



OR FISCAL YEAR BEGINNING 2017, ENDING

Print Using Blue or Black Ink Only

Name as shown on Form 504

Taxpayer Identification Number

SEE INSTRUCTIONS Note: **Indicates Certification Must Be Attached

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. Attach K-1 from PTEs showing your share of the credit. For One Maryland Economic Development Tax Credit, see instructions.

FEIN

PART A - ENTERPRISE ZONE TAX CREDIT ** Must Attach 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)
3. Credit for second year (limited to \$2,000 of wages paid to each employee)
4. Credit for third year (limited to \$1,000 of wages paid to each employee)
5. Total (Add lines 2, 3 and 4.)

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.
7. Credit (limited to \$1,000 of wages paid to each employee).

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)
10. Credit for second year (limited to \$3,000 of wages paid to each employee)
11. Credit for third year (limited to \$1,500 of wages paid to each employee)
12. Total (Add lines 9, 10 and 11.)

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
14. Credit (limited to \$1,500 of wages paid to each employee).

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.)

PART B - HEALTH ENTERPRISE ZONE HIRING TAX CREDIT ** Must Attach Required Certification

For a fiduciary certified by the Maryland Department of Health and Mental Hygiene as a Health Enterprise Zone Employer that hired qualified employee(s) after December 31, 2012 and before January 1, 2017.

- 1. Number of qualified employees certified by Department of Health and Mental Hygiene. First year Second year
2. Credit for first year (\$5,000 for each qualified employee)
3. Credit for second year (\$5,000 for each qualified employee)
4. Tentative amount of Hiring Credit (Add lines 2 and 3.)
5. Enter refund recapture amount
6. Refundable Hiring Credit (Subtract line 5 from line 4 and enter this amount here and in PART DD, line 4. If less than zero, enter negative amount.)

PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT FOR EMPLOYEES

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)
3. Credit for second year (30% of first \$9,000 of wages paid to each employee)
4. Total (Add lines 2 and 3.)

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)



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- 7. Credit for second year (limited to a combined total of \$900 in child care and transportation expenses per qualified employee with a disability)
8. Total (Add lines 6 and 7.)

PART C - SUMMARY

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

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

PART D-I CREDIT FOR EMPLOYEES OF A QUALIFIED BUSINESS

- 1. Total number of qualified positions for the current year.
2. Multiply line 1 by \$1,000.
3. Enter 2.5% of wages paid for each position from line 1
4. Enter the lesser of lines 2 or 3

PART D-II CREDIT FOR EMPLOYEES WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA

- 5. Total number of qualified positions for the current year.
6. Multiply line 5 by \$1,500.
7. Enter 5% of wages paid for each position from line 5
8. Enter the lesser of lines 6 or 7

PART D - SUMMARY

- 9. Total credits calculated for the current year (Add lines 4 and 8.)
10. Enter the lesser of line 9 or \$1,000,000
11. Total current year credits available (Multiply line 10 by 50%.)
12. Enter remaining 50% of credits from prior year
13. Total Job Creation Tax Credits that may be claimed this year (Add lines 11 and 12.)

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

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

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

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

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

**Must Attach Required Certification

- 1. Credit may not exceed \$400 per vehicle

PART H - CYBERSECURITY INVESTMENT INCENTIVE TAX CREDIT **Must Attach Required Certification

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

- 1. Amount of approved investment
2. Enter 33% of line 1

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

- 3. Maximum Credit

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).
5. Enter any amount of recapture. See instructions.
6. Total Cybersecurity Investment Incentive Tax Credit (Subtract line 5 from line 4 and enter this amount here and in PART DD, line 7. If less than zero, enter negative amount.)

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

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



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

- PART J-I CREDIT FOR SENSITIVE COMPARTMENTED INFORMATION FACILITY (SCIF) COSTS AND SECURITY CLEARANCE ADMINSTRATIVE 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 (Attach certification.)
2. Enter the amount of Security Clearance Administrative Expenses approved by the Maryland Department of Commerce not to exceed \$200,000. (Attach certification.)
3. Total PART J-I Allowable Security Costs Tax Credit (Add lines 1 and 2.)

PART J-II FIRST YEAR LEASING COSTS TAX CREDIT FOR QUALIFIED SMALL BUSINESSES (For first year leasing costs incurred between 1/1/2017 and 12/31/2017.) 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.)

