

HOUSE BILL 124

Q3
HB 1390/25 – W&M

(PRE-FILED)

6lr0686

By: **Delegate Vogel**

Requested: August 13, 2025

Introduced and read first time: January 14, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Losses From Theft or Fraud**

3 FOR the purpose of allowing, subject to certain limitations, a subtraction modification
4 under the Maryland income tax for certain personal casualty losses related to theft
5 or a fraud scheme; and generally relating to a subtraction modification under the
6 Maryland income tax for personal casualty losses related to theft or a fraud scheme.

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 10–208(a)

10 Annotated Code of Maryland

11 (2022 Replacement Volume and 2025 Supplement)

12 BY adding to

13 Article – Tax – General

14 Section 10–208(dd)

15 Annotated Code of Maryland

16 (2022 Replacement Volume and 2025 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 10–208.

21 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
22 under this section are subtracted from the federal adjusted gross income of a resident to
23 determine Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (DD) (1) IN THIS SUBSECTION, “PERSONAL CASUALTY LOSS” MEANS LOSS
2 OF PROPERTY THAT:

3 (I) IS NOT CONNECTED WITH A TRADE OR BUSINESS OR A
4 TRANSACTION ENTERED INTO FOR PROFIT;

5 (II) CONSISTS OF ASSETS IN A QUALIFIED RETIREMENT PLAN
6 UNDER THE INTERNAL REVENUE CODE; AND

7 (III) ARISES FROM THEFT OR A FRAUD SCHEME.

8 (2) THE SUBTRACTION ALLOWED UNDER SUBSECTION (A) OF THIS
9 SECTION INCLUDES:

10 (I) THE AMOUNT OF ANY PERSONAL CASUALTY LOSS OF A
11 TAXPAYER RELATED TO A THEFT OR FRAUD SCHEME THAT OCCURRED DURING THE
12 TAXABLE YEAR THAT WAS ALLOWED AS A DEDUCTION UNDER § 165 OF THE
13 INTERNAL REVENUE CODE BEFORE JANUARY 1, 2018; AND

14 (II) ANY EXPENSES OR PENALTIES INCURRED DURING THE
15 TAXABLE YEAR RELATED TO THE THEFT OR FRAUD SCHEME.

16 (3) TO QUALIFY FOR THE SUBTRACTION ALLOWED UNDER THIS
17 SUBSECTION, THE TAXPAYER SHALL ATTACH TO THE TAXPAYER’S TAX RETURN:

18 (I) A POLICE REPORT ESTABLISHING THAT THE THEFT OR
19 FRAUD SCHEME OCCURRED; AND

20 (II) ADDITIONAL EVIDENCE OF THE IMPACTED QUALIFIED
21 RETIREMENT PLAN ASSETS.

22 (4) FOR ANY TAXABLE YEAR, THE SUBTRACTION ALLOWED UNDER
23 THIS SUBSECTION SHALL BE REDUCED BY THE AMOUNT OF ANY DEDUCTION FOR
24 THAT TAXABLE YEAR THAT IS:

25 (I) RELATED TO THE THEFT OR FRAUD SCHEME;

26 (II) ALLOWED UNDER § 165 OF THE INTERNAL REVENUE CODE;
27 AND

28 (III) ATTRIBUTABLE TO A TAXPAYER’S QUALIFIED RETIREMENT
29 PLAN LOSSES.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.