsection (c) of this section for earned income.

(b) (1) Except as provided in paragraph (2) of this subsection and subject to subsection (d) of this section, the credit allowed against the State income tax under subsection (a)(1) of this section is the lesser of:

(i) 50% of the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code; or

(ii) the State income tax for the taxable year.

(2) (I) An individual may claim a refund in the amount, if any, by which [25%] **THE APPLICABLE PERCENTAGE SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH** of the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code exceeds the State income tax for the taxable year.

(II) THE APPLICABLE PERCENTAGE OF THE EARNED INCOME CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE TO BE USED FOR PURPOSES OF DETERMINING THE REFUND PROVIDED UNDER THIS PARAGRAPH IS:

1. ~~26%~~ 25.5% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2013~~ 2014, BUT BEFORE JANUARY 1, ~~2015~~ 2016;

2. ~~27%~~ 26% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2014~~ 2015, BUT BEFORE JANUARY 1, ~~2016~~ 2017;

3. ~~28%~~ 27% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2015~~ 2016, BUT BEFORE JANUARY 1, ~~2017~~; 2018; AND

4. ~~29%~~ 28% FOR A TAXABLE YEAR BEGINNING AFTER ~~DECEMBER 31, 2016, BUT BEFORE JANUARY 1, 2018; AND~~

~~5. 30% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.

Approved by the Governor, May 5, 2014.