



MARYLAND
FORM
500CRW

**WAIVER REQUEST FOR ELECTRONIC
FILING OF FORM 500CR**

This form must be attached to form 500CR

2019

OR FISCAL YEAR BEGINNING _____ 2019, ENDING _____

☐

Check here for Identity Theft

Federal Employer Identification Number (9 digits) or Social Security Number

Print Using Blue or Black Ink Only

Name _____

Current Address Line 1 (Street No. and Street Name or PO Box) _____

Current Address Line 2 (Apt No., Suite No., Floor No.) _____

City or town _____

State _____

ZIP Code _____

+4 _____

Reason For Waiver Request (Please check one):

☐

A. Do not have access to a computer.

☐

B. Software does not support electronic filing of Form 500CR.

☐

C. Other (explain) _____

Signature _____

Date _____

Instructions

Use this form to request a waiver from filing the Form 500CR electronically. You must include a reason for the waiver request. If a reason is not checked or an explanation given as to why you cannot file electronically, the Form 500CR will not be processed.

The waiver request should be included with the Form 500CR in the filing of your return.



19500C049

OR FISCAL YEAR BEGINNING _____ 2019, ENDING _____

Name as shown on Form _____

Taxpayer Identification Number _____

SEE INSTRUCTIONS Note: **Indicates Certification Must Be Included

- ☐ Check here if any of the following credits are derived from an entity other than that shown above. Enter the entity's Federal Employer Identification Number. If from more than one, see instructions. Include Maryland Schedule K-1 (510) from PTEs or statement from corporate entity showing your share of the credit. For One Maryland Economic Development Tax Credit, see instructions.

FEIN _____

PART A - ENTERPRISE ZONE TAX CREDIT ** Must Include Required Certification

PART A-I CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES NOT LOCATED IN A FOCUS AREA

1. Number of qualified employees. First year _____ Second year _____ Third year _____
2. Credit for first year (limited to \$3,000 of wages paid to each employee) 2 _____ . ____
3. Credit for second year (limited to \$2,000 of wages paid to each employee) 3 _____ . ____
4. Credit for third year (limited to \$1,000 of wages paid to each employee) 4 _____ . ____
5. Total (Add lines 2, 3 and 4.) 5 _____ . ____

PART A-II CREDIT FOR OTHER QUALIFIED EMPLOYEES NOT LOCATED IN A FOCUS AREA

6. Number of qualified employees eligible for credit not included in PART A-I. 6 _____
7. Credit (limited to \$1,000 of wages paid to each employee) 7 _____ . ____

PART A-III CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES LOCATED IN A FOCUS AREA

8. Number of qualified employees. First year _____ Second year _____ Third year _____
9. Credit for first year (limited to \$4,500 of wages paid to each employee) 9 _____ . ____
10. Credit for second year (limited to \$3,000 of wages paid to each employee) 10 _____ . ____
11. Credit for third year (limited to \$1,500 of wages paid to each employee) 11 _____ . ____
12. Total (Add lines 9, 10 and 11.) 12 _____ . ____

PART A-IV CREDIT FOR OTHER QUALIFIED EMPLOYEES LOCATED IN A FOCUS AREA

13. Number of qualified employees eligible for credit not included in PART A-III 13 _____
14. Credit (limited to \$1,500 of wages paid to each employee) 14 _____ . ____

PART A - SUMMARY

Check here ☐ if claiming credit for business located in a RISE zone.

15. Total Enterprise Zone Tax Credit for the current tax year (Add lines 5, 7, 12 and 14.) 15 _____ . ____

PART B - SMALL BUSINESS RELIEF TAX CREDIT ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Commerce) 1 _____ . ____

PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT FOR EMPLOYEES ** Must Include Required Certification

PART C-I CREDIT FOR EMPLOYEES WITH A DISABILITY

1. Number of qualified employees. First year _____ Second year _____
2. Credit for first year (30% of first \$9,000 of wages paid to each employee) 2 _____ . ____
3. Credit for second year (30% of first \$9,000 of wages paid to each employee) 3 _____ . ____
4. Total (Add lines 2 and 3.) 4 _____ . ____

PART C-II CREDIT FOR CHILD CARE AND TRANSPORTATION EXPENSES

5. Number of qualified employees. First year _____ Second year _____
6. Credit for first year (limited to a combined total of \$900 in child care and transportation expenses per qualified employee with a disability) 6 _____ . ____
7. Credit for second year (limited to a combined total of \$900 in child care and transportation expenses per qualified employee with a disability) 7 _____ . ____
8. Total (Add lines 6 and 7.) 8 _____ . ____

PART C - SUMMARY

9. Total Maryland Disability Employment Tax Credit for the current tax year (Add lines 4 and 8.) . . 9 _____ . ____

PART D - JOB CREATION TAX CREDIT ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Commerce) 1 _____ . ____



19500C149

2. Enter remaining 50% of credits from prior year (For credits certified prior to January 1, 2018 only). 2 _____ . ____
3. Total Job Creation Tax Credits that may be claimed this year (Add lines 1 and 2.) 3 _____ . ____

PART E - COMMUNITY INVESTMENT TAX CREDIT ** Must Include Required Certification

1. Amount of approved contributions. 1 _____ . ____
2. Enter 50% of line 1 2 _____ . ____
3. Enter the amount from line 2 or \$250,000, whichever is less 3 _____ . ____

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

1. Property tax credit (certified by the State Department of Assessments and Taxation) 1 _____ . ____
2. Enhanced property tax credit (certified by the State Department of Assessments and Taxation) 2 _____ . ____
3. Total (Add lines 1 and 2.) 3 _____ . ____

PART G - QUALIFIED VEHICLE TAX CREDIT (TRACTOR-TRAILER VEHICLE REGISTRATION CREDIT)

**** Must Include Required Certification**

1. Credit may not exceed \$400 per vehicle 1 _____ . ____

PART H - CYBERSECURITY INCENTIVE TAX CREDITS ** Must Include Required Certification

NOTE: If you are claiming more than one investment, see instructions for PART H-I.

PART H-I CREDIT FOR INVESTORS IN CYBERSECURITY

1. Amount of approved investment 1 _____ . ____
2. Enter 33% of line 1 2 _____ . ____

NOTE: See Special Instructions for Maryland Cybersecurity Companies located in Allegany County, Dorchester County, Garrett County, or Somerset County.

3. Maximum Credit 3 _____ . ____

NOTE: See Special Instructions for Maryland Cybersecurity Companies located in Allegany County, Dorchester County, Garrett County, or Somerset County.

4. Tentative refund (enter the amount from line 2 or line 3, whichever is less). 4 _____ . ____
5. Enter any amount of recapture. See instructions 5 _____ . ____
6. Total credit for investors in cybersecurity. (Subtract line 5 from line 4 and enter this amount here and in PART CCC, line 7. If less than zero, enter negative amount.) 6 _____ . ____

PART H-II- CREDIT FOR BUYERS OF CYBERSECURITY TECHNOLOGY and/or CYBERSECURITY SERVICES

7. Credit (certified by the Maryland Department of Commerce) 7 _____ . ____
8. Enter any amount of recapture. See instructions 8 _____ . ____
9. Total credit for buyers of cybersecurity technology and/or cybersecurity services (subtract line 8 from line 7 and enter this amount here and in PART AAA, line 8. If less than zero, enter negative amount.) 9 _____ . ____

PART I - EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT

1. Enter 5% of long-term care insurance costs. 1 _____ . ____
2. Multiply the number of eligible employees _____ by \$100 2 _____ . ____
3. Enter the lesser of line 1 or line 2 3 _____ . ____
4. Enter the lesser of line 3 or \$5,000 4 _____ . ____

PART J - MARYLAND EMPLOYER SECURITY CLEARANCE COSTS TAX CREDIT ** Must Include Required Certification

PART J-I CREDIT FOR SENSITIVE COMPARTMENTED INFORMATION FACILITY (SCIF) COSTS AND SECURITY CLEARANCE ADMINISTRATIVE EXPENSES

1. Enter the amount of Construction and Equipment costs that have been certified by the Maryland Department of Commerce incurred to construct or renovate SCIFs (Include certification.) 1 _____ . ____
2. Enter the amount of Security Clearance Administrative Expenses approved by the Maryland Department of Commerce not to exceed \$200,000. (Include certification.) 2 _____ . ____
3. Total PART J-I Allowable Security Costs Tax Credit (Add lines 1 and 2.) 3 _____ . ____



19500C249

PART J-II FIRST YEAR LEASING COSTS TAX CREDIT FOR QUALIFIED SMALL BUSINESSES

(For first year leasing costs incurred between 1/1/2019 and 12/31/2019.)

Complete ONLY if you are a Small Business (See Instructions.)

1. Enter expenses approved by the Maryland Department of Commerce incurred for rental payments owed during the first year of a rental agreement for spaces leased in the State if taxpayer is a small business that performs security-based contracting not to exceed \$200,000. (Include certification.) 1 _____ .

PART K - RESEARCH AND DEVELOPMENT TAX CREDITS ** Must Include Required Certification

PART K-I TO BE COMPLETED IF THE BUSINESS IS NOT CERTIFIED AS A "SMALL BUSINESS"

FOR THIS CREDIT

1. Basic credit (3%) as certified by the Maryland Department of Commerce 1 _____ .
2. Growth credit (10%) as certified by the Maryland Department of Commerce 2 _____ .
3. Total (Add lines 1 and 2.) Enter here and on Line 11 of PART AAA. 3 _____ .

PART K-II TO BE COMPLETED IF THE BUSINESS IS CERTIFIED AS A "SMALL BUSINESS"

FOR THIS CREDIT

4. Basic credit (3%) as certified by the Maryland Department of Commerce 4 _____ .
5. Growth credit (10%) as certified by the Maryland Department of Commerce 5 _____ .
6. Total (Add lines 4 and 5.) Enter here and on Line 6 of PART CCC. 6 _____ .

PART L - BIOTECHNOLOGY INVESTMENT INCENTIVE TAX CREDIT ** Must Include Required Certification

NOTE: If you are claiming more than one investment see instruction for PART L.

1. Amount of approved investment 1 _____ .
2. Enter 50% of line 1 2 _____ .

NOTE: See Special Instructions for Maryland Biotechnology Companies located in Allegany County, Dorchester County, Garrett County, or Somerset County.

3. Maximum Credit. 3 _____ .

NOTE: See Special Instructions for Maryland Biotechnology Companies located in Allegany County, Dorchester County, Garrett County, or Somerset County.

4. Tentative refund (Enter the amount from line 2 or line 3, whichever is less.) 4 _____ .
5. Enter any amount of recapture. See instructions. 5 _____ .
6. Total Biotechnology Investment Incentive Tax Credit (Subtract line 5 from line 4 and enter this amount here and in PART CCC, line 2. If less than zero, enter negative amount.) 6 _____ .

PART M - COMMUTER TAX CREDIT

1. Amount of commuter benefits paid 1 _____ .
2. Enter 50% of line 1 2 _____ .
3. Number of employees for which commuter benefits were paid 3 _____ .
4. Multiply the number of employee-months _____ by \$100. 4 _____ .
5. Enter the lesser of line 2 or line 4 5 _____ .

PART N - CLEAN ENERGY INCENTIVE TAX CREDIT ** Must Include Required Certification

1. Enter the number of kilowatt hours of electricity not co-fired with coal _____ .
Multiply this number by .85 cents (.0085). 1 _____ .
2. Enter one-fifth of the amount stated on the initial credit certificate 2 _____ .
3. Enter the lesser of line 1 or line 2. Enter this amount in PART CCC, line 3 3 _____ .

PART O - MARYLAND-MINED COAL TAX CREDIT ** Must Include Required Certification

1. Number of tons of Maryland-mined coal purchased in the current tax year 1 _____ .
2. Multiply line 1 by \$3 2 _____ .

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED AFTER JUNE 30, 2018Must Include Required Certification**

PART P-I CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY

Column 1
All qualified persons,
but NOT PTE members

Column 2
PTE members only
(enter your pro rata
share from PTE)

Section A

1. Enter your Maryland taxable income (See instructions for PART P-I) 1. _____ .
- 2a. Enter the number of qualified employees (**DO NOT PRORATE.**) 2a _____ .

The minimum number of qualified employees is 50 to qualify for the project tax credit having the maximum amount of \$5,000,000; or 25 for \$2,500,000; or 10 for \$1,000,000.



19500C349

Column 1 All qualified persons, but NOT PTE members	Column 2 PTE members only (enter your pro rata share from PTE)
---	---

2b. Have you maintained at least the minimum number of qualified employees required to qualify for the project tax credit for at least 5 years? Yes ☐ No ☐

Yes ☐ No ☐ | Yes ☐ No ☐

NOTE: If line 2a is less than the minimum number of qualified employees required to qualify for the project tax credit, and the answer to Question is "No," STOP HERE. You may not claim this tax credit.

NOTE: If line 2a is less than 10, STOP HERE. You may not claim this tax credit.

2c. Prorate factor (Enter line 2a divided by the minimum number of qualified employees required to qualify for the project tax credit; if greater than 1, enter 1.000000.) 2c. _____

3. Enter the amount of Maryland income tax required to be withheld from qualified employees. 3. _____

If PTE, do not complete Section B. Continue to Section C.

Section B

4a. Total tax liability: line 14 of Form 500, line 21 less any amounts from lines 22 through 24 of Form 502; or, line 32c less any amounts from lines 33 and 34 of Form 505. If less than 0, enter 0. 4a. _____
PTE member: Multiply the income on line 1, Section A, by the highest tax rate used to calculate the tax on your Maryland tax return. Enter this amount on line 4a.

4b. Multiply line 4a by line 2c 4b. _____

Section C

5. Total eligible project costs (\$500,000 minimum) 5. _____

6. Enter the lesser of line 5 or allowable maximum project tax credit based on the number of qualified employees. (See instructions) 6. _____

If you are a PTE, stop here. Do not complete Parts II through IV.

PART P-II CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME OF THE QUALIFIED BUSINESS ENTITY

**All qualified persons
(except for PTEs)
including PTE
members**

Complete Part P-II to calculate the portion of the credits allowable for this tax year that will reduce your tax liability.

7. Enter the sum of project cost credits and refunds taken in prior tax years. 7. _____

8. Subtract line 7 from line 6; if less than 0, enter 0 8. _____

9. Eligible Maryland State tax liability on income of the qualified business entity (Enter the amount from line 4b.) 9. _____

10. Credit against tax on the income of qualified business entity (Enter the lesser of line 8 or line 9.) 10. _____

PART P-III Refundable Credit

11. Tentative refund (Credit remaining after deducting credit against tax on the income of the qualified business entity.) (Subtract line 10 from line 8. If less than 0, enter 0.) 11. _____

12. Maryland income tax required to be withheld during this tax year from qualified employees (Enter the amount from line 3.) 12. _____

13. Refund allowable for this tax year. Enter the lesser of line 11 or line 12 13. _____

PART P-IV Summary

14. Total nonrefundable One Maryland Economic Development Tax Credit. (Enter the amount from line 10.) 14. _____

15. Total refundable One Maryland Economic Development Tax Credit. (Enter the amount from line 13.) 15. _____

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED BEFORE JULY 1, 2018 **Must Include

Required Certification

Column 1 All qualified persons, but NOT PTE members	Column 2 PTE members only (enter your pro rata share from PTE)
---	---

PART P-I CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY

Section A

1. Enter your Maryland taxable income (See instructions for PART P-I.) . . . 1. _____

2. Enter your share of Maryland taxable income from the project. 2. _____



19500C449

Column 1
All qualified persons, but
NOT PTE members

Column 2
PTE members only
(enter your pro rata
share from PTE)

3. Non-project Maryland taxable income (Subtract line 2 from line 1.
If less than 0, enter 0.) 3 _____ . _____

4a. Enter the number of qualified employees **(DO NOT PRORATE.)** 4a _____

4b. Have you maintained at least 25 qualified employees for at least 5 years? Yes ☐ No ☐

4c. Tax year in which the project was put in service: _____

NOTE: If line 4a is less than 25, and the answer to Question is "No,"

STOP HERE. You may not claim this tax credit.

NOTE: If line 4a is less than 10, STOP HERE. You may not claim this tax credit.

4d. Prorate factor (Enter line 4a divided by 25; if greater than 1, enter 1.000000.) 4d _____ . _____

5. Enter the amount of Maryland income tax required to be withheld
from qualified employees 5 _____ . _____

If PTE, do not complete Section B. Continue to Section C.

