A BILL ENTITLED

AN ACT concerning

Income Tax – Itemized Deductions

FOR the purpose of allowing an individual to itemize deductions to compute Maryland taxable income whether or not the individual itemizes deductions on the individual’s federal income tax return; providing that Maryland itemized deductions shall be determined in a certain manner for an individual who does not itemize deductions on the individual’s federal income tax return; providing for the application of this Act; and generally relating to deductions allowed for Maryland income tax purposes.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–217(a)(1) and 10–218

Annotated Code of Maryland

(2016 Replacement Volume and 2019 Supplement)

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

Article – Tax – General

10–217.

(a) (1) (i) Except as otherwise provided in this subsection, an individual may elect to use the standard deduction to compute Maryland taxable income whether or not the individual itemizes deductions on the individual’s federal income tax return in determining federal taxable income.

(ii) If an individual elects to use the standard deduction on the [federal] MARYLAND income tax return, the individual may not take any itemized
deduction in § 10–218 of this subtitle.

10–218.

(a) [Only an individual who itemizes deductions on the individual’s federal income tax return] AN INDIVIDUAL may elect to itemize deductions [on the individual’s income tax return] TO COMPUTE MARYLAND TAXABLE INCOME WHETHER OR NOT THE INDIVIDUAL ITEMIZES DEDUCTIONS ON THE INDIVIDUAL’S FEDERAL INCOME TAX RETURN IN DETERMINING FEDERAL TAXABLE INCOME.

(b) [An] SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN individual who elects to itemize deductions is allowed as a deduction the sum of the individual’s federal itemized deductions:

   (1) limited and reduced as required under the Internal Revenue Code;

   (2) further reduced by any amount deducted under § 170 of the Internal Revenue Code for contributions of a preservation or conservation easement for which a credit is claimed under § 10–723 of this title; and

   (3) further reduced by the amount claimed as taxes on income paid to a state or political subdivision of a state, after subtracting a pro rata portion of the reduction to itemized deductions required under § 68 of the Internal Revenue Code.

(c) FOR AN INDIVIDUAL WHO DOES NOT ITEMIZE DEDUCTIONS ON THE INDIVIDUAL’S FEDERAL INCOME TAX RETURN BUT ELECTS TO ITEMIZE DEDUCTIONS TO COMPUTE MARYLAND TAXABLE INCOME, THE DEDUCTION ALLOWED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE DETERMINED AS IF THE INDIVIDUAL ITEMIZED DEDUCTIONS ON THE INDIVIDUAL’S FEDERAL INCOME TAX RETURN.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.