

Chapter 110

(House Bill 252)

AN ACT concerning

Income Tax – ~~Return Preparation~~ Maryland Earned Income Tax Credit Assistance Program for Low–Income Families

FOR the purpose of establishing the ~~Income Tax Return Preparation~~ Maryland Earned Income Tax Credit Assistance Program for Low–Income Families; requiring the Comptroller, for certain taxable years, to ~~prepare~~ provide, as a part of the Program, certain ~~income tax returns and amended income tax returns for~~ forms to claim the Maryland earned income tax credit to certain eligible ~~taxpayers~~ residents; requiring the Comptroller to provide certain notice to eligible ~~taxpayers~~ residents concerning the Program; ~~prohibiting~~ requiring a tax collector ~~from assessing a certain penalty to waive certain penalties and interest~~ under certain circumstances; and generally relating to the ~~Income Tax Return Preparation~~ Maryland Earned Income Tax Credit Assistance Program for Low–Income Families.

BY adding to
Article – Tax – General
Section 2–116
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

2–116.

(A) IN THIS SECTION, “PROGRAM” MEANS THE ~~INCOME TAX RETURN PREPARATION~~ MARYLAND EARNED INCOME TAX CREDIT ASSISTANCE PROGRAM FOR LOW–INCOME FAMILIES.

(B) (1) THERE IS ~~AN INCOME TAX RETURN PREPARATION~~ A MARYLAND EARNED INCOME TAX CREDIT ASSISTANCE PROGRAM FOR LOW–INCOME FAMILIES.

(2) THE PURPOSE OF THE PROGRAM IS TO:

(I) ~~PROVIDE ELIGIBLE TAXPAYERS PREPARED INCOME TAX RETURNS AND AMENDED INCOME TAX RETURNS BY USING DATA ALREADY COLLECTED BY THE COMPTROLLER FROM REPORTS FROM EMPLOYERS AND OTHER~~

~~SOURCES~~ IDENTIFY RESIDENTS WHO ARE ELIGIBLE TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE BUT HAVE FAILED TO CLAIM THE CREDIT; AND

(II) ~~ESTABLISH AN OPTIONAL FILING METHOD BY WHICH ELIGIBLE TAXPAYERS MAY SUBMIT THOSE RETURNS~~ PROVIDE RESIDENTS IDENTIFIED UNDER ITEM (I) OF THIS PARAGRAPH WITH A STREAMLINED MECHANISM TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE.

(3) THE COMPTROLLER SHALL ADMINISTER THE PROGRAM.

(C) (1) THIS SUBSECTION APPLIES TO A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2024.

(2) SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE COMPTROLLER SHALL ~~PREPARE~~ PROVIDE, AS PART OF THE PROGRAM, A FORM TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE TO ANY RESIDENT:

(I) ~~A TAX RETURN FOR ANY TAXPAYER:~~

~~1. WHO IS A MARYLAND RESIDENT;~~

~~2. WHO FAILED TO FILE A MARYLAND TAX RETURN FOR THE MOST RECENT TAXABLE YEAR FOR WHICH DATA IS AVAILABLE~~ FOR WHOM THE COMPTROLLER HAS RECEIVED FEDERAL INCOME TAX RETURN INFORMATION FOR A TAXABLE YEAR DESCRIBED IN § 13-1104(C)(1) OF THIS ARTICLE;

~~3. (II) WHOSE WAGES WERE REPORTED BY THE TAXPAYER'S~~ RESIDENT'S EMPLOYER TO THE COMPTROLLER FOR THAT TAXABLE YEAR; AND

~~4. (III) WHO THE COMPTROLLER BELIEVES DETERMINES, BASED ON ALL AVAILABLE DATA, MAY BE ELIGIBLE TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE FOR THAT TAXABLE YEAR; AND~~

(IV) WHO FAILED TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE FOR THAT TAXABLE YEAR; AND

(V) WHO IS AUTHORIZED TO REQUEST A REFUND UNDER § 13-1104(C)(1) OF THIS ARTICLE.

(3) THE COMPTROLLER SHALL PROVIDE THE FORM REQUIRED UNDER THIS SUBSECTION NOT LATER THAN 45 DAYS BEFORE THE EXPIRATION OF

THE STATUTE OF LIMITATIONS FOR CLAIMING A REFUND UNDER § 13-1104(C)(1) OF THIS ARTICLE.