Section B

6. Total tax liability:

line 14 of Form 500,

line 21 less any amounts from lines 22 through 24 of Form 502; or,

line 32c less any amounts from lines 33 and 34 of Form 505.

If less than 0, enter 0. 6 _____ . _____

PTE member: Multiply the highest tax rate calculated on your return by the income on line 1.

7a. Tax on income from the project (See instructions for PART P-I.) 7a _____ . _____

7b. Multiply line 7a by line 4d 7b _____ . _____

8a. Tax on non-project income (Subtract line 7a from line 6. If less than 0, enter 0.) 8a _____ . _____

8b. Multiply line 8a by line 4d 8b _____ . _____

Section C

9. Total eligible project costs (\$500,000 minimum) 9 _____ . _____

10. Enter the lesser of line 9 or \$5,000,000 10 _____ . _____

11. Total eligible start-up costs 11 _____ . _____

12. Enter the lesser of line 11 or \$500,000. 12 _____ . _____

13. Multiply line 4a by \$10,000 13 _____ . _____

If you are a PTE, stop here. Do not complete Parts II through IV.

PART P-II CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME FROM THE PROJECT

Complete Part P-II to calculate the portion of the credits allowable for this tax year that
will reduce your tax liability.

**All qualified persons
(except for PTEs) including
PTE members**

Section A Project Costs

14. Enter the sum of project cost credits and refunds taken in prior tax years. 14 _____ . _____

15. Subtract line 14 from line 10; if less than 0, enter 0. 15 _____ . _____

16. Maryland State tax liability on income from the project (Enter the amount from line 7b.) 16 _____ . _____

17. Credit against tax on income from the project (Enter the lesser of line 15 or line 16.) 17 _____ . _____

Section B Start-up Costs

18. Enter the sum of start-up cost credits and refunds taken in prior tax years 18 _____ . _____

19. Subtract line 18 from line 12. If less than 0, enter 0 19 _____ . _____

20. Enter the lesser of line 13 or line 19 20 _____ . _____

21. Remaining Maryland State tax liability after deducting credits taken for project costs in
Section A (Subtract line 17 from line 6. If less than 0, enter 0.) 21 _____ . _____

22. Nonrefundable portion of the start-up credit. This amount cannot exceed any
remaining tax liability. (Enter the lesser of line 20 or line 21.) 22 _____ . _____

PART P-III Refundable Credit

Section A Project costs

23. Credit remaining after deducting credit against tax on income from the project
(Subtract line 17 from line 15. If less than 0, enter 0.) 23 _____ . _____



19500C549

24. Tax on non-project income (Enter the amount from line 8b.) 24 _____ . ____
25. Tax available for application of credit
(Subtract line 17 and line 22 from line 6. If less than 0, enter 0.) 25 _____ . ____
26. Credit against tax on non-project income (Enter the lesser of lines 23, 24 or line 25.) 26 _____ . ____
27. Tentative refund (Subtract line 26 from line 23. If less than 0, enter 0.) 27 _____ . ____
28. Maryland income tax required to be withheld during this tax year from qualified employees
(Enter the amount from line 5.) 28 _____ . ____
29. Refund allowable for this tax year. Subtract line 26 from line 28 (If less than 0, enter 0.)
and enter this amount or line 27, whichever is less. 29 _____ . ____

Section B Start-up costs

30. Tentative refund (Subtract line 22 from line 20. If less than 0, enter 0.) 30 _____ . ____
31. Maryland income tax required to be withheld during this tax year from qualified employees
(from line 5) 31 _____ . ____
32. Refund allowable for this tax year (Enter the lesser of line 30 or line 31.) 32 _____ . ____

PART P-IV Summary

33. Total nonrefundable credit for project costs (Enter the sum of line 17 and line 26.) 33 _____ . ____
34. Total nonrefundable credit for start-up costs (Enter amount from line 22.) 34 _____ . ____
35. Total nonrefundable One Maryland Economic Development Tax Credit. (Add lines 33 and 34.) 35 _____ . ____
36. Total refundable credit for project costs. (Enter amount from line 29.) 36 _____ . ____
37. Total refundable credit for start-up costs. (Enter amount from line 32.) 37 _____ . ____
38. Total refundable One Maryland Economic Development Tax Credit. (Add lines 36 and 37.) 38 _____ . ____

PART Q - OYSTER SHELL RECYCLING TAX CREDIT ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Natural Resources) 1 _____ . ____

PART R - Energy Storage Systems Tax Credit ** Must Include Required Certification

1. Credit (certified by the Maryland Energy Administration) 1 _____ . ____

PART S - More Jobs for Marylanders Tax Credit ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Commerce) 1 _____ . ____

PART T - WINERIES AND VINEYARDS TAX CREDIT ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Commerce) 1 _____ . ____

PART U - FILM PRODUCTION ACTIVITY TAX CREDIT ** Must Include Required Certification

1. Credit (certified by the Maryland Department of Commerce) 1 _____ . ____

PART V - ENDOW MARYLAND TAX CREDIT ** Must Include Required Certification

1. Amount of approved donation to a qualified permanent endowment fund 1 _____ . ____
2. Enter 25% of line 1 2 _____ . ____
3. Enter the amount from line 2 or \$50,000, whichever is less 3 _____ . ____

PART W - AEROSPACE, ELECTRONICS, OR DEFENSE CONTRACT TAX CREDIT ** Must Include Required Certification

1. Number of qualified employees 1 _____ . ____
2. Multiply line 1 by \$250 2 _____ . ____
3. Maximum Credit. 3 \$2,500,000.00
4. Tentative refund (Enter the amount from line 2 or line 3, whichever is less.) 4 _____ . ____
5. Enter any amount of recapture. See instructions. 5 _____ . ____
6. Total Aerospace, Electronics, or Defense Contract Tax Credit (Subtract line 5 from line 4 and
enter this amount here and in Part CCC, line 8) 6 _____ . ____

PART X - PRESERVATION AND CONSERVATION EASEMENTS Tax Credit Must Include Required Certification**

1. Enter the portion of the total current-year conveyance amount 1 _____ . ____
2. Enter the amount of any payment received for the easement during 2019 2 _____ . ____
3. Subtract line 2 from line 1 3 _____ . ____
4. Enter the lesser of line 3 or \$5,000 here and on Part AAA, line 24 4 _____ . ____

PART Y - APPRENTICE EMPLOYEE TAX CREDIT ** Must Include Required Certification

1. Total number of eligible apprentices for the current year 1 _____ . ____
2. Multiply line 1 by \$1,000. 2 _____ . ____



19500C649

PART Z - QUALIFIED FARMS TAX CREDIT ** Must Include Required Certification

1. Credit (Total of Tax Credit Certificates) 1 _____ .

PART AA - QUALIFIED VETERAN EMPLOYEES TAX CREDIT Must Include Required Certification**

1. Credit (certified by the Maryland Department of Commerce) 1 _____ .

**PART BB - ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES
TAX CREDIT **Must Include Required Certification**

1. Credit (certified by Maryland Comptroller office) 1 _____ .

PART AAA - BUSINESS TAX CREDIT SUMMARY

1. Total Enterprise Zone Tax Credit from PART A, line 15	1	_____ .
2. Small Business Relief Tax Credit (See PART CCC, line 4.)	2	XXXXXXXXXXXX
3. Total Maryland Disability Employment Tax Credit from PART C, line 9	3	_____ .
4. Total Job Creation Tax Credit from PART D, line 3	4	_____ .
5. Total Community Investment Tax Credit from PART E, line 3	5	_____ .
6. Total Businesses that Create New Jobs Tax Credit from PART F, line 3	6	_____ .
7. Qualified Vehicle Tax Credit from PART G, line 1	7	_____ .
8. Total nonrefundable credit for buyers of cybersecurity technology and/or cybersecurity services from PART H-II, line 9	8	_____ .
9. Total Employer-Provided Long-Term Care Insurance Tax Credit from PART I, line 4.	9	_____ .
10a. Total Security Clearance Costs Tax Credit from PART J-I, line 3	10a	_____ .
10b. Total First Year Leasing Cost Tax Credit for Small Businesses from PART J-II, line 1	10b	_____ .
11. Total nonrefundable Research and Development Tax Credits from PART K-I, line 3	11	_____ .
12. Total Biotechnology Investment Incentive Tax Credit (See PART CCC, line 2.)	12	XXXXXXXXXXXX
13. Total Commuter Tax Credit from PART M, line 5	13	_____ .
14. Total Clean Energy Incentive Tax Credit (See PART CCC, line 3.)	14	XXXXXXXXXXXX
15. Total Maryland-Mined Coal Tax Credit from PART O, line 2	15	_____ .
16. Total nonrefundable One Maryland Economic Development Tax Credit from PART P-IV; if more than one project, see instructions	16	_____ .
17. Total Oyster Shell Recycling Tax Credit from PART Q, line 1	17	_____ .
18. Total Energy Storage Systems Tax Credit from PART R, line 1	18	_____ .
19. Total More Jobs for Marylanders Tax Credit (See PART CCC, line 9)	19	XXXXXXXXXXXX
20. Total Wineries and Vineyards Tax Credit from PART T, line 1.	20	_____ .
21. Film Production Activity Tax Credit (See PART CCC, line 5.)	21	XXXXXXXXXXXX
22. Endow Maryland Tax Credit from PART V, line 3.	22	_____ .
23. Total Aerospace, Electronics, or Defense Contract Tax Credit (See PART CCC, line 8.)	23	XXXXXXXXXXXX
24. Total Preservation and Conservation Easements Tax Credit from PART X, line 4.	24	_____ .
25. Total Apprentice Employee Tax Credit from PART Y, line 2	25	_____ .
26. Total Qualified Farms Tax Credit from PART Z, line 1	26	_____ .
27. Total Qualified Veteran Employees Tax Credit from PART AA, line 1.	27	_____ .
28. Total Endowments of Maryland Historically Black Colleges and Universities Tax Credit From Part BB, line 1	28	_____ .
29. Total of current year credits (Add lines 1 through 28.)	29	_____ .
30. Carryover of excess credits from PART BBB, line 7, of tax year 2018 Form 500CR	30	_____ .
31. Tentative credit. (Add lines 29 and 30.)	31	_____ .
32. Enter amount of any credit recapture. (See instructions for PART D and PART F.)	32	_____ .
33. Tentative credit after recapture. (Subtract line 32 from line 31.) If less than 0, enter negative amount.	33	_____ .
34. Enter tax from: line 14 of Form 500; line 21 less any amounts from lines 22-24 of Form 502; or line 32c less any amounts from lines 33 and 34 of Form 505. If less than 0, enter 0.	34	_____ .



19500C749

35. Allowable credit (Enter line 33 or line 34, whichever is less.)

Also enter this amount on line:

15c of Form 500, 25 of Form 502, or 35 of Form 505. 35 _____

NOTE: An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, V and Part BB. From PART V add line 1. From PART AAA add lines 1, 3, 10a, 11 and 28. Also add PART CCC, line 6. Enter the result on line 7f of Form 500, line 5 of Form 502, or line 19 of Form 505.

PART BBB - EXCESS CREDIT CARRYOVER CALCULATION

If line 33 is less than or equal to line 34 of PART AAA, do not complete this section.

- | | | |
|---|---|-------|
| 1. Enter amount from line 34 of PART AAA | 1 | _____ |
| 2. Add lines 7, 8, 13, 15, 16, 17, 18 and 27 of PART AAA | 2 | _____ |
| 3. Subtract line 2 from line 1. (If less than 0, enter 0.) | 3 | _____ |
| 4. Subtract line 2 from line 33 of PART AAA | 4 | _____ |
| 5. Tentative excess credit carryover (Subtract line 3 from line 4.) | 5 | _____ |
| 6. Enter any amount included in line 5 that will expire by the end of this tax year. | 6 | _____ |
| 7. Subtract line 6 from line 5. (If less than 0, enter 0.) This is your credit carryover. | 7 | _____ |

PART CCC - REFUNDABLE BUSINESS INCOME TAX CREDITS

- | | | |
|---|----|-------|
| 1. Total refundable One Maryland Economic Development Tax Credit from PART P-IV; if more than one project, see instructions | 1 | _____ |
| 2. Total Biotechnology Investment Incentive Tax Credit from PART L, line 6. | 2 | _____ |
| 3. Total Clean Energy Incentive Tax Credit from PART N, line 3. | 3 | _____ |
| 4. Total Small Business Relief Tax Credit from PART B, line 1 | 4 | _____ |
| 5. Total Film Production Activity Tax Credit from PART U, line 1 | 5 | _____ |
| 6. Total refundable Small Business Research and Development Tax Credit from PART K-II, line 6 | 6 | _____ |
| 7. Total refundable Credit for Investors in Cybersecurity from PART H-I, line 6 | 7 | _____ |
| 8. Total Aerospace, Electronics, or Defense Contract Tax Credit from PART W, line 6 | 8 | _____ |
| 9. Total More Jobs for Marylanders Tax Credit from PART S, line 1. | 9 | _____ |
| 10. Total refundable business income tax credits (Add lines 1 through 9.)
(If less than 0, enter as a negative amount)
If you are filing Form 502 or Form 505, enter this amount on line 10 and on
PART CC, line 3 of Form 502CR. If you are filing Form 500 or Form 510, continue to PART DDD. 10 | 10 | _____ |

PART DDD - CORPORATION AND PASS-THROUGH ENTITY (PTE) REFUNDABLE TAX CREDIT

- | | | |
|--|---|-------|
| 1. Enter the amount from Maryland Form 502S, line 6. | 1 | _____ |
| 2. Total refundable business income tax credits from PART CCC, line 10 | 2 | _____ |
| 3. Total refundable business income tax credits. Add line 1 and line 2 and enter the amount
here and on Form 500, line 15d. (If less than 0, enter as a negative amount.) | 3 | _____ |

NOTE: If you are filing Form 510, enter the distributive or pro rata share of each tax credit on your members Maryland Schedule K-1 (510).

Electronic Format The paper version of Maryland Form 500CR is no longer available. You must file your Maryland return electronically to claim the business income tax credits available from Form 500CR.

Tax-exempt organizations Organizations that are tax-exempt under Internal Revenue Code Section 501(c)(3) may be eligible to claim certain business tax credits against their withholding taxes. These qualified organizations no longer will use Form 500CR, but **will use Form MW508CR** as an attachment to Form MW508 (Annual Employer Withholding Reconciliation Return). See Administrative Release 34.

GENERAL INSTRUCTIONS

Purpose Maryland Form 500CR is used to claim the following business tax credits against corporation and individual income tax.

NON- REFUNDABLE TAX CREDITS	Part
Enterprise Zone Tax Credit**	A
Maryland Disability Employment Tax Credit**	C
Job Creation Tax Credit**	D
Community Investment Tax Credit**	E
Businesses That Create New Jobs Tax Credit	F
Qualified Vehicle Tax Credit**	G
Cybersecurity Incentive Tax Credit for Buyers of Cybersecurity Technology or Cybersecurity Services**	H-II
Employer-Provided Long-Term Care Insurance Tax Credit	I
Maryland Employer Security Clearance Costs Tax Credit**	J-I
First-Year Leasing Costs Tax Credit for Qualified Small Businesses**	J-II
Research and Development Tax Credits for Businesses Not Certified as a "Small Business"***	K-I
Commuter Tax Credit	M
Maryland-Mined Coal Tax Credit**	O
Non-Refundable One Maryland Economic Development Tax Credit**	P
Oyster Shell Recycling Tax Credit**	Q
Energy Storage Systems Tax Credit**	R
Wineries and Vineyards Tax Credit**	T
Endow Maryland Tax Credit**	V
Preservation and Conservation Easements Tax Credit**	X
Apprentice Employee Tax Credit**	Y
Qualified Farms Tax Credit**	Z
Qualified Veteran Employees Tax Credit**	AA
Endowments of Maryland Historically Black Colleges and Universities Tax Credit**	BB
REFUNDABLE TAX CREDITS	Part
Small Business Relief Tax Credit**	B
Cybersecurity Incentive Tax Credit for Investors in Cybersecurity**	H-I
Research and Development Tax Credits for Businesses Certified as a "Small Business"***	K-II
Biotechnology Investment Incentive Tax Credit**	L
Clean Energy Incentive Tax Credit**	N

Refundable One Maryland Economic Development Tax Credit**	P
More Jobs for Marylanders Tax Credit **	S
Film Production Activity Tax Credit**	U
Aerospace, Electronics, or Defense Contract Tax Credit **	W
Heritage Structure Rehabilitation Tax Credit from Form 502S	DDD

****Required Certification must be included with Form 500CR.**

Pass-through entities (PTEs) If the business is a PTE, an electronic Form 510 must be filed and the Form 500CR section must be completed through line 29, Part AAA, for the PTE to pass on these business tax credits to its members. The PTE must provide a Maryland Schedule K-1 (510) to each partner, shareholder, or member, or beneficiary with a statement showing their share of each credit in Parts AAA, CCC and DDD. In addition, if the PTE is passing on the Heritage Structure Rehabilitation Tax Credit, it must complete the Form 502S section and enter the amount on line 1 of Part DDD. Required certification must be included.

