

Chapter 572

(House Bill 327)

AN ACT concerning

Income Tax – Subtraction Modification – Military Retirement Income

FOR the purpose of altering ~~for certain taxable years a certain limitation on~~ a subtraction modification under the Maryland State income tax for certain military retirement income *for individuals who are at least a certain age*; providing for ~~a delayed effective date~~ *the application of this Act*; and generally relating to a subtraction modification for military retirement income.

BY repealing and reenacting, without amendments,
 Article – Tax – General
 Section 10–207(a)
 Annotated Code of Maryland
 (2016 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,
 Article – Tax – General
 Section 10–207(q)
 Annotated Code of Maryland
 (2016 Replacement Volume and 2017 Supplement)

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

Article – Tax – General

10–207.

(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(q) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Military retirement income” means retirement income received as a result of military service.

(iii) “Military service” means:

1. induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;
2. membership in a reserve component of the armed forces of the United States;
3. membership in an active component of the armed forces of the United States;
4. membership in the Maryland National Guard; or
5. active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey.

(2) The subtraction under subsection (a) of this section includes:

~~¶~~(i) if, on the last day of the taxable year, the individual is under the age of ~~65~~ **55** years, the first \$5,000 of military retirement income received by an individual during the taxable year; and

(ii) if, on the last day of the taxable year, the individual is at least ~~65~~ **55** years old, the first ~~\$10,000~~ **\$15,000** of military retirement income received by an individual during the taxable year.†

~~(I) THE GREATER OF \$10,000 OR 50% OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018, BUT BEFORE JANUARY 1, 2020;~~

~~(II) THE GREATER OF \$10,000 OR 75% OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021; AND~~

~~(III) ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020.~~

~~(I) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL IS UNDER THE AGE OF 65 YEARS;~~

~~1. THE FIRST \$7,500 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018, BUT BEFORE JANUARY 1, 2020;~~

~~2. THE FIRST \$15,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021;~~

~~3. THE FIRST \$20,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022; AND~~

~~4. ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2021; AND~~

~~(H) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL IS AT LEAST 65 YEARS OLD;~~

~~1. THE FIRST \$12,500 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018, BUT BEFORE JANUARY 1, 2020;~~

~~2. THE FIRST \$20,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021;~~

~~3. THE FIRST \$25,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022; AND~~

~~4. ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2021.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, ~~2019~~ 2018, and shall be applicable to all taxable years beginning after December 31, 2017.

Approved by the Governor, May 15, 2018.