

Personal tax tip #55

Filing Facts for Military Personnel and Their Families

Military personnel who are legal residents of Maryland:

Military personnel who are legal residents of Maryland without overseas pay must file a resident return Form 502 and report all income from all sources, wherever earned. They must calculate the local portion of the tax regardless of whether you were stationed in Maryland or not. The location of your legal residence determines which county should be entered on Form 502. See Instructions 6 and 19 in the Maryland tax booklet. If you filed a joint federal income tax return, see Instruction 7.

Military personnel who are legal residents of Maryland with overseas pay the same as above; they may subtract up to \$15,000 in military pay earned outside U.S. boundaries or possessions, if your total military pay exceeds \$30,000 you do not qualify for this subtraction, see instruction 29 in the Maryland tax booklet. If you filed a joint federal income tax return, see Instruction 7 in the Maryland tax booklet.

Maryland personnel who are legal residents and whose spouse elects to retain his or her non-Maryland domicile should refer to [Administrative Release 1 - Military Personnel and Civilian Spouses - Both Residents and Nonresidents of Maryland](#) for guidance and application of the Military Spouses Residency Relief Act, which amended the Service members Civil Relief Act.

Military personnel who are legal residents of another state:

With military income only	Are not required to file a Maryland return
With military income and other income outside Maryland	Are not required to file a Maryland return
With military and other income earned in Maryland, single or with an unemployed civilian spouse	Must file a nonresident return (Form 505) reporting total income and subtracting military pay; and Form 505NR , subtracting unearned and non-Maryland income. Deductions and exemptions must be adjusted. The State of Maryland does not tax the military pay, and does not use the military pay to increase the tax liability imposed on other income earned in Maryland.
With military income with or without other income earned in Maryland, and civilian spouse employed in Maryland	See Administrative Release 1 - Military Personnel and Civilian Spouses - Both Residents and Nonresidents of Maryland for guidance and application of the Military Spouses Residency Relief Act, amending the Service members Civil Relief Act.
Both spouses in the military and not domiciled in Maryland and one or both have Maryland income	Must file a joint nonresident return . Exemptions and deductions must be adjusted.

Military personnel should be aware that there may be provisions for tax credits granted either by Maryland or another state when the same income is subject to tax by both states. However, military income is subject to tax only by the state of domicile. See Maryland [Form 502CR](#) and instructions. Read carefully the instructions provided by the state of legal residence for any possible credits allowed by that state.