If you are a PTE claiming the One Maryland Economic Development Tax Credit, refer to the instructions in Part P before completing the Maryland Schedule K-1 (510) for your members. There are additional reporting requirements unique to the One Maryland Credit.

PTE member Any credit from a PTE filing a fiscal year return is considered to be received by the member(s) on the last day of the PTE's fiscal year. The PTE member should claim the credit on the member's tax return for the same year as the PTE's fiscal year end. Even though the K-1 listing the credit may reflect the tax year for the beginning of the fiscal year, the credit is still claimed in the year in which the PTE's fiscal year ends.

Special Note for PTE Members: If you are a PTE member receiving a distributive or pro rata share of credits, the required certification will have a different Taxpayer Identification Number than you have listed on your return for yourself, or for the business. Be sure to check the box as you begin to enter Form 500CR information into your return. It is important that you provide the PTE's Federal Employer Identification Number (FEIN) to ensure your credit is not disallowed. Check the box on page 1 of Form 500CR to indicate that credits are from a PTE and enter the PTE's FEIN. Include the Maryland Schedule K-1 (510) from the PTEs showing your share of the credit and any credits passing through to you.

Note: Some state agencies will only provide certification to the parent of a corporation, which in turn passes the information down to its subsidiaries. It is important to identify FEINs and business names in this situation to avoid processing delays.

If credits are received from more than one entity, include a list of the other entities with names, FEINs, type of credit and the amount of credit for each entity providing credit information.

Exception: Credits received from PTEs If you have received distributive or pro rata share of tax credits reported on a Maryland Schedule K-1 (510), you do not need to complete the calculations for the credit. The amount which you enter in each section should be carried over to the appropriate fields in the Summary, Parts AAA, BBB or CCC. In addition, PTE members that are corporations or PTEs should complete Part DDD.

Credits claimed by both spouses on a joint return Only one Form 500CR is completed, which will combine the amounts for both spouses.

Other Information If a FEIN is to be used and has not been secured, enter "APPLIED FOR" followed by the date of application. If you have not applied for a FEIN, do so immediately.

Amended Returns You will need to file an electronic Maryland amended return to make changes affecting Form 500CR.

PART A - ENTERPRISE ZONE TAX CREDIT CREDIT

General Requirements Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees. **For the purpose of claiming the credit, Enterprise zones include Regional Institution Strategic Enterprise (RISE) zones as defined in Section 5-1401(e) of the Economic Development Article.** For businesses located in a focus area (an area within an enterprise zone that is especially in need) the credit amounts are higher.

Businesses that own, operate, develop, construct or rehabilitate property intended for use primarily as single or multi-family residential property are **not** eligible for the enterprise zone tax credit.

Qualifying employees are those employees who:

1. Are new employees or employees rehired after being laid off for more than one year;
2. Were employed at least 35 hours per week by the business for at least six months before or during the business entity's tax year for which a credit is claimed;
3. Spent at least one-half of their working hours in the enterprise zone on activities of the business resulting directly from its location in the enterprise zone;
4. Earn 150% or more of the federal minimum wage; and
5. Were hired by the business after the later of the date on which the enterprise zone was designated or the date on which the business entity located in the enterprise zone.

In addition, an employee may not have been hired to replace an individual employed by the business in that or the three previous tax years except an economically disadvantaged employee hired to replace a previously qualified economically disadvantaged employee, for whom the business received the corresponding first or second-year credit in the immediately preceding tax year.

For information on the location of enterprise zones and focus areas and the standards which businesses must meet to qualify, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438 or 410-767-4041

Economically disadvantaged employees are those who are certified as such by:

Maryland Department of Labor
Division of Workforce Development and Adult Learning
1100 N. Eutaw Street
Baltimore, MD 21201
410-767-2047

That office will provide information relating to certification requirements for such employees.

Specific Requirements

Complete Parts A-I and A-II if the business is located in an enterprise zone but **not** in a focus area.

Complete Parts A-III and A-IV if the business is located in a focus area.

PART A-I - Credit for economically disadvantaged employees not located in a focus area. A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the year the employee was qualified. The credits are

limited to the following amounts of wages paid to the economically disadvantaged employee: \$3,000 in the first year, \$2,000 in the second year and \$1,000 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

On line 1, Part A-I, enter the number of economically disadvantaged qualified employees not located in a focus area in their first year of employment on the "First Year" line. Also, enter the number of these qualified employees on their respective second and third year lines.

On line 2, Part A-I, enter the credit equal to the wages paid to each first year employee up to a maximum of \$3,000 per employee.

On line 3, Part A-I, enter the credit equal to the wages paid to each second year employee up to a maximum of \$2,000 per employee.

On line 4, Part A-I, enter the credit equal to the wages paid to each third year employee up to a maximum of \$1,000 per employee.

On line 5, Part A-I, enter the sum of lines 2 through 4.

PART A-II - Credit for other qualified employees not located in a focus area. A credit is allowed for each **new** qualified employee not located in a focus area not provided in Part A-I. The credit is limited to \$1,000 of wages paid and is applicable **for only the first year** the employee was qualified.

On line 6, Part A-II, enter the number of first-year qualified employees who are not located in a focus area who were not claimed in Part A-I.

On line 7, Part A-II, enter the amount of wages for these employees up to a maximum of \$1,000 per employee.

PART A-III - Credit for economically disadvantaged employees located in a focus area. A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the first year the employee was qualified.

The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$4,500 in the first year, \$3,000 in the second year and \$1,500 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

On line 8, Part A-III, enter the number of economically disadvantaged qualified employees located in a focus area in their first year of employment on the "First Year" line. Also, enter the number of these qualified employees on their respective second and third year lines.

On line 9, Part A-III, enter the credit equal to the wages paid to each first year employee up to a maximum of \$4,500 per employee.

On line 10, Part A-III, enter the credit equal to the wages paid to each second year employee up to a maximum of \$3,000 per employee.

On line 11, Part A-III, enter the credit equal to the wages paid to each third year employee up to a maximum of \$1,500 per employee.

On line 12, Part A-III, enter the sum of lines 9 through 11.

PART A-IV - Credit for other qualified employees located in a focus area. A credit is allowed for each new qualified employee located in a focus area not provided in Part A-III. The credit is limited to \$1,500 of wages paid and is applicable for only the first year the employee was qualified.

On line 13, Part A-IV, enter the number of first-year qualified employees located in a focus area who were not claimed in Part A-III.

On line 14, Part A-IV, enter the amount of wages for these employees up to a maximum of \$1,500 per employee.

PART A - Summary

Check the box if you are claiming a credit for a business located in a RISE zone as defined in Section 5-1401(e) of the Economic Development Article.

Add lines 5, 7, 12 and 14 and enter total on line 15, Part A.

Also the amount on line 15, Part A, becomes an addition modification. Whenever an Enterprise Zone Tax Credit is claimed, an addition modification must be made in the amount of the credit claimed.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years, whichever comes first.

Business must include certification with the return which shows the business is located in a Maryland enterprise zone.

Maryland has more than 30 enterprise zones. Counties and municipalities are responsible for certifying a business as eligible for the tax credits. Contact the county or municipal enterprise zone administrator for more information. The Maryland Department of Commerce has a list of jurisdictions with enterprise zones on its Website. Visit commerce.maryland.gov to see the list of Maryland Enterprise Zones by Region.

PART B - SMALL BUSINESS RELIEF TAX CREDIT

An individual or a small business that pays earned sick and safe leave to a qualified employee may be entitled to claim the credit towards the State income tax for the amount granted by the Maryland Department of Commerce. If the credit exceeds the State income tax for that taxable year, the employer may claim a refund. Qualifying employers must have 14 or fewer employees and must pay earned sick and safe leave at the same wage rate that the qualified employee normally earns. In addition, employees must earn wages that are equal to or less than 250% of the annual federal poverty guidelines for a single-person household.

For each taxable year, the credit allowed may not exceed the lesser of 1) an amount that equals \$500 for each qualified employee; or 2) an amount that equals the total amount of qualified employer benefits accrued by all qualified employees.

This credit is claimed on line 1, Part B, and also is entered on line 4, Part CCC Refundable Business Income Tax Credit Summary.

For additional information, contact:

Maryland Department of Commerce
Abigail McKnight, Tax Specialist
Office of Finance Programs
401 E. Pratt Street 17th Floor
Baltimore, MD 21201
410-767-7234
Abigail.mcknight@maryland.gov

PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT

General Requirements Businesses that employ persons with disabilities, as determined by the Division of Rehabilitation Services (DORS) in the Maryland State Department of Education and/or by the Maryland Department of Labor, may be eligible for tax credits for wages paid to, and for child care expenses and transportation expenses paid on behalf of, qualified employees.

Qualifying employees with a disability are those who are certified as such by the DORS (or by the Maryland Department of Labor for a disabled veteran). A copy of the DORS or Maryland Department of Labor certification must be included with your tax return when claiming this tax credit.

For certification or for additional information, contact:

Maryland State Department of Education
Division of Rehabilitation Services
2301 Argonne Drive
Baltimore, MD 21218
1-888-554-0334 or 410-554-9442
dors.maryland.gov
or,
Maryland Department of Labor
1100 N. Eutaw St., Room 201
Baltimore, MD 21201
410-767-2047

A "Qualified Employee" with a disability means an individual who:

1. Meets the definition of an individual with a disability as defined by the Americans with Disabilities Act;
2. Has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work; and,
3. Is ready for employment; or,
4. Is a veteran who has been discharged or released from active duty by the American Armed Forces for a service-connected disability.

An employee must not have been hired to replace a laid-off employee or to replace an employee who is on strike or for whom the business simultaneously receives federal or state employment training benefits.

Qualifying child care expenses are those expenses incurred by a business to enable a qualified employee with a disability to be gainfully employed.

Transportation expenses are those expenses incurred by a business entity to enable a qualified employee with a disability to travel to and from work.

Specific Requirements

PART C-I - Credit for employees with a disability hired. A credit is allowed for each new employee with a disability for a two-year period beginning with the year the employee was qualified. The credit for each disabled employee hired is equal to 30% of the first \$9,000 of qualified first year wages and 30% of the first \$9,000 of qualified second year wages.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee:

- (a) Voluntarily leaves the employer;
- (b) Becomes further disabled or death occurs; or,
- (c) Is terminated for cause. The credit must be prorated for the portion of the year the employee worked unless the employee voluntarily left to take another job.

On line 1, Part C-I, enter the number of qualified employees in their first year of employment on the "First Year" line. Enter the number of qualified employees in their second year of employment on the "Second Year" line.

On line 2, Part C-I, enter the credit equal to 30% of the first \$9,000 of wages paid to each first year qualified employee.

On line 3, Part C-I, enter the credit equal to 30% of the first \$9,000 of wages paid to each second year qualified employee.

On line 4, Part C-I, enter the sum of lines 2 and 3.

PART C-II - Credit for Child Care and Transportation Expenses

An additional credit is allowed for expenses incurred by the

employer for approved day care services for a child or children of a qualified employee, or for transportation expenses that are incurred to enable a qualified employee to travel to and from work.

A credit of up to \$900 is allowed for the first year of employment and up to \$900 for the second year. To verify if a child care center qualifies as an approved provider, contact the Department of Human Resources, Child Care Administrator for the county or city in which the child care center is located.

On line 5, Part C-II, enter the number of qualified employees in their first year of employment on the "First Year" line. Enter the number of qualified employees in their second year of employment on the "Second Year" line.

On line 6, Part C-II, enter the credit equal to a combined total of \$900 in child care and transportation expenses per each first year qualified employee with a disability.

On line 7, Part C-II, enter the credit equal to a combined total of \$900 in child care and transportation expenses per each second year qualified employee with a disability.

On line 8, Part C-II, enter the sum of lines 6 and 7.

PART C - Summary

On line 9, Part C, enter the sum of lines 4 and 8.

Also the amount on line 9, Part C, becomes an addition modification. Whenever this credit is claimed against the income tax, an addition modification must be made in the amount of the credit claimed.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years, whichever comes first.

PART D - JOB CREATION TAX CREDIT

General Requirements Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created.

The business facility must be certified as having created at least 60 qualified positions, 25 qualified positions if the business facility established or expanded is in a State Priority Funding Area, or 10 qualified positions in a county with an annual average employment that is less than 75,000 or a median household income that is less than two-thirds of the statewide median household income.

A qualified position is a full-time position which pays at least 120% of the State minimum wage, is located in Maryland, is newly created as a result of the establishment or expansion of a business facility in a single location in the state and is filled.

Qualified business entities are those certified as such by the Maryland Department of Commerce. A qualified employee is an employee filling a qualified position.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years after the credit was earned, whichever comes first.

NOTE: For credits certified prior to January 1, 2018, enter on line 2, Part D, 50% of the amount of the credits from the prior year.

Recapture Provision If, at any time during the three tax years after the year the credit was earned, the average number of qualified positions falls more than 5% below the average number of qualified positions during the year in which the credit was earned, a portion of the credit will be recaptured for the tax year in which this occurs.

The amount to be recaptured is the amount originally claimed multiplied by the percentage reduction in the number of qualified employees. The credit to be recaptured is reported on line 32, Part AAA of Form 500CR.

Certification must be included with the Form 500CR when claiming this credit.

For certification or for information on the standards that businesses must meet to qualify, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6300

Specific Requirements

PART Job Creation Tax Credit **Must Include Required Certification

The amount of the approved credit is entered onto line 1, Part D.

For credits certified prior to January 1, 2018 only, enter on line 2, Part D, 50% of the amount of credits from the prior year. Add lines 1 and 2 to obtain the amount of Job Creation Tax Credits that may be claimed this year. Enter the result on line 3, Part D.

No credits may be earned for any tax year beginning on or after January 1, 2020.

PART E - COMMUNITY INVESTMENT TAX CREDIT

Businesses or individuals who contribute to approved Community Investment Programs may be eligible for a credit against the Maryland State income tax. Contributions must be made to a nonprofit organization approved by the Department of Housing and Community Development (DHCD). The taxpayer must apply to and receive approval by the DHCD for each contribution for which a credit is claimed. The credit is limited to 50% of the approved contributions (including real property) not to exceed \$250,000.

Businesses and PTE members who are eligible to claim the Community Investment Tax Credit must claim the credit on the Form 500CR. Individuals who are eligible to claim the Community Investment Tax Credit and who are not PTE members may claim this credit on the Form 502CR instead of the Form 500CR. However, an individual may not claim the credit on both the Form 502CR and the Form 500CR.

Individuals who anticipate having a carryover of the Community Investment Tax Credit are advised to file using Form 500CR instead of Form 502CR. Individuals who have an existing carryover on Part CC of their 2018 Form 500CR may elect to use Form 502CR, if their excess carryover credit is attributable only to the Community Investment Tax Credit.

Note: A copy of the required approval from the DHCD must be included with Form 500CR.

Specific Instructions

Enter the amount of approved contributions on line 1, Part E.

Enter 50% of line 1 on line 2, Part E.

On line 3, enter the lesser of line 2 or \$250,000.

Also, enter this amount on line 5, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the individual or business is entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

For more information contact:

Department of Housing and Community Development
Division of Neighborhood Revitalization
2 N. Charles St., Suite 450
Baltimore, MD 21201

410-209-5817

barbara.kearney@maryland.gov

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

To qualify, businesses must be located in Maryland and create new positions or establish or expand business facilities in the state. If a property tax credit (or an enhanced property tax credit) as defined in Section 9-230 of the Tax-Property Article is granted by the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation, certain businesses may be entitled to an income tax credit.

These credits are based on percentages of the property tax liability as certified by the State Department of Assessments and Taxation (SDAT).

Businesses certified by SDAT for the Businesses that Create New Jobs Property Tax Credit will enter the amount of income tax credit for which they have been certified on line 1, Part F.