PART K - RESEARCH AND DEVELOPMENT TAX CREDITS ** Must Attach 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
2. Growth credit (10%) as certified by the Maryland Department of Commerce
3. Total (Add lines 1 and 2.) Enter here and on Line 11 of PART BB.

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

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

- NOTE: If you are claiming more than one investment see instruction for PART L.
1. Amount of approved investment
2. Enter 50% of line 1

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

- 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.)
5. Enter any amount of recapture. See instructions.
6. Total Biotechnology Investment Incentive Tax Credit (Subtract line 5 from line 4 and enter this amount here and in PART DD, line 2. If less than zero, enter negative amount.)

PART M - COMMUTER TAX CREDIT

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

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

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

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

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



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PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT **Must Attach Required Certification

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

Column 1	Column 2
All qualified persons, but NOT PTE members	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 | _____ . ____ | | _____ . ____ |
| 2. Enter your share of Maryland taxable income from the project | 2 | _____ . ____ | | _____ . ____ |
| 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 <input type="checkbox"/> No <input type="checkbox"/> | | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 4c. Tax year in which the project was put in service: _____ | | | | |

Note: If line 4a is less than 25, and the answer to Question 4b 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 | _____ . ____ | | _____ . ____ |

Section B

- | | | | | |
|--|----|--------------|--|--------------|
| 6. Total tax liability:
If you are a resident fiduciary,
Enter line 11 (less any amount claimed on line 14) of Form 504; or,
If you are a nonresident fiduciary,
Enter line 13 (less any amount claimed on line 14) of Form 504;
If less than 0, enter 0. | 6 | _____ . ____ | | _____ . ____ |
| 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 | _____ . ____ | | _____ . ____ |

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 fiduciaries 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 | _____ . ____ | | _____ . ____ |



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PART P-III REFUNDABLE CREDIT

Section A Project costs

- 23. Credit remaining after deducting credit against tax on income from the project
24. Tax on non-project income
25. Tax available for application of credit
26. Credit against tax on non-project income
27. Tentative refund
28. Maryland income tax required to be withheld during this tax year from qualified employees
29. Refund allowable for this tax year.

Section B Start-up costs

- 30. Tentative refund
31. Maryland income tax required to be withheld during this tax year from qualified employees
32. Refund allowable for this tax year

PART P-IV SUMMARY

- 33. Total nonrefundable credit for project costs
34. Total nonrefundable credit for start-up costs
35. Total nonrefundable One Maryland Economic Development Tax Credit.
36. Total refundable credit for project costs.
37. Total refundable credit for start-up costs.
38. Total refundable One Maryland Economic Development Tax Credit.

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

- 1. Credit (certified by the Maryland Department of Natural Resources), may not exceed \$750 per taxpayer

PART R - BIO-HEATING OIL TAX CREDIT ** Must Attach Required Certification

- 1. Credit (certified by the Maryland Energy Administration), may not exceed \$500.

PART S - CELLULOSIC ETHANOL TECHNOLOGY RESEARCH AND DEVELOPMENT TAX CREDIT

** Must Attach Required Certification

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

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

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

PART U - FILM PRODUCTION ACTIVITY TAX CREDIT

** Must Attach Required Certification

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

PART V - ENDOW MARYLAND TAX CREDIT ** Must Attach Required Certification(s)

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

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

- 1. Number of qualified employees
2. Multiply line 1 by \$250
3. Maximum Credit. \$2,500,000.00
4. Tentative refund
5. Enter any amount of recapture.
6. Total Aerospace, Electronics, or Defense Contract Tax Credit



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PART X - CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS ** Must Attach Required Certification

- 1. Enter the portion of the total current-year conveyance amount
2. Enter the amount of any payment received for the easement during 2017
3. Subtract line 2 from line 1
4. Enter the lesser of line 3 or \$5,000 here and on Part BB, line 24.

