A BILL ENTITLED

AN ACT concerning

Income Tax – Credit for Cybersecurity Measures Undertaken by Small Businesses

FOR the purpose of authorizing a credit against the State income tax for a certain small business for costs incurred by the small business during the taxable year for certain cybersecurity measures undertaken by the small business; making the credit refundable; and generally relating to a credit against the State income tax for cybersecurity measures undertaken by small businesses.

BY adding to

Article – Tax – General
Section 10–754
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

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

Article – Tax – General

10–754.

(A) (1) IN THIS SECTION, “SMALL BUSINESS” MEANS A BUSINESS CONDUCTED BY AN INDIVIDUAL, A PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER EMPLOYEES.

(2) “SMALL BUSINESS” INCLUDES A BUSINESS THAT DOES NOT EMPLOY ANY EMPLOYEES.
(B) A small business may claim a credit against the State income tax in an amount equal to the actual costs incurred by the small business during the taxable year:

(1) To conduct an initial cybersecurity risk assessment and implement recommendations resulting from the assessment, not to exceed $1,000; or

(2) For recurring cybersecurity measures undertaken by the small business, including cybersecurity risk assessments other than an initial assessment under paragraph (1) of this subsection, antivirus software, multifactor authentication, and data encryption, not to exceed $500.

(C) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, the small business may claim a refund in the amount of the excess.

(D) To claim the credit allowed under this section, the small business shall attach to the small business’s income tax return or otherwise file with the Comptroller proof of the costs incurred by the small business for which the small business may claim the credit under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.