Businesses certified by SDAT for the Businesses that Create New Jobs Enhanced Property Tax Credit will enter the amount of income tax credit for which they have been certified on line 2, Part F.

Enter the total of the certified amount by adding lines 1 and 2 and entering the result on line 3, Part F.

Also enter this amount on line 6, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the individual or business is entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

Recapture Provision If, at any time during the three tax years after the year the credit was earned, the business fails to satisfy the thresholds to qualify for the credit, the credit must be recaptured. The income tax credit to be recaptured is reported on line 32, Part AAA, of Form 500CR and filed with the tax return for the tax year in which the business failed to satisfy the applicable thresholds.

For more information contact:

State Department of Assessments and Taxation
301 W. Preston Street
Baltimore, MD 21201-2395

410-767-1191

taxcredits@maryland.gov

PART G - QUALIFIED VEHICLE TAX CREDIT (TRACTOR-TRAILER VEHICLE REGISTRATION TAX CREDIT)

General requirements A credit is allowed for the expense of registering a qualified vehicle in Maryland. "Qualified vehicle" means a Class F (Tractor) vehicle described under § 13-923(a) of the Transportation Article that is titled and registered in Maryland. Upon approval of an application by an individual or business, the Maryland Motor Vehicle Administration (MVA) will issue a tax credit certificate in the amount of \$400 for each qualifying vehicle registered during the taxable year. The aggregate amount of the tax credit certificate issued may not exceed \$10,000 for any one taxpayer. An individual or business that obtains a tax credit certificate may claim credit against the State income tax for the amount on the tax credit certificate. The credit allowed may not exceed the State income tax for the taxable year.

The credit is claimed on Part G, line 1, and is also entered on Business Tax Credit Summary, Part AAA, line 7.

Any unused credit amount for the tax year may not be carried forward to any other taxable year.

Note: A copy of the tax credit certificate from MVA must be included with your tax return when claiming this tax credit.

No credit may be earned for any tax year beginning on or after January 1, 2020.

PART H - CYBERSECURITY INCENTIVE TAX CREDITS

PART H-I Refundable Credit for Investors in Cybersecurity

General Requirements A credit is available for an investment in a qualified Maryland cybersecurity company (QMCC). The credit is claimed by a qualified investor. A qualified investor is an individual or entity that invests at least \$25,000 in a QMCC that is required to file an income tax return in any jurisdiction. To qualify, a QMCC can be an entity of any form (except a sole proprietorship) that is duly organized and existing under the laws of any jurisdiction (or formed within 4 months of receiving the investment) for the purpose of conducting business for profit, and must be engaged primarily in the development of innovative and proprietary cybersecurity technology.

The QMCC must:

- Have its headquarters and base of operations in Maryland;
- Have not participated in the tax credit program for more than 1 prior fiscal year;
- Have an aggregate capitalization of at least \$100,000;
- Own or have properly licensed any proprietary technology;
- Have fewer than 50 full-time employees;
- Not have its securities publicly traded on any exchange;
- Be in good standing;
- Be current in the payment of all tax obligations to Maryland or any unit or subdivision of Maryland;
- Not be in default under the terms of any contract with, indebtedness to, or grant from Maryland or any unit or subdivision of Maryland;
- Meet any other requirements of the Maryland Department of Commerce evidencing that the QMCC is a going concern primarily engaged in the development of innovative and proprietary cybersecurity technology; and
- Provide any other information the Maryland Department of Commerce may require.

The amount of the credit is 33% of the investment in the QMCC, not to exceed \$250,000. For a QMCC located in Allegany County, Dorchester County, Garrett County, or Somerset County, the amount of the credit is 50% of the investment in the QMCC, not to exceed \$500,000. The investment cannot include debt unless it is convertible debt. The investment must be the contribution of money in cash or cash equivalents expressed in United States dollars, at risk of loss, to a QMCC in exchange for stock, a partnership or membership interest, or any other ownership interest in the equity of the QMCC, title to which the ownership interest shall vest in the qualified investor. "Qualified investor" means an individual or entity that is required to file an income tax return in any jurisdiction and invests at least \$25,000 in a QMCC. However, the qualified investor may not, after making the investment, own or control more than 25% of the equity interest in the QMCC. See § 10-733 of the Tax-General Article.

At least 30 days prior to making an investment in a QMCC, a **qualified investor** must submit an application to the Maryland

Department of Commerce for an initial tax credit certificate.

At least 30 days prior to receiving an investment **the QMCC** must submit an application to the Maryland Department of Commerce to evidence that the QMCC has satisfied the minimum requirements for consideration as a QMCC.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438

Specific Requirements

Based on the actual amount of the investment made by a qualified investor, the Maryland Department of Commerce will issue a final tax credit certificate to the qualified investor. The qualified investor may claim the tax credit for the amount provided in the final certificate. If the credit exceeds the tax due, then a refund for the excess amount may be claimed. The credit cannot be claimed until the date of issuance of the final certificate. It must be claimed on the Maryland income tax return for the tax year in which the investment is made in the QMCC.

A copy of the final certificate received from the Maryland Department of Commerce is required to be included with your return for the tax credit to be allowed. Complete Part H-I using the information provided in the final certificate and enter the amount of the approved investment on line 1.

On line 2, Part H-I, enter 33% of the approved investment. For a QMCC located in Allegany County, Dorchester County, Garrett County or Somerset County, enter 50% of the approved investment.

Line 3, Part H-I, reflects the maximum dollar amount of credit per investment. Enter \$250,000. For a QMCC located in Allegany County, Dorchester County, Garrett County or Somerset County, enter \$500,000.

On line 4, Part H-I, enter the lesser of line 2 or line 3.

On line 5, Part H-I, enter any applicable recapture amount. See more information below about recapture amounts.

On line 6, Part H-I, subtract line 5 from line 4. If the amount is less than zero, enter a negative amount.

Enter the amount from line 6, Part H-I, on line 7, Part CCC.

Note: If you are claiming a credit for more than one investment, another separate Part H-I must be completed for each investment.

Total the amounts from line 6 from each separate Part H-I. Using only one summary section, combine the total on line 7, Part CCC. To claim the total credit, you must complete a second Part H-I at the time you electronically file your income tax return.

Recapture of Credit The credit is subject to recapture if within 2 years of the close of the taxable year in which the credit is claimed; 1) the qualified investor sells, transfers or otherwise disposes of the ownership interest in the QMCC that gave rise to the credit; 2) the QMCC ceases operating as an active business or distributes the equity investment; 3) the QMCC is not duly organized and existing within 4 months of receiving the qualified investment. The applicable recapture amount is calculated by multiplying the total amount of the credit claimed (or in the case of a sale, transfer, or other disposition of the ownership interest, the portion of the credit attributable to the ownership interest disposed of), by one of the following percentages:

- 100%, if the event requiring recapture of the credit occurs during the tax year for which the tax credit is claimed;

- 67%, if the event requiring recapture of the credit occurs during the first year after the close of the tax year for which the tax credit is claimed; or
- 33%, if the event requiring recapture of the credit occurs more than 1 year but not more than 2 years after the close of the tax year for which the tax credit is claimed. The amount of recapture is entered onto line 5, Part H-I.

The credit may also be subject to a recapture if the certificate is rescinded by the Maryland Department of Commerce due to the qualified investor failing to provide the required notice to the Maryland Department of Commerce of having made the investment, or if the Maryland Department of Commerce revokes the final certification due to false representations made in connection with the application for the certification.

Pass-through Entities If the credit is claimed by a qualified investor that is a PTE, the members of the PTE may claim the distributive or pro rata shares of the credit amount subject to the \$250,000 limitation (or \$500,000 for a QMCC located in Allegany County, Dorchester County, Garrett County or Somerset County). A PTE that earned the Cybersecurity Incentive Tax Credit must electronically file the Maryland Form 510, Form 500CR and all other required attachments for members to be permitted to claim the credit. See Form 510 instructions.

For a member of the PTE to be allowed the credit, the member must complete the Form 500CR section of their electronically-filed Maryland return and include a copy of the final certification from the Maryland Department of Commerce and Maryland Schedule K-1 (510) showing the allocated share of the credit amount.

PART H-II – NONREFUNDABLE CREDIT FOR BUYERS OF CYBERSECURITY TECHNOLOGY AND/OR CYBERSECURITY SERVICES

A qualified buyer may claim a credit in an amount equal to 50% of the cost incurred during the taxable year to purchase cybersecurity technology and/or a cybersecurity services from one or more qualified sellers. For any taxable year, the credit allowed may not exceed \$50,000 for each qualified buyer; and the aggregate credits claimed for cybersecurity technology and/or cybersecurity services purchased from a single qualified seller may not exceed \$200,000.

A "Cybersecurity Business" means an entity organized for profit that is engaged primarily in the development of innovative and proprietary cybersecurity technology or the provision of cybersecurity service.

A "cybersecurity service" is an activity that is associated with a category or subcategory identified under the framework core established by the National Institute of Standards and Technology's Cybersecurity Framework.

A "cybersecurity technology" means products or goods intended to detect or prevent activity intended to result in unauthorized access to, exfiltration of, manipulation of, or impairment to the integrity, confidentiality, or availability of an information system or information stored on or transiting an information system.

A "Qualified Buyer" means any entity that has fewer than 50 employees in the State and that is required to file an income tax return in the State.

A "Qualified Seller" means a cybersecurity business that:

- Has its headquarters and base of operations in the State;
- (i) has less than \$5,000,000 in annual revenue; (ii) is a minority-owned, woman-owned, veteran-owned, or service-disabled-veteran-owned business; or (iii) is located in a historically underutilized business zone designated by the United States Small Business Administration;

- Owns or has properly licensed any proprietary cybersecurity technology; or provides cybersecurity service;
- Is in good standing;
- Is current in the payment of all tax obligations to the State or any unit or subdivision of the State; and
- Is not in default under the terms of any contract with, indebtedness to, or grant from the State or any unit or subdivision of the State.

A qualified buyer eligible for the credit may apply to the Maryland Department of Commerce for a credit certificate that states the amount of the credit the qualified buyer may claim. A qualified buyer must attach a copy of the credit certificate to the income tax return on which the qualified buyer claims the credit. The Maryland Department of Commerce approves each application that qualifies for a credit certificate.

Subject to Recapture The Maryland Department of Commerce may revoke its certification of a credit if any representation made in connection with the application for the certification is determined by the Maryland Department of Commerce to have been false. The revocation may be in full or in part as the Maryland Department of Commerce may determine.

For information on the qualifications and application process, contact:

Maryland Department of Commerce
Abigail McKnight
Tax Specialist
Office of Finance Programs
401 E. Pratt Street, 17th Floor
Baltimore, MD 21202
410-767-7234
Abigail.mcknight@maryland.gov

PART I - EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT

A credit is allowed for premiums paid by employers to provide long-term care insurance to their employees as part of their benefits package. The employer may claim a credit of 5% of the premiums paid during the tax year or \$100 for each Maryland employee covered by long-term care insurance provided, whichever is less, but cannot be more than \$5,000.

Specific Instructions

On line 1, Part I, enter 5% of the long-term care insurance premiums paid as part of an employee benefit package.

On line 2, Part I, enter the number of employees within Maryland covered under the employee benefit package on the line provided.

Multiply this by \$100 and enter the result on line 2.

On line 3, Part I, enter the lesser of line 1 or line 2.

On line 4, Part I, enter the lesser of line 3 or \$5,000.

Also enter the amount from line 4, Part I, on line 9, Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, the business is entitled to an excess carryover of the credit until it is used, or the expiration of five years after the credit was earned, whichever comes first.

PART J - MARYLAND EMPLOYER SECURITY CLEARANCE COST (ESCC) TAX CREDIT

A business may be eligible to claim credits against the State income tax for certain costs related to federal-based security contracting. For a business to be eligible, it must apply to and be certified by

the Maryland Department of Commerce.

PART J-I - Credits for Sensitive Compartmented Information Facilities (SCIFs) and Security Clearance Administrative Expenses

A business may claim a credit against its Maryland State income tax for costs related to the construction or renovation of SCIF located in Maryland. The SCIF must be accredited by the appropriate federal agency. For costs related to a single SCIF, the credit is equal to the lesser of 50% of the costs or \$200,000. For costs related to multiple SCIFs, the credit is the amount of costs up to \$500,000 per calendar year.

Also, a business may claim a credit against its Maryland State income tax up to \$200,000 per tax year for qualified security clearance administrative expenses.

Qualified expenses include:

- Processing application requests for federal security clearance;
- Maintaining, upgrading or installing computer systems in Maryland that are required to obtain federal security clearance; and,
- Training employees in the State to administer the clearance application process.

Whenever a credit is claimed against the income tax, an addition modification must be made in the amount of the credit claimed in Part J-I, line 3.

Claiming the Tax Credit

To claim the ESCC tax credit, a business must submit an application to the Maryland Department of Commerce by September 15th following the tax year in which the related expenses and costs were incurred. By December 15th of that year, the Maryland Department of Commerce will certify the approved amount. To claim the credit, the applicant must: 1) file an electronic Maryland income tax return with the Comptroller of Maryland for any taxable year after the taxable year in which the costs were incurred; or 2) file an electronic amended Maryland income tax return with the Comptroller of Maryland. A copy of the Maryland Department of Commerce certification must be included with the return.

The business will enter the Maryland Department of Commerce-certified amount of construction and equipment costs incurred to construct or renovate SCIFs on line 1, Part J-I.

On line 2, Part J-I, the business will enter the amount of certified Security Clearance Administrative expenses, not to exceed \$200,000.

Line 3, Part J-I, will reflect the sum of line 1 and line 2. This amount also is an addition modification on the tax return.

PART J-II - The First Year Leasing Costs Tax Credit for Qualified Small Businesses

A qualified small business also may claim a credit against its Maryland income tax up to \$200,000 for costs for rental payments during the first year of a rental agreement for leasing spaces to perform security-based contracting work.

In Part J-II, a qualified small business will claim the amount of First Year Leasing Costs Tax Credit approved by the Maryland Department of Commerce.

The total ESCC tax credit approved by the Maryland Department of Commerce may not exceed \$2 million for any calendar year. If the total amount of credits applied for by all businesses exceeds \$2 million, the credits will be approved on a pro rata basis.

Excess credit may be carried forward until the excess amount is fully used.

No credits may be earned for any tax year beginning on or

after January 1, 2022.

For more information, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-4041 or 410-767-6438

PART K - RESEARCH AND DEVELOPMENT TAX CREDITS

Businesses that incur qualified research and development expenses in Maryland may be entitled to tax credits. The total of research and development credits for all businesses may not exceed \$12,000,000 per year.

To claim the credit, the applicant must: 1) file an electronic Maryland income tax return with the Comptroller of Maryland for any of the 7 taxable years after the taxable year in which the expenses were incurred; or 2) file an electronic amended Maryland income tax return with the Comptroller of Maryland. Whenever this credit is claimed against the income tax, an addition modification must be made for the tax year in which the research and development expenses were paid. For certification and more information contact the Maryland Department of Commerce.

Certification must be obtained from the Maryland Department of Commerce before the credit can be claimed. A copy of the certification from the Maryland Department of Commerce must be included with the return.

PART K-I – Research and Development Tax Credits for Businesses Not Certified as a “Small Business”

There are two credits. The Basic Credit is 3% of the qualified Maryland research and development expenses paid during the tax year, up to a base amount. The Growth Credit is 10% of the Maryland research and development expenses paid during the tax year that **exceed** the base amount.

Claiming the Tax Credit

The business will enter the Maryland Department of Commerce-certified Basic Credit (3%) on line 1, Part K-I.

On line 2, Part K-I, the business will enter the amount of the Maryland Department of Commerce-certified Growth Credit (10%).

Line 3, Part K-I, will reflect the sum of line 1 and line 2. This amount is carried to line 11, Part AAA. Also, this amount is an addition modification on the tax return.

PART K-II – Research and Development Tax Credits for Businesses Certified as a “Small Business”

If a business is certified to claim the Research and Development Tax Credit as a “Small Business,” the credit is calculated in basically the same manner, but Part K-II is used.

A “Small Business” is defined as a for-profit corporation, limited liability company, partnership or sole-proprietorship with net book value assets totaling at the beginning or the end of the tax year for which the Maryland qualified research and development expenses are incurred, as reported on the balance sheet, less than \$5,000,000.

Claiming the Tax Credit

The business will enter the Maryland Department of Commerce-certified Basic Credit (3%) on line 4, Part K-II.