~~(H) AN AMENDED RETURN FOR ANY TAXPAYER WHO IS A MARYLAND RESIDENT AND WHO THE COMPTROLLER BELIEVES MAY HAVE BEEN ELIGIBLE TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE FOR THE CURRENT TAXABLE YEAR OR ANY OF THE 3 IMMEDIATELY PRECEDING TAXABLE YEARS BUT FAILED TO CLAIM THE CREDIT ON THE TAXPAYER'S RETURN.~~

~~(3) THE COMPTROLLER SHALL USE DATA FROM WAGES REPORTED BY THE TAXPAYER'S EMPLOYER TO THE COMPTROLLER AND OTHER SOURCES TO PREPARE THE RETURN IN ACCORDANCE WITH PARAGRAPH (2)(1) OF THIS SUBSECTION.~~

~~(D) IN PREPARING A RETURN IN ACCORDANCE WITH SUBSECTION (C)(2)(1) OF THIS SECTION PROCESSING THE FORM TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE, THE COMPTROLLER SHALL PREPARE THE RETURN CALCULATE THE CREDIT AS THOUGH THE TAXPAYER RESIDENT ELECTED TO USE THE STANDARD DEDUCTION UNDER § 10-217 OF THIS ARTICLE TO COMPUTE MARYLAND TAXABLE INCOME.~~

~~(E) THE COMPTROLLER SHALL DEVELOP AN ALTERNATIVE METHOD FOR AN ELIGIBLE TAXPAYER TO REQUEST THE TAXPAYER'S COMPLETED TAX RETURN IN PAPER FORM.~~

~~(F) (E) (1) THE COMPTROLLER SHALL NOTIFY EACH TAXPAYER WHO IS ELIGIBLE FOR A TAX RETURN OR AN AMENDED RETURN UNDER RESIDENT IDENTIFIED UNDER SUBSECTION (C)(2) OF THIS SECTION THAT THE PROGRAM IS A FILING OPTION METHOD OF CLAIMING THE CREDIT UNDER § 10-704 OF THIS ARTICLE AVAILABLE TO ELIGIBLE TAXPAYERS RESIDENTS.~~

(2) THE NOTIFICATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

(I) A DESCRIPTION OF THE PROGRAM;

(II) AN EXPLANATION OF THE TAXPAYER'S RESIDENT'S ELIGIBILITY FOR PARTICIPATION IN THE PROGRAM AND THE TAXPAYER'S ABILITY TO VIEW OR FILE A TAX RETURN PREPARED FOR THE TAXPAYER UNDER THE PROGRAM; AND;

(III) AN EXPLANATION THAT THE TAXPAYER'S RESIDENT'S PARTICIPATION IN THE PROGRAM IS OPTIONAL BUT SUBJECT TO THE LIMITATION UNDER SUBSECTION (D) OF THIS SECTION;

(IV) AN EXPLANATION THAT, NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE RESIDENT'S PARTICIPATION IN THE PROGRAM IS SUBJECT TO THE PROVISIONS OF THIS ARTICLE RELATING TO THE FILING OF A TAX RETURN;

(V) THE TIME BY WHICH THE FORM MUST BE COMPLETED AND RETURNED IN ORDER TO CLAIM THE CREDIT UNDER § 10-704 OF THIS ARTICLE; AND

(VI) A STATEMENT THAT THE RESIDENT MAY BE ELIGIBLE FOR, IN A SUCCEEDING TAXABLE YEAR:

1. THE FEDERAL EARNED INCOME CREDIT UNDER § 32 OF THE INTERNAL REVENUE CODE; AND

2. THE CREDIT UNDER § 10-704 OF THIS ARTICLE.

(F) ON REQUEST BY A RESIDENT, A TAX COLLECTOR SHALL WAIVE ANY PENALTIES OR INTEREST ON ANY ASSESSMENT OF TAX DUE ON THE FORM PROVIDED TO THE RESIDENT UNDER SUBSECTION (C)(2) OF THIS SECTION UNLESS THE TAX COLLECTOR REASONABLY BELIEVES THE RESIDENT KNEW OR SHOULD HAVE KNOWN THE TAX WAS MISCALCULATED.

(G) ON OR BEFORE DECEMBER 31, 2025, AND EACH DECEMBER 31 THEREAFTER THROUGH DECEMBER 31, 2030, THE COMPTROLLER SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON:

(1) THE EFFECTIVENESS OF THE PROGRAM IN MEETING THE PURPOSE SPECIFIED IN SUBSECTION (B)(2) OF THIS SECTION AND RECOMMENDATIONS FOR POTENTIAL STATUTORY OR ADMINISTRATIVE CHANGES TO ENHANCE PARTICIPATION IN THE PROGRAM;

(2) THE NUMBER OF CLAIM FORMS PROVIDED TO RESIDENTS DURING THE PREVIOUS FISCAL YEAR;

(3) THE NUMBER OF CLAIM FORMS FILED BY RESIDENTS DURING THE PREVIOUS FISCAL YEAR;

(4) THE NUMBER OF REFUNDABLE CREDITS PROVIDED TO RESIDENTS DURING THE PREVIOUS FISCAL YEAR; AND

(5) THE TOTAL AMOUNT OF REFUNDABLE CREDITS PROVIDED TO RESIDENTS DURING THE PREVIOUS FISCAL YEAR.

(H) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

~~(G) IF A TAXPAYER TIMELY FILES A RETURN PREPARED IN ACCORDANCE WITH THIS SECTION, A TAX COLLECTOR MAY NOT ASSESS A PENALTY UNDER § 13-701 OF THIS ARTICLE WITH RESPECT TO ANY UNPAID TAX.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022. It shall remain effective for a period of 8 years and 3 months and, at the end of December 31, 2030, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved by the Governor, April 12, 2022.