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

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

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

- 1. Credit (Total of Tax Credit Certificates)

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

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

PART BB - BUSINESS TAX CREDIT SUMMARY

- 1. Total Enterprise Zone Tax Credit from PART A, line 15
2. Health Enterprise Zone Hiring Tax Credit (See PART DD, line 4.)
3. Total Maryland Disability Employment Tax Credit from PART C, line 9
4. Total Job Creation Tax Credit from PART D, line 13
5. Total Community Investment Tax Credit from PART E, line 3
6. Total Businesses that Create New Jobs Tax Credit from PART F, line 3
7. Qualified Vehicle Tax Credit from PART G, line 1
8. Total Cybersecurity Investment Incentive Tax Credit (See PART DD, line 7.)
9. Total Employer-Provided Long-Term Care Insurance Tax Credit from PART I, line 4.
10a. Total Security Clearance Costs Tax Credit, PART J-I, line 3
10b. Total First Year Leasing Cost Tax Credit for Small Businesses, PART J-II, line 1
11. Total nonrefundable Research and Development Tax Credits from PART K-I, line 3
12. Total Biotechnology Investment Incentive Tax Credit (See PART DD, line 2.)
13. Total Commuter Tax Credit from PART M, line 5
14. Total Clean Energy Incentive Tax Credit (See PART DD, line 3.)
15. Total Maryland-Mined Coal Tax Credit from PART O, line 2
16. Total nonrefundable One Maryland Economic Development Tax Credit from PART P, line 35; if more than one project, see instructions
17. Total Oyster Shell Recycling Tax Credit from PART Q, line 1
18. Total Bio-Heating Oil Tax Credit from PART R, Line 1
19. Total Cellulosic Ethanol Technology Research & Development Tax Credit from PART S, line 1.
20. Total Wineries and Vineyards Tax Credit from PART T, line 1.
21. Film Production Activity Tax Credit (See PART DD, line 5.)
22. Endow Maryland Tax Credit from PART V, line 3
23. Total Aerospace, Electronics, or Defense Contract Tax Credit (See Part DD, line 8.)
24. Total Preservation and Conservation Easements Tax Credit from Part X, line 4
25. Total Apprentice Employee Tax Credit (See Part Y, line 2)
26. Qualified Farms Tax Credit from Part Z, line 1
27. Qualified Veteran Employees Tax Credit from Part AA, line 1.
28. Total of current year credits (Add lines 1 through 27.)
29. Carryover of excess credits from PART Z, line 7, of tax year 2016 Form 504CR
30. Tentative credit. (Add lines 28 and 29.)
31. Enter amount of any credit recapture. (See instructions for PART D and PART F.)
32. Tentative credit after recapture. (Subtract line 31 from line 30.) If less than 0, enter negative amount.
33. Enter tax from: Form 504, line 11 (less amount from line 14), if you are a resident fiduciary; Form 504, line 13 (less amount from line 14), if you are a nonresident fiduciary. If less than 0, enter 0.



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34. Allowable credit (Enter line 32 or line 33, whichever is less.) Enter here and on Form 504,
line 15. 34 _____ .

NOTE: An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, S and V. From PART V add line 1. From PART BB add lines 1, 3, 10a, 11 and 19. Also add PART DD, line 6. Enter the result on line 3 of Form 504 Schedule A.

PART CC - EXCESS CREDIT CARRYOVER CALCULATION

If line 32 is less than or equal to line 33 of PART BB, do not complete this section.

- 1. Enter amount from line 33 of PART BB 1 _____ .
- 2. Add lines 7, 13, 15, 16, 17, 18 and 27 of PART BB. 2 _____ .
- 3. Subtract line 2 from line 1. (If less than 0, enter 0.) 3 _____ .
- 4. Subtract line 2 from line 32 of PART BB 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 DD - REFUNDABLE BUSINESS INCOME TAX CREDITS

- 1. Total refundable One Maryland Economic Development Tax
Credit from PART P-IV, line 38; 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 Health Enterprise Zone Hiring Credit from PART B, line 6 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 Cybersecurity Investment Incentive Tax Credit from PART H, line 6 7 _____ .
- 8. Total Aerospace, Electronics, or Defense Contract Tax Credit from Part W, line 6 8 _____ .
- 9. Total refundable business income tax credits (Add lines 1 through 8.) If less than 0,
enter as a negative amount. Enter result here and on Form 504, line 30. 9 _____ .