On line 5, Part K-II, the business will enter the amount of the Maryland Department of Commerce-certified Growth Credit (10%).

Line 6, Part K-II, will reflect the sum of line 4 and line 5. This amount is carried to line 6, Part CCC. Also, this amount is an addition modification on the tax return.

For certification and further information contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-4980 or 410-767-6438

PART L - BIOTECHNOLOGY INVESTMENT INCENTIVE TAX CREDIT

General Requirements A credit is available for an investment in a qualified Maryland biotechnology company (QMBC). To qualify, a company can be any entity of any form (except a sole proprietorship) that is duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit, and must be primarily engaged in, or within 2 months will be primarily engaged in, the research, development, or commercialization of innovative and proprietary technology that comprises, interacts with, or analyzes biological material including biomolecules (DNA, RNA, or protein), cells, tissues or organs.

QMBC Requirements

The QMBC must:

- Have its headquarters and base of operations in Maryland;
- Have fewer than 50 full-time employees;
- Have been in active business no longer than 12 years;
- Have been certified as a biotechnology company by the Maryland Department of Commerce; and,
- Must not have any securities publicly traded on any exchange.

A QMBC includes:

- A company that has been in active business for up to 15 years, with the Maryland Department of Commerce approval;
- A company that has been in active business no longer than 12 years from the date the company first received a **qualified** investment under this section; or,
- A company that, within 2 months of the receipt of the investment, has met the requirements of a QMBC. Failure to meet the requirements of a QMBC may result in revocation of the tax credit certificate and recapture of any tax credits already claimed by the qualified investor.

The investor:

- Can be an individual or any entity (except a retirement plan), and must make an investment of at least \$25,000 in a QMBC (but not own more than 25% of the equity interests in the company after making the investment);
- Must be required to file an income tax return in any jurisdiction; and,
- Must apply for and receive final certification from the Maryland Department of Commerce to claim the Biotechnology Investment Incentive Tax Credit.

The amount of the credit is 50% of the investment in the qualified Maryland biotechnology company, not to exceed \$250,000. For a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County, the amount of the credit is 75% of the investment in the QMBC, not to exceed \$500,000. The investment must be the contribution of money in cash or cash equivalents expressed in United States dollars, at risk of loss, to a QMBC in exchange for stock, a partnership or membership interest, or other ownership interest in the equity of the company title to which ownership shall vest in the qualified investor. The investment cannot include debt. See §10-725 of the Tax-General Article and Code of Maryland Regulations 24.05.03.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-2368 or 410-767-6438

Specific Requirements

The investor may claim the tax credit for the amount provided in the final certificate. If the credit amount exceeds the tax due, then a refund for the excess amount may be claimed. The credit cannot be claimed until the date of issuance of the final certificate. It must be claimed on the Maryland income tax return for the tax year in which the investor makes the investment in the QMBC.

Both the final certificate received from the Maryland Department of Commerce and a statement of affidavit (see below) as prepared by the investor are required to be included with your return for the Biotechnology Investment Incentive Tax Credit to be allowed. Complete Part L using the information provided in the final certificate and enter the amount of the approved investment on line 1.

On line 2, Part L, enter 50% of the approved investment. For a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County, enter 75% of the approved investment.

Line 3, Part L, reflects the maximum dollar amount of credit per investment. Enter \$250,000. For a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County, enter \$500,000.

On line 4, Part L, enter the lesser of line 2 or line 3.

On line 5, Part L, enter any applicable recapture amount. See Required Statement and Recapture of Credit.

On line 6, Part L, subtract line 5 from line 4. If the amount is less than zero, enter a negative amount.

Enter the amount from line 6, Part L, on line 2, Part CCC.

Note: If you are claiming a credit for more than one investment, another separate Part L must be completed for each investment.

Total the amount from line 6, from each separate Part L. Using only one summary section, combine the total on line 2, Part CCC. To claim the total credit, you must complete a second Part L at the time you file your electronic income tax return.

Required Statement and Recapture of Credit The statement of affidavit must include the Taxpayer Identification Number and name of the investor, signature of the investor under penalties of perjury (or its authorized representative), and date.

The statement of affidavit must stipulate that if, within 2 years after the close of the tax year for which the credit is claimed, (1) the investor sells, transfers or disposes of the ownership interest in the QMBC, for which this tax credit was certified, or, (2) the QMBC ceases operating as an active business with its headquarters and base of operations in Maryland, the investor must notify the Comptroller by reporting the applicable recapture amount on the investor's Maryland tax return for the tax year in which the event causing the recapture occurred.

The applicable recapture amount is calculated by multiplying the total amount of the credit claimed (or in the case of a sale, transfer or other disposition of the ownership interest, the portion of the credit attributable to the ownership interest disposed of), by one of the following percentages:

- 100%, if the event requiring recapture of the credit occurs during the tax year for which the tax credit is claimed;

- 67%, if the event requiring recapture of the credit occurs during the first year after the close of the tax year for which the tax credit is claimed; or,
- 33%, if the event requiring recapture of the credit occurs more than 1 year but not more than 2 years after the close of the tax year for which the tax credit is claimed. The amount of recapture is entered onto line 5, Part L.

An investor's credit also may be subject to a recapture if the certificate is rescinded by the Maryland Department of Commerce due to the investor failing to provide the required notice to the Maryland Department of Commerce of having made the investment, or if the Maryland Department of Commerce revokes the final certificate due to false representations made in connection with application for the certification. The credit will also be subject to recapture if the issued certificate is revoked by the Maryland Department of Commerce because a company failed to satisfy the requirements of a QMBC within 2 months. See Code of Maryland Regulations 24.05.03 for rescission and revocation procedures.

Pass-through entities If the credit is earned by an investor that is a PTE, the members of the PTE may claim the distributive or pro rata shares of the credit amount subject to the \$250,000 limitation (or \$500,000 for a QMBC located in Allegany County, Dorchester County, Garrett County or Somerset County). A PTE that earned the Biotechnology Investment Incentive Tax Credit must electronically file the Maryland Form 510, Form 500CR and all other required attachments for members to be permitted to claim the credit. See Form 510 instructions.

For a member of the PTE to be allowed the credit, the member must complete the Form 500CR section of their electronically-filed Maryland return and include the following: copies of the final certification from the Maryland Department of Commerce and statement of affidavit; and Maryland Schedule K-1 (510) showing the allocated share of credit amount.

PART M - COMMUTER TAX CREDIT

A credit is allowed for businesses that conduct or operate a trade or business in Maryland and provide commuter benefits for their employees.

The business must pay a portion of the cost of travel between the employee's home and the workplace. Qualified commuter benefits include the cost of transit instruments (tickets, passes, vouchers, fare cards, smartcards and tokens) used to transport an employee of the business to or from home and the workplace. The portion of the cost an employer pays to provide a "Guaranteed Ride Home" program or for a parking "Cash-Out" program for their employees also are qualified commuter benefits.

Travel must be on a qualified mass transit vehicle or system, or in a vanpool. The vanpool vehicle must seat at least 6 adults and be used primarily to transport employees between home and the workplace.

The credit is the lesser of 50% of the cost of providing commuter benefits or \$100 per month for each employee.

Specific Instructions

On line 1, Part M, enter the amount of qualified commuter benefits paid on behalf of employees.

On line 2, Part M, enter 50% of the amount entered on line 1.

On line 3, Part M, enter the number of employees for which commuter benefits were paid.

On line 4, Part M, calculate the number of months covered by the employees (employee months) listed on line 3 by \$100.

On line 5, Part M, enter the lesser of line 2 or line 4. This is the credit amount.

Enter the amount from line 5, Part M, to line 13, Part AAA.

The amount of this credit is limited to the Maryland State income tax on the return and is not carried forward to another tax year.

For more information contact:

Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, MD 21076
410-865-1100

www.commuterchoicemaryland.com

PART N - CLEAN ENERGY INCENTIVE TAX CREDIT

This credit is allowed if a Maryland facility is originally placed in service or initially began co-firing, during the period of 1/1/2006 through 12/31/2019 and produces electricity during the tax year primarily using qualified energy resources derived from:

- Wind
- Open and Closed Loop Biomass
- Geothermal
- Solar
- Small Irrigation
- Municipal Solid Waste
- Qualified Hydropower

The credit is 0.85 cents for each kilowatt hour of electricity produced at a Maryland facility using qualified energy resources during the five-year period specified in the initial credit certificate.

You must have obtained an initial credit certificate from Maryland Energy Administration before January 1, 2019 in order to claim this credit.

Specific Instructions

On line 1, Part N, enter on the line provided the number of kilowatt hours of electricity that **was not co-fired** with coal. Multiply this number by .0085. Enter the result on line 1, Part N.

On line 2, Part N, enter one-fifth of the amount stated on the initial credit certificate.

Enter the lesser of line 1 or line 2 on line 3, Part N. Also enter this amount on line 3, Part CCC.

The credit claimed each year cannot exceed one-fifth of the maximum amount stated in the initial credit certificate. If the credit amount exceeds the tax due, a refund for the excess amount may be claimed.

For information concerning qualifications for the credit, contact:

Maryland Energy Administration
1800 Washington Blvd, Ste. 755
Baltimore, MD 21230

Note: A copy of the certification by the Maryland Energy Administration must be included.

PART O - MARYLAND-MINED COAL TAX CREDIT

A credit is allowed for a qualified cogenerator, small power producer or an electricity supplier (as defined under §1-101 of the Public Utilities Article) for the purchase of Maryland-mined coal. An electricity supplier may not have been a public utility before July 1, 1999. A cogenerator or an electricity supplier must not be subject to the public service company franchise tax. The credit is \$3 for each ton of Maryland-mined coal purchased in the current tax year.

Specific Instructions

Enter on line 1, Part O, the number of tons of Maryland-mined coal

purchased in the current year.

Multiply line 1 by \$3 and enter the result on line 2, Part O, and also on line 15, Part AAA.

The credit is limited to the amount of Maryland State income tax on the return. No carryover of excess credits exists for this tax credit.

The amount of this credit must be certified by the State Department of Assessments and Taxation.

For more information contact:

State Department of Assessments and Taxation
301 W. Preston Street
Baltimore, MD 21201-2395
410-767-1191
taxcredits@maryland.gov

Note: A copy of the certification by the State Department of Assessments and Taxation must be included.

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED AFTER JUNE 30, 2019

General requirements Credits may be claimed for eligible project costs incurred to establish, relocate or expand a business facility in a Tier I Maryland county. To qualify for the credit for project costs, a minimum of \$500,000 must be spent on eligible project costs. At least 50 newly hired qualified employees must be employed for at least one year at the new or expanded facility for eligibility for the maximum credit of \$5,000,000, or at least 25 but fewer than 50 for eligibility for a maximum credit of \$2,500,000, or at least 10 but fewer than 25 for eligibility for a maximum credit of \$1,000,000.

This credit may also be claimed by tax-exempt nonprofit organizations that are qualified business entities against their unrelated business taxable income.

If claiming a credit for multiple projects, complete a separate Part P for each project.

For information on Tier I counties, qualified employees, eligible costs and other requirements businesses must satisfy to qualify for credit, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438 or 410-767-4980

A business cannot be certified as a qualified business entity by the Secretary of the Maryland Department of Commerce unless the business notifies the Maryland Department of Commerce of its intent to seek certification before hiring any qualified employees to fill the qualified positions.

The qualified business entity must report to the Maryland Department of Commerce the amount of the project tax credit that the entity claims on the entity's tax return for each taxable year that the entity claims any portion of the project tax credit. Failure of the qualified business entity to report the amount claimed disqualifies the entity from claiming any unclaimed amount of the project tax credit.

For any taxable year, if a qualified business entity claims the project tax credit, the qualified business entity cannot also claim a Job Creation Tax Credit authorized under Section 6-304 of the Maryland Economic Development Article.

Pass-through entities (PTEs), filing Maryland Form 510 with eligible project costs must follow the additional instructions following Part P-IV Summary.

Note: A qualified business entity, which has been certified for the tax credit, may claim a prorated share of this credit, if: (1) the

number of qualified positions falls below the minimum number of qualified positions required to qualify for the project tax credit, but does not fall below 10, and (2) the qualified business entity has maintained at least the minimum number of qualified positions required to qualify for the project tax credit for at least five years.

PART P-I - CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY

Note: Part P-I has two columns. Column 1 is used by all qualified business entities, except PTE members. Column 2 is used by PTE members only and should reflect a member's distributive or pro rata share of the reported items, except lines 2a through 2c (see the instructions below for Part P-I, Section A). **PTEs complete only Sections A and C of Part P-I.**

Read the Special Instructions-I For Qualified Entities That Are Pass-Through Entities, following Part-IV Summary.

PTE members must read the Special Instructions-II For Members Of Qualified Business Entities That Are Pass-Through Entities **BEFORE** completing Part P-I.

Section A For taxpayers that are not PTE members, enter your Maryland taxable net income from your return on line 1.

For PTE members of a qualified business entity, enter your Maryland taxable net income from the PTE on line 1.

Enter on line 2a the number of qualified employees. This number is not allocated or pro-rated; a PTE would report this same number on Maryland Schedule K-1 (510) to all PTE members.

A qualified employee is an employee filling a qualified position. Generally, this is a position that is full-time and of indefinite duration, is paid at least 120% of the State minimum wage, is located in a Tier I Maryland county, and is newly created as a result of the establishment of a business facility.

Note: If the number of employees entered on line 2a is fewer than 10, do not continue. You are not eligible to claim the tax credit for this year.

Enter a "Yes" or a "No" to the question on line 2b, whether the qualified business entity had maintained at least the minimum number of qualified positions required to qualify for the project tax credit for at least five years. If the answer is "No" AND the number of employees entered on line 2a is fewer than the minimum number of qualified positions required to qualify for the project tax credit, a credit may not be claimed for this year. The minimum number of qualified positions is 50 to qualify for the project tax credit having the maximum amount of \$5,000,000. The minimum number of qualified positions is 25 to qualify for the project tax credit having the maximum amount of \$2,500,000. The minimum number of qualified positions is 10 to qualify for the project tax credit having the maximum amount of \$1,000,000.

Calculate the prorata factor on line 2c. If line 2a is greater than or equal to the minimum number of qualified positions required to qualify for the project tax credit, enter 1.000000.

A PTE will report the same numbers and information that appear on lines 2a through 2c of its Form 500CR to its members using Maryland Schedule K-1 (510). Do not report the distributive share of this information on the K-1.

Enter on line 3 the amount of Maryland income tax the qualified business entity was required to withhold during this tax year from the wages of qualified employees under §10-908 of the Tax-General Article.

If you are a PTE, skip Section B. Continue to Section C. All other taxpayers complete Part B.

Section B

Enter on line 4a:

- The total tax liability from line 14 of Maryland Corporation Form 500;
- The total tax liability from line 21 less any amounts from lines 22 through 24 of Form 502 (if you are **not a PTE member** of a qualified business entity); or,
- The total tax liability from line 32c less any amounts from lines 33 and 34 of Form 505 (if you are **not a PTE member** of a qualified business entity).

If you **are a PTE member** of a qualified business entity, multiply the amount on line 1, Section A, by the highest rate used to calculate the tax on your Maryland tax return. Enter this amount on line 6a.

Enter on line 4b the amount calculated by multiplying line 4a by line 2c.

Section C

Note: PTE members will enter the distributive or pro rata share of the total eligible project costs as stated on their Maryland Schedule K-1 (510) when completing Column 2.

Project costs Eligible project costs are the costs and expenses that a qualified business entity incurs to acquire, construct, rehabilitate, install, or equip the eligible economic development project.

Enter on line 5, the total eligible project costs for the eligible economic development project.

Enter on line 6 the lesser of the amount reported on line 5 or the allowable maximum project tax credit based on the number of qualified employees. The total eligible project costs must be at least \$500,000, and cannot exceed the allowable maximum.

PTEs stop here. PTEs do not complete the remainder of Part P.

PART P-II - CREDIT AGAINST TAX LIABILITY AND TAX ON INCOME OF THE QUALIFIED BUSINESS ENTITY

Beginning with Part P-II, the computation returns to one column and is used by all taxpayers eligible to claim this credit, except for PTEs.

Part P-II is used to calculate the credit that can be claimed for the project credit during nonrefundable tax years for the One Maryland Economic Development Tax Credit. Part P-III is used to claim the refundable tax credit.

