

## **Personal tax tip #51**

# **Senior Citizens and Maryland Income Taxes**

### **Should you file a Maryland return?**

One benefit many senior citizens enjoy is a higher income allowance before they are required to file a Maryland income tax return. You are required to file a state return only if your gross income exceeds the amount listed in the chart below.

#### **Minimum filing levels for tax year 2022** **Taxpayers age 65 or older.**

**Do not include Social Security or Railroad Retirement income benefits when determining your income level.**

<b>Filing Status</b>	<b>Gross Income</b>
Single, 65 or older	\$14,700
Joint return, one spouse 65 or older	\$27,300
Joint return, both spouses 65 or older	\$28,700
Married filing separately, 65 or older	\$12,950
Head of household, 65 or older	\$21,150
Qualifying widow(er), 65 or older	\$27,300

### **What is Maryland's state income tax rate?**

As of January 1, 2014, Maryland's graduated personal income tax rates start at 2% on the first \$1,000 of taxable income and increase up to a maximum of 5.75% on incomes exceeding \$250,000 (\$300,000 if filing jointly). See [Maryland Income Tax Rates and Brackets](#).

### **How is the local income tax calculated?**

The local income tax is calculated as a percentage of your taxable income. Be sure to use the correct percentage rate for the county in which you live. The percentage rates of all 23 counties and Baltimore City are included in Instruction 19 in the resident Maryland tax booklet, along with a helpful worksheet.

### **What's important to know about personal exemptions?**

If you have a federal adjusted gross income of up to \$100,000 (up to \$150,000 if filing jointly) you are entitled to a \$3,200 exemption on the Maryland return for each exemption. For taxpayers with higher incomes, the exemption amount is limited. See the Exemption Amount Chart included in Instruction 10 of the Maryland tax booklet.

You and your spouse may claim an additional \$1,000 exemption on the Maryland return for being 65 years of age or older or blind. If any other dependent claimed is 65 or over, you also receive an extra exemption of up to \$3,200. Make sure you check both boxes 4 and 5 of Form 502B for each of your dependents who are age 65 or over. After you complete Form 502B, enter your total exemption amount on your Maryland return in Part C of the Exemptions section.

### **What other benefits should senior citizens look for?**

Married senior citizens who both receive wages, interest, pension, business or other kinds of income can subtract up to \$1,200 of the income of the spouse with the lesser income - whichever is less. A worksheet is included on page 10 of the instructions in the Maryland tax booklet to help two-income couples calculate the correct subtraction amount for their situation.

### **Does Maryland tax Social Security benefits?**

No. Taxpayers affected by the federal tax on Social Security and/or Railroad Retirement benefits can continue to exempt those benefits from state tax. (Maryland tax law exempts from state tax only those Railroad Retirement benefits provided under the U.S. Railroad Retirement Act.) Enter on line 11 of Maryland Form 502 all Railroad Retirement benefits and/or Social Security benefits that were taxable on your federal return and included on line 1 of Maryland Form 502.

### **Can you claim Maryland's pension exclusion?**

Maryland's maximum pension exclusion of \$34,300 is available to those taxpayers 65 or older or totally disabled (or whose spouse is disabled) who qualify under the conditions described in Instruction 13 of the Maryland tax booklet. Complete the computation for the exclusion on the Pension

Exclusion Computation Worksheet (13A), which is included in Instruction 13.

Be sure to report all benefits received under the Social Security Act and/or Railroad Retirement Act on line 3 of the Pension Exclusion Computation Worksheet - not just those benefits you included in your federal adjusted gross income.

To receive the benefit of the pension exclusion, be sure to transfer the amount from line 5 of the worksheet to line 10a of your Maryland form, and complete the remainder of your return, following the line-by-line instructions.

### **Is there a subtraction for military retirees?**

If you are a military retiree or the spouse or ex-spouse of a military retiree and you receive military retirement income, including death benefits, you may be able to subtract up to \$5,000 of your military retirement income from your federal adjusted gross income if you are age 54 or below before determining your Maryland tax for tax year 2022, or up to \$15,000 if you are age 55 or over.

To qualify, you or your spouse or ex-spouse must have been a member of an active or reserve component of the U.S. armed forces, a member of the Maryland National Guard, or you must have retired from active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey. To claim the benefit, complete Form 502 and follow the instructions included in the resident tax booklet for line 13. Be sure to indicate code letter u on line 13 and attach Form 502SU.

### **Senior Tax Credit**

\*New for tax year 2022. Residents who are at least 65 on the last day of the tax year may be eligible for a nonrefundable tax credit of up to \$1,000.

<b>Filing Status</b>	<b>Gross Income</b>	<b>Credit</b>
Single, 65 or older	<u>Under \$100,000</u>	<u>\$1,000</u>
Joint return, one spouse 65 or older	<u>Under \$150,000</u>	<u>\$1,000</u>
Joint return, both spouses 65 or older	<u>Under \$150,000</u>	<u>\$1,750</u>

Married filing separately, 65 or older	<u>Under \$100,000</u>	<u>\$1,000</u>
Head of household	<u>Under \$150,000</u>	<u>\$1,750</u>
Qualifying widow(er)	<u>Under \$150,000</u>	<u>\$1,750</u>

To claim this credit, complete Part M of Form 502CR and follow the instructions for reporting your total credits on Form 502.

### **Subtraction for Centenarians**

If you are at least 100 years old on the last day of the year, you may subtract up to \$100,000 of income.

To claim the benefit, complete Form 502 and follow the instructions included in the resident tax booklet for line 13. Be sure to indicate code letter **ya** on line 13 and attach Form 502SU.