The Comptroller of Maryland requires taxpayers to claim all business income tax credits on an electronically-filed return. However, because the Maryland Fiduciary Income Tax Return, Form 504, is not yet available electronically, Maryland Form 504CR – Fiduciary’s Business Income Tax Credits was created to permit eligible fiduciary taxpayers to claim business tax credits on a paper return.

If you are not a fiduciary taxpayer required to file Form 504, you may not use Form 504CR - you must file your Maryland return electronically to claim the business income tax credits available from Form 500CR.

GENERAL INSTRUCTIONS

Purpose Maryland Form 504CR is used to claim the following business tax credits against the fiduciary income tax.

Tax Credit	Part
Aerospace, Electronics, or Defense Contract Tax Credit**	W
Apprentice Employee Tax Credit**	Y
Bio-Heating Oil Tax Credit**	R
Biotechnology Investment Incentive Tax Credit**	L
Businesses That Create New Jobs Tax Credit	F
Cellulosic Ethanol Technology Research & Development Tax Credit**	S
Clean Energy Incentive Tax Credit**	N
Community Investment Tax Credit**	E
Commuter Tax Credit	M
Cybersecurity Investment Incentive Tax Credit **	H
Employer-Provided Long-Term Care Insurance Tax Credit	I
Endow Maryland Tax Credit **	V
Enterprise Zone Tax Credit**	A
Film Production Activity Tax Credit**	U
First-Year Leasing Costs Tax Credit for Qualified Small Businesses**	J-II
Health Enterprise Zone Hiring Tax Credit**	B
Job Creation Tax Credit**	D
Maryland Disability Employment Tax Credit	C
Maryland Employer Security Costs Tax Credit**	J-I
Maryland-Mined Coal Tax Credit**	O
One Maryland Economic Development Tax Credit**	P
Oyster Shell Recycling Tax Credit**	Q
Preservation and Conservation Easements Tax Credit	X
Qualified Farms Tax Credit**	Z
Qualified Vehicle Tax Credit**	G
Qualified Veteran Employees Tax Credit**	AA
Research and Development Tax Credits**	K
Wineries and Vineyards Tax Credit**	T

****Required Certification must be included with Form 504CR.**

If the fiduciary is entitled to claim a business tax credit, or has received a Maryland Schedule K-1 from a Pass-through Entity or another fiduciary taxpayer, which establishes a basis for claiming a business tax credit on Maryland Fiduciary Income Tax Form

504, then the fiduciary taxpayer will claim any nonrefundable tax credit from line 34 of Part BB of Form 504CR ; and will claim any refundable tax credit from line 9 of Part DD of Form 504CR.

If the fiduciary taxpayer is eligible for a business income tax credit, but is not reporting its taxable income on federal Form 1041, then the taxpayer must file the appropriate tax return electronically to claim a business income tax credit. In this situation, the taxpayer should refer to Business Income Tax Credit Form 500CR Instructions at www.marylandtaxes.gov.

If you are a fiduciary distributing the One Maryland Economic Development Tax Credit, refer to the instructions in Part P before completing the Maryland Schedule K-1 (504) for your beneficiaries. There are additional reporting requirements unique to the One Maryland Economic Development Tax Credit.

PTE member Any credit from a PTE filing a fiscal year return is considered to be received by the fiduciary on the last day of the PTE’s fiscal year. The PTE member should claim the credit on the fiduciary’s tax return for the same year as the PTE’s fiscal year end. Even though the Maryland Schedule 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 share of credits, the required certification will have a different Taxpayer Identification Number from what you have listed on your return for yourself as the fiduciary. Be sure to check the box as you begin to enter Form 504CR 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 504CR 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 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 BB, CC or DD.

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.

PART A - ENTERPRISE ZONE TAX 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, Licensing and Regulation
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 in 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.

Businesses 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 Web site. Go to **commerce.maryland.gov** to see the list of Maryland Enterprise Zones by Region.

PART B – HEALTH ENTERPRISE ZONE HIRING TAX CREDIT

General Requirements A Health Enterprise Zone (HEZ) Employer may be eligible for tax credits based on wages paid to qualified employees.

A "Health Enterprise Zone Employer" means a HEZ Practitioner, a for-profit entity, or a nonprofit entity that employs qualified employees and provides health care services in a HEZ.