The nonrefundable tax years consist of the initial tax year and any carryover years. During this period, the nonrefundable credit is limited up to the amount of the entity's State tax liability.

A carryover credit may be claimed for the project tax credit against the State income tax on the taxable income of the qualified business entity until the earlier of the full amount of excess eligible project costs is used, or until the 10th taxable year following the taxable year in which the qualified business entity claims the tax credit.

Part P-II also is used to calculate a certain nonrefundable portion of the project credit that may be claimed during the tax years when the credit may have a refundable portion.

On line 7, enter the sum of the amount of the project credits allowed for the eligible project costs in the initial tax year (the first tax year in which this credit was claimed), prior carryover tax years, and any refundable tax year amounts.

On line 8, subtract line 7 from line 6 and enter the result. If the result is 0 or less, enter 0.

The amount on line 8 is the amount of remaining excess eligible project costs that are available to be claimed by the qualified business entity as a project credit for this tax year. The project credit that may be claimed in Part P-II is limited up to the amount of your Maryland **State income tax** liability on the taxable income

of the qualified business entity.

Enter on line 9 the amount of the eligible Maryland State income tax liability attributable to the income of the qualified business entity (line 4b).

Enter on line 10, the lesser of line 8 or line 9. This amount is the "Credit against tax on the income of the qualified business entity."

PART P-III - REFUNDABLE ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

Generally, at any time after the 4th taxable year in which the qualified business entity claims the project tax credit, the business may request a refund of any excess credit.

For any taxable year, the total amount claimed as a refund must not exceed the amount of tax that the qualified business entity is required to withhold for the taxable year from the wages of qualified employees under Section 10-908 of the Maryland Tax-General Article.

The refundable portion of the project credit for the tax year is calculated after the nonrefundable portion of the credit is claimed.

The refundable portion is calculated by subtracting the amount allowed as the nonrefundable portion of this credit (line 10, Part P-II) claimed for this tax year from the remaining available project credit amount (line 8, Part P-II).

Subtract line 10, Part P-II, from line 8, Part P-II, and enter result on line 11, Part P-III. If the result is 0 or less, enter 0.

This amount is the remaining excess eligible project costs for the eligible economic development project. It is the tentative refund amount.

The refundable portion is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 3). Enter the amount from line 3 on line 12, Part P-III.

Enter the allowable refund amount on line 13, Part P-III. This amount is the lesser of line 11 or line 12.

PART P-IV - SUMMARY

Complete the summary of credit amounts claimed for the project credits for the One Maryland Economic Development Tax Credit.

Enter on line 14 the nonrefundable portion of the project costs credit from line 10. This is the total nonrefundable

One Maryland Economic Development Tax Credit.

This amount should also be entered on line 16, Part AAA.

Enter on line 15 the refundable portion of the project costs credit from line 13. This is the total refundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 1, Part CCC.

Note: A copy of the final credit certification from the Maryland Department of Commerce must be included.

SPECIAL INSTRUCTIONS-I FOR QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES (PTEs)

A qualified business entity that is a PTE (partnership, LLC, S corporation, or business trust) must complete the Form 500CR section of the electronic PTE income tax return, Form 510.

PTEs must provide the following information on Form 500CR if they are eligible for the One Maryland Economic Development Tax Credit:

1. Maryland taxable income;
2. Number of qualified employees;

3. If the number of employees is fewer than the minimum number of qualified employees required to qualify for the project tax credit, a PTE must state whether or not the qualified business entity had filled the minimum number of qualified positions required to qualify for the project tax credit for at least five years from the time they have been eligible for the credit;

4. Amount of Maryland income tax required to be withheld from these qualified employees;

5. Total eligible project costs;

6. The allowable maximum;

7. \$500,000 minimum

Therefore, a PTE must complete Sections A and C of Part P-I. The distributive or pro rata portion of these items must be furnished to each member of the PTE on the member's respective Maryland Schedule K-1 (510). The PTE also must indicate on the Schedule K-1 whether or not the PTE is a qualified business entity which would be entitled to pass on a refundable credit or whether the credit is nonrefundable only. The PTE must provide a copy of the final certification to each member.

SPECIAL INSTRUCTIONS-II FOR MEMBERS OF QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES

Based on the Maryland Schedule K-1 (510), a member then may file the applicable Maryland income tax return, completing the Form 500CR section of their electronic Maryland income tax return, to claim the One Maryland Economic Development Tax Credit. The member should complete Part P of Form 500CR in its entirety to compute the credit amounts and claim any of the credits allowed for the tax year.

For the sections in Part P-I, the member would only complete Column 2.

The PTE member (the member of the qualified business entity) must limit the amounts claimed for the project credit to the distributive or pro rata portion of the PTE's taxable income as reported on Maryland Schedule K-1 (510).

The PTE member computes the tax on the member's share of the PTE's Maryland taxable income (line 1) using the highest rate actually used on the member's return and enters the result on line 4a. Multiply the tax amount entered on 4a by the factor on line 2c and enter the result on line 4b.

All amounts entered in Section C of Part P-I, should reflect the PTE member's share of items as reported on the Maryland Schedule K-1 (510).

For Parts P-II, P-III, and P-IV, the PTE member should follow the preceding instructions for the respective parts.

Note: The member must include a copy of the PTE's final credit certification to claim the credit.

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT CERTIFIED BEFORE JULY 1, 2019

General requirements Credits may be claimed for eligible project costs and for eligible start-up costs incurred to establish, relocate or expand a business facility in a distressed Maryland county. To qualify for the credit for project costs, a minimum of \$500,000 must be spent on eligible project costs. **At least 25 newly hired qualified employees must be employed for at least one year at the new or expanded facility.**

This credit may also be claimed by tax-exempt nonprofit organizations that are qualified business entities against their unrelated business taxable income.

If claiming a credit for multiple projects, complete a separate Part P for each project.

For information on distressed counties, qualified employees, eligible costs and other requirements, businesses must satisfy to qualify for credit, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438 or 410-767-4980

Pass-through entities (PTEs), filing Maryland Form 510 with eligible project costs and eligible start-up costs must follow the additional instructions following Part P-IV Summary.

Note: For tax years beginning after December 31, 2010, a qualified business entity, which has been certified for the tax credit, may claim a prorated share of this credit, if: (1) the number of qualified positions falls below 25, but does not fall below 10, and (2) the qualified business entity has maintained at least 25 qualified positions for at least five years.

PART P-I - CALCULATION OF TAXABLE INCOME, WITHHOLDING, QUALIFIED EMPLOYEES AND TAX LIABILITY

Note: Part P-I has two columns. Column 1 is used by all qualified business entities, except PTE members. Column 2 is used by PTE members only and should reflect a member's distributive or pro rata share of the reported items, except lines 4a through 4d (see the instructions below for Part P-I, Section A). **PTEs complete only Sections A and C of Part P-I.**

Read the Special Instructions-I For Qualified Entities That Are Pass-Through Entities, following Part-IV Summary.

PTE members must read the Special Instructions-II For Members Of Qualified Business Entities That Are Pass-Through Entities **BEFORE** completing Part P-I.

Section A This section is used to separate the qualified business entity's Maryland taxable income from the project (the "project taxable income") from the Maryland taxable income not associated with the project (the "non-project taxable income"). Project taxable income is the income generated by or arising out of the eligible economic development project.

For taxpayers that are not PTE members, enter your Maryland taxable net income from your return on line 1.

For PTE members of a qualified business entity, enter your Maryland taxable net income from the PTE on line 1.

On line 2, enter your share of the Maryland taxable income from the project ("project taxable income") of the qualified business entity.

To calculate the project taxable income, proceed as follows:

1. If the project is a totally separate facility, then project income is figured by using separate accounting, reflecting only the gross income, deductions, expenses, gains, and losses directly attributable to the facility and overhead expenses apportioned to the facility.
2. If the project is an expansion to a previously existing facility, then figure net income attributable to the entire facility by using separate accounting reflecting only the gross income, deductions, expenses, gains, and losses directly attributable to the facility and overhead expenses apportioned to the facility and net income attributable to the project. Next, figure the project income by apportioning the entire facility income to the project.

Or,

3. If separate accounting method is shown to be not practicable, use an alternate method approved by the Comptroller of Maryland or the Maryland Department of Commerce.

Enter the non-project Maryland taxable income on line 3. This result is determined by subtracting line 2 from line 1. If less than 0, enter 0.

Enter on line 4a the number of qualified employees. This number is not allocated or pro-rated; a PTE would report this same number on Maryland Schedule K-1 (510) to all PTE members.

A qualified employee is an employee filling a qualified position. Generally, this is a position that is full-time and of indefinite duration, is paid at least 150% of the federal minimum wage, is located in a qualified distressed Maryland county, and is newly created as a result of the establishment of a business facility.

Note: If the number of employees entered on line 4a is fewer than 10, do not continue. You are not eligible to claim the tax credit for this year.

Enter a "Yes" or a "No" to the question on line 4b, whether the qualified business entity had maintained at least 25 qualified positions for at least five years. If the answer is "No" **AND** the number of employees entered on line 4a is fewer than 25, a credit may not be claimed for this year.

Enter on line 4c the tax year the project was put into service.

Calculate the prorate factor on line 4d. If line 4a is greater than or equal to 25, enter 1.000000.

A PTE will report the same numbers and information that appear on lines 4a through 4d of its Form 500CR to its members using Maryland Schedule K-1 (510). Do not report the distributive share of this information on the K-1.

Enter on line 5 the amount of Maryland income tax the qualified business entity was required to withhold during this tax year from the wages of qualified employees under §10-908 of the Tax-General Article.

If you are a PTE, skip Section B. Continue to Section C. All other taxpayers complete Part B.

Section B This section is used to calculate the qualified business entity's total State tax liability, and to separate the State tax liability on project taxable income (the amount computed on line 2, Section A) and the State tax liability on non-project taxable income (the amount on line 3, Section A).

Enter on line 6:

- The total tax liability from line 14 of Maryland Corporation Form 500;
- The total tax liability from line 21 less any amounts from lines 22 through 24 of Form 502 (if you are **not a PTE member** of a qualified business entity); or,
- The total tax liability from line 32c less any amounts from lines 33 and 34 of Form 505 (if you are **not a PTE member** of a qualified business entity).

If you are a PTE member of a qualified business entity, multiply the amount on line 1, Section A, by the highest rate used to calculate the tax on your Maryland tax return. Enter this amount on line 6.

Enter on line 7a, Section B, the State tax on the amount of income reported on line 2, Section B. Corporations multiply this income by 8.25%. Individuals may use the highest tax rate used to calculate tax on their individual returns if they have no other reasonable basis for determining the tax amount.

PTE members of qualified business entities must multiply the amount on line 2 by the highest rate used to calculate the tax on their Maryland tax returns. Enter this amount on line 7a.

This section also reflects the application of the prorate factor to the tax liabilities computed on line 7a and 8a, when a qualified business entity has between 10 and 24 employees, but has had

at least 25 qualified employees for at least five years since they have been eligible for this tax credit.

Multiply the tax amount entered on line 7a by the prorate factor on line 4d and enter the result on line 7b.

Calculate the tax on non-project income by subtracting line 7a from line 6 and enter the result on line 8a. If the amount is less than 0, enter 0.

Multiply the amount of tax calculated on line 8a by the prorate factor on line 4d and enter the result on line 8b.

Section C

Note: PTE members will enter the distributive or pro rata share of the total eligible project and start-up costs as stated on their Maryland Schedule K-1 (510) when completing Column 2.

Project costs Eligible project costs are the costs and expenses that a qualified business entity incurs to acquire, construct, rehabilitate, install, or equip the eligible economic development project.

Enter on line 9, the total eligible project costs for the eligible economic development project.

Enter on line 10 the lesser of the amount reported on line 9 or \$5,000,000. The total eligible project costs must be at least \$500,000, and cannot exceed \$5,000,000.

Start-up costs Eligible start-up costs to furnish and equip a new or expanding location for ordinary business functions and those expenses for moving costs, separation costs, and any other expenses directly related to a move from an existing non-Maryland location to a location in a qualified distressed Maryland county.

Enter on line 11, the total eligible start-up costs to establish or expand a business facility in a qualified distressed county.

Enter on line 12, the lesser of the amount reported on line 11 or \$500,000. The total amount of eligible start-up costs cannot exceed \$500,000.

Enter on line 13, the number of qualified employees employed at the new or expanded business facility (from line 4a, Part P-I) multiplied by \$10,000.

PTEs stop here. PTEs do not complete the remainder of Part P.

PART P-II - CREDITS AGAINST TAX LIABILITY AND TAX ON INCOME FROM THE PROJECT

Beginning with Part P-II, the computation returns to one column and is used by all taxpayers eligible to claim this credit except for PTEs.

Part P-II is used to calculate the credits that can be claimed for the project credit and the start-up credit during nonrefundable tax years for the One Maryland Economic Development Tax Credit.

The nonrefundable tax years consist of the initial tax year and any carryover years. During this period, these credits are limited up to a certain amount of the entity's State tax liability.

A carryover credit may be claimed for the project tax credit against the State income tax on the project taxable income until the earlier of the full amount of excess eligible project costs is used, or until the 14th tax year following the tax year in which the eligible economic project is placed in service. A carryover credit may be claimed for the start-up tax credit against State income tax until the earlier of the full amount of the excess eligible startup costs, or until the 14th tax year following the tax year in which the entity locates in a qualified distressed county.

Part P-II also is used to calculate a certain nonrefundable portion of the project credit and the nonrefundable start-up credit that may be claimed during the tax years when these credits may have refundable portions.

Section A - Project Costs Tax Credit

On line 14, enter the sum of the amount of the project credits allowed for the eligible project costs in the initial tax year (the first tax year in which this credit was claimed), prior carryover tax years, and any refundable tax year amounts.

On line 15, subtract line 14 from line 10 and enter the result. If the result is 0 or less, enter 0.

The amount on line 15 is the amount of remaining excess eligible project costs that are available to be claimed by the qualified business entity as a project credit for this tax year. The project credit that may be claimed in Part P-II is limited up to the amount of your Maryland **State income tax** liability on the project taxable income.

Enter on line 16 the amount of the Maryland State income tax liability attributable to income from the project (line 7b).

Enter on line 17, the lesser of line 15 or line 16. This amount is the "Credit against tax on income from the project."

Section B - Start-up Costs Tax Credit

On line 18, enter the sum of the amount of the start-up credits allowed in the initial tax year, prior carryover tax years, and any refunds (these are the amounts claimed as refunds for the start-up credit during the tax years when this credit becomes a refundable credit).

On line 19, subtract line 18 from line 12 and enter the result. If the result is 0 or less, enter 0.

The amount calculated on line 19 is the excess amount available to be claimed by the qualified business entity as a start-up credit.

On line 20, enter the lesser of line 13 or line 19. The start-up credit is equal to the lesser of the amount on line 19 or line 13 (qualified employees multiplied by \$10,000).

On line 21, subtract line 17 from line 6 and enter the result. If the result is 0 or less, enter 0.

On line 22, enter the lesser of line 20 or line 21.

The start-up credit that may be claimed in Part P-II is limited to the qualified business entity's Maryland State income tax liability. If a project credit was claimed in Part P-II, then the amount of the start-up credit on line 22 is limited to the remaining Maryland State income tax liability after taking the nonrefundable project credit (line 21).

PART P-III - REFUNDABLE ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

Generally, at any time after the 4th tax year but before the expiration of the 15th tax year after the project was placed in service or the business locates to a qualified county (Tier I), the business may apply the excess to the entity's total Maryland State income tax liability and may request a refund of any excess credit.

If the majority of the qualified positions are paid at least 250% of the federal minimum wage, then the refundable years will begin after the 2nd tax year rather than the 4th tax year.

Section A - Project Costs

The refundable portion of the project credit for the tax year is calculated after the nonrefundable portions of the credit are claimed.

The refundable portion is calculated by subtracting the amount allowed as the nonrefundable portion of this credit (line 17, Part P-II) claimed for this tax year from the remaining available project credit amount (line 15, Part P-II).

Subtract line 17, Part P-II, from line 15, Part P-II, and enter result on line 23, Part P-III. If the result is 0 or less, enter 0.

This amount is the remaining excess eligible project costs for the eligible economic development project. This project credit amount

is applied against the remaining, available State income tax liability.

This section is used to calculate the portion of the nonrefundable tax credit that is allowed against the State income tax on non-project taxable income during the refundable tax years of the One Maryland Economic Development Tax Credit.

