

Chapter 21

(Senate Bill 243)

AN ACT concerning

Income Tax – Child and Dependent Care Tax Credit – Alterations

FOR the purpose of altering eligibility for the State child and dependent care tax credit; and generally relating to the child and dependent care tax credit.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–716(a), (b), (d), (e), and (g)

Annotated Code of Maryland

(2022 Replacement Volume)

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

Article – Tax – General

10–716.

(a) (1) In this section the following words have the meanings indicated.

(2) “Federal child and dependent care credit” means the child and dependent care credit properly claimed by an individual for the taxable year under § 21 of the Internal Revenue Code.

(3) “Qualifying individual” means a qualifying individual within the meaning of § 21(b) of the Internal Revenue Code.

(4) “TAXPAYER” MEANS:

(I) AN INDIVIDUAL FILING AN INCOME TAX RETURN; OR

(II) A MARRIED COUPLE FILING A JOINT INCOME TAX RETURN.

(b) [An individual or a married couple filing a joint income tax return] **A RESIDENT WHO IS A TAXPAYER** may claim a credit against the State income tax as provided in this section for expenses paid by the [individual or married couple] **TAXPAYER** during a taxable year for the care of a qualifying individual if the federal adjusted gross income of the [individual or married couple] **TAXPAYER** for the taxable year does not exceed:

(1) \$92,000, in the case of an individual; or

(2) \$143,000, in the case of a married couple filing a joint income tax return.

(d) (1) If [an individual's] **THE** federal adjusted gross income **OF A TAXPAYER FILING AN INDIVIDUAL RETURN** for the taxable year exceeds \$30,000, the credit otherwise allowed under this section shall be reduced by 1% for each \$2,000 or fraction of \$2,000 by which the individual's federal adjusted gross income exceeds \$30,000.

(2) In the case of **AN INDIVIDUAL WHO IS A MEMBER OF** a married couple filing a joint income tax return, if the individual's federal adjusted gross income for the taxable year exceeds \$50,000, the credit otherwise allowed under this section shall be reduced by 1% for each \$3,000 or fraction of \$3,000 by which the individual's federal adjusted gross income exceeds \$50,000.

(e) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, the [individual or married couple] **TAXPAYER** may claim a refund in the amount of the excess if the [individual's or married couple's] **TAXPAYER'S** federal adjusted gross income does not exceed:

(1) \$50,000 in the case of an individual; or

(2) \$75,000 in the case of a married couple filing a joint income tax return.

(g) The credit allowed under this section does not affect the treatment under this title of any deduction or exclusion allowed under this title or allowed for federal income tax purposes for expenses paid by the [individual] **TAXPAYER** for the care of a qualifying individual.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.

Approved by the Governor, April 11, 2023.