A "Health Enterprise Zone Practitioner" is a health care practitioner who is licensed or certified under the Maryland Health Occupations Article and who provides:

- Primary care, including obstetrics, gynecological services, pediatric services, or geriatric services;
- Behavioral health services, including mental health or alcohol and substance abuse services; or,
- Dental services.

A "qualified employee" is a HEZ Practitioner, community health worker, or interpreter who:

- (1) Provides direct support to a HEZ practitioner; and
- (2) Expands access to services in a HEZ.

A qualified position is a full-time position of indefinite duration, which pays at least 150% of the federal minimum wage, is located in a HEZ, and is newly created as a result of the establishment or expansion of services in a HEZ and is filled. A qualified position does not include a position that is filled for a period of less than 12 months.

A HEZ Employer may claim a refundable credit of \$10,000 for hiring a qualified employee in a qualified position in a HEZ, as certified by the Department of Health and Mental Hygiene (DHMH).

To be eligible for the credit, the HEZ Employer may create one or more qualified positions within a 24-month period. The \$10,000 credit must be taken over a 24-month period, with half of the credit amount allowed beginning with the first year certified.

Recapture Provision If the qualified position is filled for a period of less than 24 months, the tax credit will be recaptured. The tax credit will be reduced on a prorated basis, based on the period of time the position was filled.

For information on the location of HEZs and the standards which HEZ Employers must meet to qualify, contact:

Maryland Department of Health and Mental Hygiene
Health Systems & Infrastructure Administration
201 West Preston Street
Baltimore, MD 21201
410-767-8649
roxanne.hale@maryland.gov

Specific Requirements

Complete lines 1 through 6 in Part B of Form 504CR if the HEZ Employer is located in a HEZ.

Line 1: Enter the amount of qualified employees certified by the Department of Health and Mental Hygiene (DHMH) on the appropriate line(s).

Line 2: Enter \$5,000 for each qualified employee certified by the DHMH in their first year of employment.

Line 3: Enter \$5,000 for each qualified employee certified by the DHMH in their second year of employment.

Line 4: Enter the sum of lines 2 and 3.

Line 5: Enter the refund recapture amount, if applicable as a positive number.

Line 6: Subtract line 5 from line 4 and enter the result on line 6 and on line 4, Part DD. If the result is less than 0, enter as a negative amount.

Note: A copy of the DHMH certification 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, 2017.

A nonrefundable HEZ Practitioner Tax Credit is available on Maryland Form 502CR, Tax Credits for Individuals. Go to **www.marylandtaxes.gov** to download a copy of that form.

For more information about the HEZ Hiring Tax Credit certification, contact: DHMH.

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, Licensing and Regulation (DLLR), 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 DLLR for a disabled veteran). A copy of the DORS or DLLR 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
www.dors.state.md.us

or

Maryland Department of Labor, Licensing and Regulation
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 or wages paid for these positions.

The business facility must be certified as having created at least 60 qualified positions, 30 high-paying qualified positions, or 25 qualified positions if the business facility established or expanded is in a State Priority Funding Area.

A qualified position is a full-time position which pays at least 150% of the federal 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.

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 31, Part BB of Form 504CR.

Certification must be included with the Form 504CR 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
410-767-6438 or 410-767-4980

Specific Requirements

Part D-I - Credit for employees of a qualified business. A credit is allowed for each newly created qualified filled position. The credit is the lesser of \$1,000 multiplied by the number of filled qualified positions during the credit year or 2.5% of the wages paid for these positions for the credit year.

Part D-I reflects the calculation of the credit for employees of a qualified business that is not located in a Revitalization Area.

Enter the number of qualified positions for the current year on line 1, Part D-I.

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

Enter on line 3, Part D-I, 2.5% of the wages paid for each of the qualified positions on line 1.

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

Part D-II - Credit for employees working in a Facility Located in a Revitalization Area. A credit is allowed for each newly-created qualified filled position located in a Revitalization Area. The credit is the lesser of \$1,500 multiplied by the number of filled qualified positions or 5% of the wages paid for these positions.

Part D-II reflects the calculation of the credit for employees of a qualified business working in a facility located in a Revitalization Area.

Enter the number of qualified positions working in a Revitalization Area for the current year on line 5, of Part D-II.

Multiply line 5 by \$1,500 and enter the result on line 6, Part D-II.