On line 24, re-enter the amount of the tax on non-project income that you had previously entered on line 8b, Part P-I.

Subtract line 17 and line 22 from line 6 and enter the result on line 25, Part P-III. If the result is 0 or less, enter 0. This is the amount of tax available for application of the tax credit.

On line 26, calculate the credit against non-project income by entering the lesser of lines 23, 24, or 25.

Enter the tentative refund amount on line 27, Part P-III. This amount is calculated by subtracting line 26 from line 23. If the result is 0 or less, enter 0.

The tentative refund is the amount, if any, by which any unused excess project credit amount exceeds the State income tax liability.

The refundable portion is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 5).

On line 28, Part P-III, re-enter the amount of Maryland income tax required to be withheld from the qualified employees. This is the amount that you entered on line 5, Part P-I.

On line 29, enter the refund from project costs allowable this year. Calculate this amount by subtracting line 26 from line 28 (if less than 0, you will use 0) and enter that result on line 27, whichever is less.

Section B - Start-up Costs

The refundable portion of the startup credit is calculated after the nonrefundable portion of this credit is claimed.

Subtract line 22 from line 20 and enter the result on line 30, Part P-III. If the result is 0 or less, enter 0. This is the tentative refund amount for start-up costs.

On line 31, Part P-III, re-enter the amount of Maryland income tax required to be withheld from the qualified employees. This is the amount that you entered on line 5, Part P-I.

The tentative refund is the amount of the remaining excess start-up credit. The refundable portion of the start-up credit is limited to the amount of Maryland income tax withheld during this tax year from the wages of qualified employees (line 5).

Enter the refund from start-up costs allowable this year. Calculate this amount by entering the lesser of line 30 or line 31.

PART P-IV - SUMMARY

Complete the summary of credit amounts claimed for the project credits and start-up credit for the One Maryland Economic Development Tax Credit.

Enter on line 35 the nonrefundable portions of the project and start-up costs credits from lines 33 and 34. This is the total nonrefundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 16, Part BB. Add lines 36 and 37 and enter this amount on line 38. This is the total refundable One Maryland Economic Development Tax Credit.

This amount should also be entered on line 1, Part DD.

Note: A copy of the final credit certification from the Maryland Department of Commerce must be included.

SPECIAL INSTRUCTIONS-I FOR QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES (PTEs)

A qualified business entity that is a PTE (partnership, LLC, S

corporation, or business trust) must complete the Form 500CR section of the electronic PTE income tax return, Form 510.

PTEs must provide the following information on Form 500CR if they are eligible for the One Maryland Economic Development Tax Credit:

1. Maryland taxable income;
2. Maryland taxable income from the project;
3. Non-project taxable income;
4. Number of qualified employees;
5. If the number of employees is fewer than 25 employees, a PTE must state whether or not the qualified business entity had 25 filled qualified positions for at least five years from the time they have been eligible for the credit;
6. The tax year the project was put into service;
7. Amount of Maryland income tax required to be withheld from these qualified employees;
8. Total eligible project costs;
9. \$5,000,000 maximum;
10. Total eligible start-up costs;
11. \$500,000 maximum.

Therefore, a PTE must complete Sections A and C of Part P-I. The distributive or pro rata portion of these items must be furnished to each member of the PTE on the member's respective Maryland Schedule K-1 (510). The PTE also must indicate on the Schedule K-1 whether or not the PTE is a qualified business entity which would be entitled to pass on a refundable credit or whether the credit is nonrefundable only. The PTE must provide a copy of the final certification to each member.

SPECIAL INSTRUCTIONS-II FOR MEMBERS OF QUALIFIED BUSINESS ENTITIES THAT ARE PASS-THROUGH ENTITIES

Based on the Maryland Schedule K-1 (510), a member then may file the applicable Maryland income tax return, completing the Form 500CR section of their electronic Maryland income tax return, to claim the One Maryland Economic Development Tax Credit. The member should complete Part P of Form 500CR in its entirety to compute the credit amounts and claim any of the credits allowed for the tax year.

For the sections in Part P-I, the member would only complete Column 2.

The PTE member (the member of the qualified business entity) must limit the amounts claimed for the project credit and start-up credit to the distributive or pro rata portion of the PTE's taxable income as reported on Maryland Schedule K-1 (510).

The PTE member computes the tax on the member's share of the PTE's Maryland taxable income (line 1) using the highest rate actually used on the member's return and enter the result on line 6. The PTE member then will enter on line 7a that portion of line 6 which is attributable to the member's share of project taxable income. The tax on non-project income on line 8a is calculated by taking the tax calculated on line 7a, prorating it further on line 7b, and then subtracting line 7a from line 6; if the amount on line 8a is less than 0, enter 0. Line 8a also is further prorated by the factor on line 4b, to arrive at line 8b.

All amounts (except for line 13) entered in Section C of Part P-I, should reflect the PTE member's share of items as reported on the Maryland Schedule K-1 (510).

For Parts P-II, P-III, and P-IV, the PTE member should follow the preceding instructions for the respective parts.

Note: The member must include a copy of the PTE's final credit

certification to claim the credit.

PART Q – OYSTER SHELL RECYCLING TAX CREDIT

An individual or corporation may claim a credit against the State income tax in an amount equal to \$5 for each bushel of oyster shells recycled during the tax year. The credit may not exceed \$1,500 per taxpayer.

Any unused credit amount for the tax year may not be carried forward to any other tax year.

To claim the credit, an individual or corporation must submit certification from the Maryland Department of Natural Resources, which verifies the amount of oyster shells recycled during the year.

This credit is claimed on line 1, Part Q, and also is entered on line 17, Part AAA, Business Tax Credit Summary.

No credit may be earned for any tax year beginning on or after January 1, 2023.

For additional information, contact:

Maryland Department of Natural Resources
Tawes State Office Building
580 Taylor Avenue
Annapolis, MD 21401
410-260-8300

PART R - ENERGY STORAGE SYSTEMS TAX CREDIT

The credit is for certain costs to install an energy storage system paid or incurred during the taxable year.

“Energy storage system” means a system used to store electrical energy, or mechanical, chemical, or thermal energy that was once electrical energy, for use as electrical energy at a later date or in a process that offsets electricity use at peak times.

You must obtain a tax credit certificate from Maryland Energy Administration before claiming this credit. A copy of the certification by the Maryland Energy Administration must be included.

This credit is not refundable and is applied only against the Maryland State income tax. No carryover of excess credits exists for this tax credit.

This credit is claimed on line 1, Part R, and also is entered on line 18, Part AAA, Business Income Tax Summary.

The credit may not be claimed for an energy storage system installed before January 1, 2019, or after December 31, 2022.

For additional information, contact:

Maryland Energy Administration
Attn: Energy Storage Program
1800 Washington Blvd
Baltimore, MD 21230
410-537-4000
EnergyStorage.MEA@maryland.gov

PART S - MORE JOBS FOR MARYLANDERS TAX CREDIT

A manufacturing business that is located within Tier I or Tier II counties in Maryland may be entitled to a 10-year income tax credit based on the total amount of wages paid for each qualified position at an eligible facility. The eligible business must be conducting or operating a trade or business that is primarily engaged in activities that, in accordance with the North American Industrial Classification System (NAICS), United States Manual, United States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32, or 33. The eligible business cannot be a refiner, as defined in Section 10-101 of the Business Regulation Article.

A qualified position is full-time and of indefinite duration, pays at least 120% of the State minimum wage, is located in a facility, is newly created at a single facility in the State and is filled. A qualified position does not include a position that is (i) created when an employment function is shifted from an existing facility of a business entity in the State to another facility of the same business entity if the position is not a net new job in the State; (ii) created through a change in ownership of a trade or business; (iii) created through a consolidation, merger, or restructuring of a business entity if the position is not a net new job in the State; (iv) created when an employment function is contractually shifted from an existing business entity to another business entity in the State if the position is not a net new job in the State; or (v) filled for a period of less than 12 months.

An eligible facility is a facility operating in a Tier I or Tier II county.

A new business entity may apply to the Maryland Department of Commerce to enroll its project in the More Jobs for Marylanders program and be certified by the Maryland Department of Commerce as a Qualified Business Entity. Qualified Business Entities may apply for approval of an income tax credit if the eligible project is in a Tier I county and the Business entity intends to create at least five qualified positions at the project location.

An existing business entity may apply to the Maryland Department of Commerce to enroll its project in the More Jobs for Marylanders program and be certified by the Maryland Department of Commerce as a Qualified Business Entity. Qualified Business Entities may apply for approval of an income tax credit if the eligible project: (1) is in a Tier I county and the business entity intends to create at least five qualified positions at the project location; or (2) is in a Tier II county and the business entity intends to create at least 10 qualified positions at the project location.

Note: The income tax credit may be claimed by a Qualified Business Entity for up to 10 consecutive benefit years. However, if the number of qualified positions at the eligible project decreases to a number less than the number established in the first benefit year, the project shall be removed from the tax credit eligibility, and the tax credit terminates.

A new business entity that operates an eligible project in a Tier I county, or an existing business entity that operates an eligible project, may claim a credit against the State income tax equal to the amount stated in the final tax credit certificate approved by the Maryland Department of Commerce for an eligible project. The amount of the credit authorized is equal to the product of 5.75% and the total amount of wages paid for each qualified person at an eligible project.

If the tax credit allowed in any taxable year exceeds the total tax otherwise payable by the qualified business entity for that taxable year, the qualified business entity may claim a refund in the amount of the excess.

This credit is claimed on Part S, line 1, and is also entered on Refundable Business Income Tax Credits, Part CCC, line 9.

Recapture of Credit The credit may be subject to recapture if the credit is revoked by the Maryland Department of Commerce due to false representations made by a qualified business entity determined to have been false when made.

For questions on qualifications for the credit, Tier I or Tier II counties, application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce

PART T – WINERIES AND VINEYARDS TAX CREDIT

Businesses may claim a credit against the State income tax for qualified capital expenses made in connection with the establishment of new wineries or vineyards, or the capital

improvements made to existing wineries or vineyards in Maryland.

The business may apply for tax credit in an amount equal to but not more than 25% of incurred costs. The total amount of credits awarded to each business depends on the amount of eligible expenses and costs incurred with a limit of \$500,000 for all businesses that apply. If the total amount of credits applied for exceeds \$500,000 in a year, the credit will be prorated among the certified applicants.

"Qualified Capital Expenses" are all expenditures made by the business for the purchase and installation of equipment or agricultural materials for use in the production of agricultural products at a vineyard or in a winery. A list of a number of expenses that may be considered is available on the Maryland Department of Commerce's website at commerce.maryland.gov.

Utilities, labor costs, service costs, repair costs, maintenance costs, construction costs, and general supplies are NOT eligible expenses.

A business must be certified as a qualified business entity that is eligible for the tax credit. Applications for certification are available from the Maryland Department of Commerce Website. The business must submit an application, report of expenses and supporting documents to the Maryland Department of Commerce by September 15 of the calendar year following the end of the tax year in which the expenses were incurred. The Maryland Department of Commerce will review the application package and will certify the amount of tax credit the taxpayer may claim by December 15th of the same year.

To claim the credit, the business must: 1) File an electronic Maryland income tax return with the Comptroller of Maryland for any taxable year after the taxable year in which the qualified capital expenses were incurred; or 2) File an **electronic** amended tax return with the Comptroller of Maryland for the year in which the expenses were incurred. A copy of the certification from the Maryland Department of Commerce must be included with the return.

This credit is claimed on line 1, Part T, and also is entered on line 20, Part A, Business Tax Credit Summary.

If the Wineries and Vineyards Tax Credits exceed the State income tax imposed for that year, the credits may be carried forward for 15 years.

No credit may be earned for any tax year beginning on or after June 30, 2021.

For additional information, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438 or 410-767-4041

PART U - FILM PRODUCTION ACTIVITY TAX CREDIT

A qualified film production entity may claim a credit against the State income tax for film production activities in the state in an amount equal to the amount stated in the final tax credit certificate approved by the Maryland Department of Commerce.

If the tax credit allowed exceeds the total tax otherwise payable by the qualified film production entity for that tax year, the qualified film production entity may claim a refund in the amount of the excess.

To claim the credit, before beginning a film production activity, a qualified film production entity shall apply with the Maryland Department of Commerce for an initial credit certificate for the estimated production costs. Generally to qualify as a film production entity, the estimated total direct costs incurred in Maryland must exceed \$250,000. However, for a Maryland small or independent

film entity to qualify as a film production entity, the estimated total direct costs incurred in Maryland must exceed \$25,000 and at least 50% of the filming of the film production activity must occur within Maryland. The credit claimed cannot exceed the amount stated in the final certificate.

Enter on line 1, Part U, the amount of tax credit certified by the Maryland Department of Commerce. This amount is also entered on line 5, Part CCC.

For additional information, contact:

Catherine Batavick, Deputy Director
Maryland Film Office
Maryland Department of Commerce
401 E. Pratt St., 14th Floor
Baltimore, MD 21202

410-767-6342

catherine.batavick@maryland.gov

Note: A copy of the certification by the Maryland Department of Commerce must be included.

PART V - ENDOW MARYLAND TAX CREDIT

A taxpayer who makes a donation to a qualified permanent endowment fund at an eligible community foundation may be eligible for a credit against the Maryland State income tax. The taxpayer must apply to the Maryland Department of Housing and Community Development (DHCD) for a certification for the donation. This certification must be attached to the Form 500CR at the time the Maryland income tax return is filed.

Individuals who are eligible to claim the Endow Maryland Tax Credit, and who are not PTE members may elect to claim this credit on Part I of Form 502CR, instead of claiming the credit on Form 500CR. However, an individual may not claim this credit on both Form 500CR and Form 502CR. PTE members who are eligible for this credit must claim the credit on Business Income Tax Credit Form 500CR.

Individuals who anticipate having a carryover of the Endow Maryland Tax Credit are advised to use Form 500CR instead of Form 502CR. Individuals who have an existing carryover on Part BBB of their 2018 Form 500CR may elect to use Form 502CR, if their excess carryover credit is attributable only to the Endow Maryland Tax Credit.

The credit is limited to 25% of the approved donation (in cash or publicly traded securities) not to exceed \$50,000.

Note: A copy of the required approval from the DHCD must be included with Form 500CR.

SPECIFIC INSTRUCTIONS

Line 1 - Enter the amount of approved donation to a qualified permanent endowment fund.

Line 2 - Enter 25% of line 1.

Line 3 - Enter the amount from line 2 or \$50,000, whichever is less. Also, enter this amount on line 22 of Part AAA.

This credit is not refundable and is applied only against the Maryland State income tax. To the extent the credit is earned in any year and it exceeds the State income tax, you are entitled to an excess carryover of the credit until it is used, or it expires five years after the credit was earned, whichever comes first.

Note: The amount of donation shown on line 1 requires an addition to income. See Instruction 12 in the Resident Instruction Booklet.

For more information contact:

Department of Housing and Community Development
Division of Neighborhood Revitalization

2 N. Charles St., Suite 450
Baltimore, MD 21202

410-209-5800 or 410-209-5809

endowmaryland.nr@maryland.gov or karen.forbes@maryland.gov

**PART W - AEROSPACE, ELECTRONICS, OR DEFENSE
CONTRACT TAX CREDIT**

General Requirements Businesses or individuals who operate an Aerospace, Electronics, or Defense Contract Tax Credit Project may be eligible for an income tax credit. The income tax credit is based on the number of qualified positions created or retained for an Aerospace, Electronics, or Defense Contract Tax Credit Project. The maximum credit amount is \$2,500,000 per Aerospace, Electronics, or Defense Contract Tax Credit Project.

To qualify for the tax credit, the individual or business must be a qualified business entity. A qualified business entity is an individual or business conducting or operating a for-profit trade or business in Maryland that is certified by the Maryland Department of Commerce as qualifying for the income tax credit. A government entity does not qualify for the Aerospace, Electronics, or Defense Contract Tax Credit.

A business entity operating a project must create or retain at least 10,000 qualified positions in Maryland and submit a budget evidencing the business entity will expend at least \$25,000,000 in qualifying expenditures in Maryland during the credit year for the project to be certified by the Maryland Department of Commerce as an Aerospace, Electronics, or Defense Contract Tax Credit Project. A qualified business entity may receive up to three designations for Aerospace, Electronics, or Defense Contract Tax Credit Projects in a fiscal year.

A qualified position is a full-time position of indefinite duration with an annual salary of at least \$85,000, including associated benefits, is located in Maryland, is created or retained as a result of the Aerospace, Electronics, or Defense Contract Tax Credit Project of the qualified business entity and is filled. A qualified position does not include a position that is filled for a period of less than 12 months.

Qualified expenditures are capital expenditures that have been expended or will be expended by a qualified business entity and that the Maryland Department of Commerce determines have met the requirements for an Aerospace, Electronics, or Defense Contract Tax Credit Project.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438

Claiming the Tax Credit

Line 1 - Enter the number of qualified employees employed during the credit year.

Line 2 - Multiply line 1 by \$250 and enter the result on line 2.

Line 3 - This line reflects the maximum dollar amount per project (\$2,500,000) and no entry is made on this line.

Line 4 - Enter the lesser of line 2 or line 3.

Line 5 - Enter any applicable recapture amount. See information about recapture amounts.

Line 6 - Subtract line 5 from line 4. If the amount is less than zero, enter a negative amount.

Enter the amount from line 6, Part W on line 8, Part CCC.

Note: If you are claiming a credit for more than one investment, another separate Part W must be completed for each investment. Total the amounts from line 6 from each separate Part W. Using only one summary section, combine the totals on line 8, Part CCC. To claim the total credit, you must complete a second Part W at the time you electronically file your income tax return.

Recapture of Credit The credit must be recaptured if, during either of the 2 years after the credit year, the number of qualified positions of the qualified business entity falls below a rolling average over the past 2 years of 10,000. If the credit is required to be recaptured, the credit is recomputed and reduced on a proportionate basis, based on the reduction of the rolling average number of qualified employees over the past 2 years. The recomputed credit is then subtracted from the amount of credit previously allowed. If, during any of the 2 years after the credit year, the rolling average of qualified positions falls below 9,000 for the past 2 years, all credits shall be recaptured.

**PART X - PRESERVATION AND CONSERVATION EASEMENTS
TAX CREDIT**

Individuals or members of a Pass-Through Entity (PTE) may be eligible for a credit for an easement conveyed to the Maryland Environmental Trust, the Maryland Agricultural Land Preservation Foundation, or the Maryland Department of Natural Resources to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, viewsheds or historic properties if:

1. The easement is perpetual;
2. The easement is accepted and approved by the Board of Public Works; and
3. The fair market value of the property before and after the conveyance of the easement is substantiated by a certified real estate appraiser.

Individuals who are eligible to claim the Credit for Preservation and Conservation Easements and who are not PTE members must claim this credit on Part F of the Form 502CR. PTE members who are eligible for this credit must claim the credit on Business Income Tax Credit Form 500CR. PTE members who are fiduciaries should see the Form 504CR for instructions on claiming this credit.

The credit is equal to the difference in the fair market values of the property reduced by payments received for the easement. The credit amount is limited to the lesser of the State tax liability for the taxable year or the maximum allowable credit of \$5,000. The sum of all credits claimed by members of a PTE in a taxable year may not exceed \$5,000.

If the allowable credit amount of a PTE member exceeds the maximum of \$5,000, up to \$5,000 may be carried forward each subsequent year until the allowable credit is used up or 15 years, whichever first occurs.

Complete lines 1-4 of Part X. For line 1, enter the amount by which the fair market value of the property before the conveyance of the easement exceeds the fair market value after the conveyance as substantiated by a certified real estate appraiser.

For additional information contact:

Maryland Environmental Trust
410-697-9515

www.dnr.state.md.us/met

or

Maryland Agricultural Land Preservation Foundation
410-841-5860

or

Department of Natural Resources
410-260-8367

Note: A copy of the approval and acceptance of the conveyance by the Board of Public Works must be included. Provide a copy of this approval with Maryland Schedules K-1 (510) and/or Maryland Schedules K-1 (504) issued to PTE members.

PART Y - APPRENTICE EMPLOYEE TAX CREDIT

General Requirements Certain taxpayers may be eligible for an income tax credit for the first year of employment of eligible apprentices. The income tax credit is based on the number of eligible apprentices employed by the taxpayer.

"Eligible apprentice" means an individual who is enrolled in an apprenticeship program registered with the Maryland Apprenticeship and Training Council. Eligible apprentices must have been employed by the taxpayer for at least 7 full months of the taxable year.

Specific Instructions

Line 1 - Enter the number of eligible apprentices in their first year of employment.

Line 2 - Multiply line 1 by \$1,000 and enter the result on line 2.

Enter the amount from line 2, Part Y on line 25, Part AAA.

This credit is not refundable and is applied against only the Maryland State income tax. Excess credit may be carried forward until the excess amount is fully used. The excess credit amount is applied against the Maryland State income tax after the application of all other business income tax credits on the Form 500CR.

Note: A copy of the proof of enrollment for each eligible apprentice in a registered apprenticeship program and proof of the duration of the eligible apprentice's employment by the taxpayer must be included.

For more information, contact:

Maryland Department of Labor
1100 N. Eutaw St., Room 209
Baltimore, MD 21201
410-767-2246

PART Z - QUALIFIED FARMS TAX CREDIT

"Qualified farms" means a farm business that is located **in the state**.

Qualified farms that make an eligible food donation may be eligible for an income tax credit. A qualified farm that makes an eligible food donation is eligible for a tax credit amount equal to 50% of the value of the eligible food donation. A qualified farm that makes a donation of certified organic produce is eligible for a tax credit amount equal to 75% of the value of the donated certified organic produce. Certification of the tax credit is issued by an individual or organization authorized by the State Department of Agriculture to receive eligible food donations from a qualified farm and to issue the qualified farm a tax credit certificate. For any taxable year, the aggregate amount of credits authorized for a qualified farm may not exceed \$5,000 unless the Maryland Secretary of Agriculture increases the credit limitation for a qualified farm to an amount not to exceed \$10,000. If the allowable credit amount exceeds the State income tax, the unused credit may be carried forward each subsequent year until the allowable credit is used up or 5 years, whichever first occurs.

"Eligible food donation" means fresh farm products for human consumption. "Certified organic produce" means an eligible food donation certified under Title 10, Subtitle 14 of the Agriculture Article as an organically produced commodity.

The credit is claimed on Part Z, line 1, and is also entered on the Business Tax Credit Summary, Part AAA, line 26.

For questions on application and certification processes or for

additional information on this credit program, contact:

Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
410-841-5770
mda.maryland.gov

Note: A copy of all certificates issued by a Tax Credit Certificate Administrator must be included with Form 500CR.

No credit may be earned for any tax year beginning on or after January 1, 2022.

PART AA - QUALIFIED VETERAN EMPLOYEES TAX CREDIT

A credit may be claimed by a small business for each qualified veteran employee hired. The credit for each qualified veteran employee may not exceed 30% of up to the first \$6,000 of wages paid to the qualified veteran employee during the first year of employment. A small business qualifying for this tax credit is required to apply to the Maryland Department of Commerce for a tax credit certificate. A copy of the Maryland Department of Commerce certification must be included with the tax return of the small business to claim this tax credit.

"Qualified veteran employee" means an individual who:

- (1) Is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101; and
- (2) Is a qualified veteran as defined under 26 U.S.C. § 51(d)(3)(a) for purposes of the Federal Work Opportunity Tax Credit.

"Small business" means an individual, a partnership, a limited partnership, a limited liability partnership, a limited liability company, or a corporation that employs 50 or fewer full-time employees.

A small business may not claim the credit for more than five qualified veteran employees in a taxable year. A small business may not claim a credit for a qualified veteran employee who is hired to replace a laid-off employee or an employee who is on strike.

The credit is claimed on Part AA, line 1 and is also entered on Business Tax Credit Summary, Part AAA, line 27.

Any unused credit amount for the tax year may not be carried forward to any other taxable year.

For questions on application and certification processes or for additional information on this credit program, contact:

Maryland Department of Commerce
Office of Finance Programs, Tax Incentives Group
401 E. Pratt St.
Baltimore, MD 21202
410-767-6438 or 410-737-4041

Note: A copy of the tax credit certification from the Maryland Department of Commerce must be included with Form 500CR.

PTE members and corporations must claim this credit on Form 500CR. Fiduciaries will claim this credit on Form 504CR.

PART BB - ENDOWMENTS OF MARYLAND HISTORICALLY BLACK COLLEGES AND UNIVERSITIES TAX CREDIT.

Taxpayers making donation to a qualified permanent endowment fund held at an eligible institution of higher education (Bowie State University, Coppin State University, Morgan State University, or University of Maryland Eastern Shore), may be eligible for a credit of 25% of the amount of donation. HBCU Tax Credit Application can be found at www.marylandtaxes.gov and must be emailed to HBCUtaxinfo@comp.state.md.us and will be approved on a first-come, first served basis by the Comptroller of Maryland. The

application must be submitted in the calendar year the donation was made. Donors are required to submit documentation from the institution showing proof of donation within 30 days before a final tax credit certificate is issued.

A taxpayer may claim this tax credit against the State income tax in the amount stated on the tax credit certificate issued by the Comptroller. If the credit exceeds the State income tax for the taxable year, the excess credit is non-refundable, but it may be carried forward and applied to succeeding taxable years until fully utilized. A taxpayer is required to add back the amount of the credit claimed to Maryland adjusted gross income or Maryland modified income to the extent excluded from federal adjusted gross income. This credit applies only to Maryland residents.

Individuals taxpayers that are eligible and are **NOT** PTE members, may elect to claim the credit using Form 502CR instead of Form 500CR. However, a donor may **NOT** claim the credit on both Form 500CR and Form 502CR.

PART AAA - BUSINESS TAX CREDIT SUMMARY

This part is used to summarize all available nonrefundable tax credits reported on this form. If the total credits available in a particular tax year exceed the State income tax developed for that year, the excess may not be refunded.

Taxpayers will enter their respective current year credits in lines 1 through 28 of Part AAA, with the following exceptions:

- No entry is to be made on lines 2, 12, 14, 19, 21 and 23 because the credits to which they relate are refundable credits and will be claimed on Part CCC.

Enter on line 29, the total of the credits listed on lines 1 through 28.

Enter on line 30 the carryover of excess credits unable to be used on last year's return. This amount comes from line 7, Part BBB, from 2018 Form 500CR.

Add lines 29 and 30 and enter the result on line 31. This is the tentative tax credit.

On line 32, enter the amount of recaptured tax credits (See instructions for Parts D and F).

Subtract line 32 from line 31 and enter the result on line 33.

On line 34, Part AAA, enter the State income tax from your return. Corporations will enter line 14 of Form 500 on line 34, Part AAA. Individuals will enter line 21 less amounts from lines 22 through 24 from Form 502 on line 34, Part AAA, or line 32c less any amounts from lines 33 and 34 from Form 505.

On line 35, enter the lesser of line 33 or 34.

An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, V and BB. These additions are comprised of lines 1, 3, 10a, 11 and 28 from Part AAA; and line 1 from Part V; and line 6 from Part CCC. The totals of these amounts are included on line 7f of Form 500, line 5 of Form 502, and line 19 of Form 505. Pass-through entities will report the distributive or pro rata share of any of these items as additions on the Maryland Schedule K-1 (510) issued to members.

PART BBB - EXCESS CREDIT CARRYOVER CALCULATION

Most credits may not exceed the Maryland income tax liability, but may be carried forward for a specified number of successive tax years or until fully applied. It is your responsibility to maintain a record of credits for which you qualify, credits that have been taken in prior years, and the amount of each credit that may be carried forward. To assist you, we have provided a table with the number of years for which each credit may be carried forward.

PART CCC - REFUNDABLE BUSINESS INCOME TAX CREDITS

Part CCC is used to report the refundable portion of business income tax credits:

On line 1, enter the One Maryland Economic Development Tax Credit from Part P-IV.

On line 2, enter the Biotechnology Investment Incentive Tax Credit from line 6, Part L.

On line 3, enter the Clean Energy Incentive Tax Credit from line 3, Part N.

On line 4, enter the Small Business Relief Tax Credit from line 1, Part B.

On line 5, enter the Film Production Activity Tax Credit from line 1, Part U.

On line 6, enter the Small Business Research and Development Tax Credit from line 6, Part K-II.

On line 7, enter the Cybersecurity Incentive Tax Credit for Investors in Cybersecurity from line 6, Part H-I.

On line 8, enter the Aerospace, Electronics, or Defense Contract Tax Credit from line 6, Part W.

On line 9, enter the More Jobs for Marylanders Tax Credit from line 1, Part S.

On line 10, enter the total of all of the business income tax credits from lines 1 through 9.

If you are filing Form 502 or Form 505, enter this amount on line 10 and on Part CC, line 3 of Form 502CR.

If line 10 is less than 0, enter the result on the appropriate return as a negative number.

If you are filing Form 500 or Form 510, continue to Part DDD.

PART DDD - CORPORATION AND PASS-THROUGH ENTITY (PTE) REFUNDABLE TAX CREDIT SUMMARY

Part DDD is used by corporations and PTEs to summarize the refundable portion of business income tax credits.

On line 1, enter the amount from Line 6 of Maryland Form 502S - Heritage Structure Rehabilitation Tax Credit.

On line 2, enter the refundable business income tax credits from Part CCC, line 9. If this number is less than 0, enter as a negative number.

Add lines 1 and 2 and enter the amount on line 3. If this number is less than 0, enter as a negative number. This is the total refundable business income tax credit. If you are filing Maryland Form 500, enter this amount on Form 500, line 15d.

Note: If you are filing Form 510, you will **not** report the total amount from line 10 to your members.

A PTE will report on Maryland Schedule K-1 (510) the distributive or pro rata share of each tax credit to its members.

Reminder: One Maryland Economic Development Tax Credit requires additional entries on Maryland Schedule K-1 (510).

Part	Credit	No carry- over	5 years	7 years	10 years	14 years	15 years	Until Fully Used
A	Enterprise Zone Tax Credit		X					
B	Small Business Relief Tax Credit	X						
C	Maryland Disability Employment Tax Credit		X					
D	Job Creation Tax Credit		X					
E	Community Investment Tax Credit		X					
F	Businesses That Create New Jobs Tax Credit		X					
G	Qualified Vehicle Tax Credit	X						
H-I	Cybersecurity Incentive Tax Credit for Investors in Cybersecurity	X						
H-II	Cybersecurity Incentive Tax Credit for Buyers of Cybersecurity Technology and/or Cybersecurity Services	X						
I	Employer-Provided Long-Term Care Insurance Tax Credit		X					
J-I	Maryland Employer Security Clearance Costs Tax Credit							X
J-II	First-Year Leasing Costs Tax Credit for Qualified Small Businesses							X
K-I	Research and Development Tax Credit for Businesses not Certified as a "Small Business"			X				
K-II	Research and Development Tax Credits for Businesses Certified as a "Small Business"	X						
L	Biotechnology Investment Incentive Tax Credit	X						
M	Commuter Tax Credit	X						
	RESERVED							
O	Maryland-Mined Coal Tax Credit	X						
P	One Maryland Economic Development Tax Credit**				X	X		
Q	Oyster Shell Recycling Tax Credit	X						
R	Energy Storage Systems Tax Credit	X						
S	More Jobs for Marylanders Tax Credit	X						
T	Wineries and Vineyards Tax Credit						X	
U	Film Production Activity Tax Credit	X						
V	Endow Maryland Tax Credit		X					
W	Aerospace, Electronics, or Defense Contract Tax Credit	X						
X	Preservation and Conservation Easements Tax Credit						X	
Y	Apprentice Employee Tax Credit							X
Z	Qualified Farms Tax Credit		X					
AA	Qualified Veteran Employees Tax Credit	X						
BB	Endowments of Maryland Historically Black Colleges and Universities Tax Credit							X

* The carryforward period for unused Research and Development Tax Credits from tax years prior to 2005 remains 15 years. The same credit cannot be applied against more than one type of tax by the same taxpayer.

** The carryover for the One Maryland Economic Development Tax Credit is calculated within Part P by total credit available and subtracting prior year credits from the total. Therefore, the Excess Credit Carryover calculation is not used to calculate an additional carryover. The carryover is 10 years for credits approved after June 30, 2018. The carryover is 14 years for credits approved prior to July 1, 2018.

Expired Tax Credits

The following credits have expired, but are eligible for the following carryover periods to the extent that the credit exceeds the tax.

Part	Credit	No carry- over	5 years	7 years	10 years	14 years	15 years	Until Fully Used
	Green Building Tax Credit				X			
	Cellulosic Ethanol Technology Research & Development Tax Credit						X	
	Clean Energy Incentive Tax Credit	X						