Enter on line 7, Part D-II, 5% of the wages paid for each of the qualified positions on line 5.

On line 8, Part D-II, enter the lesser of line 6 or line 7.

Part D - Summary

The total credit will be taken over a two-year period. One-half of the credit will be allowed each year. The amount allowed for any credit year cannot exceed \$1,000,000.

Enter the total credits calculated for the current year by taking the sum of line 4 and line 8 and entering the result on line 9, Part D.

On line 10, Part D, enter the lesser of line 9 or \$1,000,000.

Calculate the current year credits available by multiplying the amount on line 10 by 50% and entering the result on line 11, Part D.

Enter on line 12, Part D, 50% of the amount of credits from the prior year.

Add lines 11 and 12 to obtain the amount of Job Creation Tax Credits that may be claimed this year. Enter the result on line 13, 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.

Note: A copy of the required approval from the DHCD must be included with Form 504CR.

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 BB.

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
410-209-5800
citc.nr@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 BB.

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 31, Part BB, of Form 504CR 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 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 BB, 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 INVESTMENT INCENTIVE TAX CREDIT

General Requirements A credit is available for an investment in a qualified Maryland cybersecurity company (QMCC). The credit is claimed by a QMCC. To qualify, a company can be an 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 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 been in active business no longer than 5 years;
- 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; and
- 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.

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. 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.

The QMCC must apply for and receive final certification from the Maryland Department of Commerce to claim the Cybersecurity

Investment Incentive Tax Credit.

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

The QMCC 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.

The final certificate received from the Maryland Department of Commerce is required to be included with your return for the Cybersecurity Investment Incentive Tax Credit to be allowed. Complete Part H using the information provided in the final certificate and enter the amount of the approved investment on line 1.

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

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

On line 6, Part H, 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, on line 7, Part DD.

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

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

Recapture of Credit 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.

The credit may also be subject to a recapture if the certificate is rescinded by the Maryland Department of Commerce due to

the QMCC 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 QMCC 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. A PTE that earned the Cybersecurity 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 fiduciary member of the PTE to be allowed the credit, the member must complete Form 504CR and include the following: copies of the final certification from the Maryland Department of Commerce and statement of affidavit; and Maryland Form Schedules K-1 showing the allocated share of credit amount.

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 BB.

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 for which the applicant will be required to file an **amended Maryland income tax return** with the Comptroller of Maryland to claim the credit and include a copy of the Maryland Department of Commerce certification.

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
410-767-6438 or 410-767-4041

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.

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.

Certification must be obtained from the Maryland Department of Commerce before the credit can be claimed. The credit must be taken for the tax year in which the expenses were incurred. Therefore, an **amended return** may need to be filed. A copy of the certification from the Maryland Department of Commerce must be included with the return.

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.

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 BB. 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 that is eligible to claim the Research and Development Tax Credit is 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 DD. 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
410-767-6438 or 410-767-4980

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 of 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
410-767-6438

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 DD.

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 DD. To claim the total credit, you must complete a second Part L at the time you file your 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 fiduciary member of the PTE to be allowed the credit, the member must complete Form 504CR and include the following: copies of the final certification from the Maryland Department of Commerce and statement of affidavit; and Maryland Form Schedules K-1 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 BB.

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:

Mass Transit Administration, Marketing Division
6 St. Paul Street, 2nd Floor
Baltimore, MD 21202-1614
410-767-8755

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 12/31/2018 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 obtain an initial credit certificate from Maryland Energy Administration before claiming 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 DD.

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 BB.

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

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

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 fiduciaries, except PTE members. Column 2 is used by PTE members only and should reflect a member's distributive share of the reported items, except lines 4a through 4d (see the instructions below for Part P-I, Section A).

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 fiduciaries who 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 reports 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.

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.

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 11 (less any amount claimed on line 14) of Form 504 if you are a resident fiduciary. If less than 0, enter 0; or,
- The total tax liability from line 13 (less any amounts on line 14) of Form 504 if you are a nonresident fiduciary. If less than 0, enter 0; or,

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 Form 504. 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. Fiduciaries 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 nonproject 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 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 distressed county, 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 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 or 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 FIDUCIARIES AND WHO ELECT TO DISTRIBUTE THE ONE MARYLAND TAX CREDIT TO THEIR BENEFICIARIES

Fiduciaries who elect to distribute the One Maryland Tax Credit to beneficiaries must provide the following information on Form 504CR 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, the employer who is a fiduciary 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.

The distributive portion of these items must be furnished to each beneficiary of the fiduciary taxpayer on the beneficiary's respective Maryland Schedule K-1(504). The fiduciary also must indicate on the Schedule K-1 whether or not the fiduciary is a qualified business entity which would be entitled to pass on a refundable credit or whether the credit is nonrefundable only. The fiduciary taxpayer must provide a copy of the final certification to each beneficiary.

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

Based on the Maryland Schedule K-1(510), a fiduciary member then may file the applicable Maryland income tax return, completing the Form 504CR, to claim the One Maryland Economic Development Tax Credit. The fiduciary member should complete Part P of Form 504CR 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 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 \$750 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 BB, Business Tax Credit Summary.

No credit may be earned for any tax year beginning on or after January 1, 2018.

For additional information, contact:

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

PART R - BIO-HEATING OIL TAX CREDIT

An individual or corporation may claim a credit against the State income tax in an amount equal to 3¢ per gallon of bio-heating oil purchased for space or water heating. The credit may not exceed \$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 shall apply to the Maryland Energy Administration (MEA) for an initial credit certificate for the number of gallons of bio-heating oil purchased for space or water heating. This credit is claimed on line 1, Part R, and also is entered on line 18, Part BB, Business Income Tax Summary.

No credit may be earned for any tax year beginning on or after January 1, 2018.

For additional information, contact:

Maryland Energy Administration
1800 Washington Blvd, STE 755
Baltimore, MD 21230
410-537-4059
chris.clark1@maryland.gov

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

PART S - CELLULOSIC ETHANOL TECHNOLOGY RESEARCH AND DEVELOPMENT TAX CREDIT

An individual or corporation may claim a credit against the State income tax in an amount equal to 10% of the qualified research and development (R&D) expenses paid or incurred by the individual or corporation during the tax year. By September 15 of the calendar year following the end of the tax year in which the expenses were paid or incurred, an individual or corporation may apply to the Maryland Department of Commerce for the credit allowed. By December 15 of the same calendar year, the Maryland Department of Commerce will certify the amount of the

tax credit approved. The total amount of credits approved by the Maryland Department of Commerce for any tax year may not exceed \$250,000.

To claim the approved credit, an individual or corporation must file an amended income tax return for the tax year in which the qualified R&D expenses were paid or incurred.

The amount of the approved credit is entered onto line 1, Part S, and on line 19, Part BB, Business Tax Credit Summary. Also, this amount is an addition modification on the tax return.

The individual or corporation must include a copy of the Maryland Department of Commerce certification of the approved credit amount to the amended income tax return. Any credit in excess of the State income tax may be carried forward to succeeding tax years until the earlier of the full amount of the excess is used, or the expiration of the 15th tax year after the tax year in which the qualified R&D expenses were paid or incurred.

No credits may be earned for any tax year beginning on or after January 1, 2017.

For more information, contact:

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

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 Web site at www.choosemaryland.org.

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 Web site. The business must submit an application, report of expenses and supporting documents to the Maryland Department of Commerce by September 15th 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.

The business must file an amended tax return with the Comptroller of Maryland for the year in which the expenses were incurred and include the certification from the Maryland Department of Commerce.

This credit is claimed on line 1, Part T, and also is entered on line 20, Part BB, 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 July 1, 2018.

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 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. To qualify as a film production entity, the estimated total direct costs incurred in Maryland must exceed \$500,000. 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 DD.

For additional information, contact:

Catherine Batavik, 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 fiduciary 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 fiduciary 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 504CR at the time the Maryland Form 504 is filed. 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 504CR.

SPECIFIC INSTRUCTIONS

On line 1, enter the amount of approved donation to a qualified permanent endowment fund.

On line 2, enter 25% of line 1.

On line 3, enter the amount from line 2 or \$50,000, whichever is less. Also, enter this amount on line 22 of Part BB.

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 on line 3 of Form 504 Schedule A.

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
endowmaryland.nr@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 DD.

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 DD. To claim the total credit, you must complete a second Part W at the time you file your income tax return.

Recapture of Credit The credit must be recaptured if, during 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) who donated an easement 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, may be eligible for a credit 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. Generally, PTE members who are eligible for this credit must claim the credit on Business Income Tax Credit Form 500CR. However, a PTE member that is a fiduciary eligible for this credit must complete Form 504CR to claim this credit or pass this credit on to its beneficiaries. The actual amount passed on to the beneficiaries of the fiduciary is reported on Maryland Schedule K-1(504).

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 the Maryland Environmental Trust at 410-514-7900, www.dnr.state.md.us/met, or the Maryland Agricultural Land Preservation Foundation at 410-841-5860.

Note: A copy of the approval and acceptance of the conveyance by the Board of Public Works must be included.



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 BB.

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 504CR.

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, Licensing and Regulation
1100 N. Eutaw St., Room 209
Baltimore, MD 21201
410-767-2246



PART Z – Qualified Farms Tax Credit

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.

"Qualified farms" means a farm business that is located in Anne Arundel County, Calvert County, Charles County, Montgomery County, Prince George's County, or St. Mary's County.

"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 BB, 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
410-841-5862
mda.maryland.gov/vetboard

Note: A copy of all certificates issued by a Tax Credit Certificate Administrator must be included with Form 504CR.

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



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 BB, 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 504CR

PART BB - 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 27 of Part BB, with the following exceptions:

- No entry is to be made on lines 2, 8, 12, 14, 21 and 23 because the credits to which they relate are refundable credits and will be claimed on Part DD.

Enter on line 28, the total of the credits listed on lines 1 through 27.

Enter on line 29 the carryover of excess credits unable to be used on last year's return. This amount comes from line 7, Part Z, from 2016 Form 504CR.

Add lines 28 and 29 and enter the result on line 30. This is the tentative tax credit.

On line 31, enter the amount of recaptured tax credits (See instructions for Parts D and F).

Subtract line 31 from line 30 and enter the result on line 32.

On line 33, Part BB, enter the State income tax from your return. Resident fiduciaries will enter line 11 (less amount from line 14) and nonresident fiduciaries will enter line 13 (less amount from line 14). If the amount is less than 0, enter 0.

On line 34, enter the lesser of line 32 or 33. Enter the amount of line 34 of Form 504CR on line 15 of Form 504.

An addition to income is required for credits from Parts A, C, J-I, K-I, K-II, S and V. These additions are comprised of lines 1, 3, 10a, 11 and 19 from Part BB; line 1 of Part V and line 6 from Part DD. The totals of these amounts including any credit carried over and claimed in the current tax year from the Employment Opportunity Tax Credit are included on line 3 of Form 504 Schedule A.

PART CC - 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. The excess credit amount for the Eligible Apprentice Tax Credit is applied against the Maryland State income tax after the application of all other business income tax credits on the Form 504CR. To assist you, we have provided a table with the number of years for which each credit may be carried forward.

PART DD - REFUNDABLE BUSINESS INCOME TAX CREDITS

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

On line 1, enter the One Maryland Economic Development Tax Credit from line 38, 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 Health Enterprise Zone Hiring Tax Credit from line 6, 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 Investment Incentive Tax Credit from line 6, Part H.

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

On line 9, enter the total of all of the business income tax credits from lines 1 through 8.

Enter the amount from line 9 of Part DD on line 30 of Form 504. If line 9 is less than 0, enter the result as a negative number on line 30 of Form 504.

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	Health Enterprise Zone Hiring 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	Cybersecurity Investment Incentive Tax Credit	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*			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						
N	Clean Energy Incentive Tax Credit	X						
O	Maryland-Mined Coal Tax Credit	X						
P	One Maryland Economic Development Tax Credit**					X		
Q	Oyster Shell Recycling Tax Credit	X						
R	Bio-Heating Oil Tax Credit	X						
S	Cellulosic Ethanol Technology Research & Development 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						

* 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 14-year 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. An eligible taxpayer has 14 years to use the project and start-up costs as credits. Therefore, the Excess Credit Carryover calculation is not used to calculate an additional carryover.

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			
	Long-Term Employment of Qualified Ex-Felons Tax Credit		X					
	Work-Based Learning Tax Credit		X					