



Tax Tip #36

If you get a notice for personal income tax

Taxpayers who receive notices from the Comptroller's Office have a right to know what they can expect. This tax tip explains the kinds of notices that taxpayer may receive, the consequences of not responding to the notices and other facts about the collections process.

How are taxpayers notified that they owe income tax?

The Comptroller's Office sends notices to taxpayers for several different reasons:

- If we believe a taxpayer has made an error and has not paid the correct amount of tax due, we will mail the taxpayer a notice indicating what changes were made to the tax return and the amount of any additional tax we believe is due.
- If you did not pay the full amount due with your return, a notice will be sent to you showing the tax due and any additional charges.
- If we believe your Maryland tax return may need adjustments because of changes the IRS made to your federal return, you will get a notices showing the impact on your Maryland income tax return.
- If you filed a federal income tax return with a Maryland address, you may get a notice asking you to explain your situation to determine if a Maryland income tax return is due.

When happens if I don't respond to a notice?

Maryland law requires the Comptroller's office to charge interest on unpaid tax from the day the tax return was due. Currently, the interest rate is set at 10.5%. Therefore, it is in your best interest to respond to the notice promptly.

If you don't respond to the first tax computation notice, we will send you a notice of assessment. The notice of assessment will include a penalty for late payment of tax in addition to the interest on the tax that you owe.

What if I have questions about the notice I receive?

An important point is to not assume that the problem will take care of itself even if you believe that the notice is incorrect. **Please call the phone number or send an e-mail to the e-mail address on the notice without delay.** A representative will answer your questions and help you determine what you need to do to resolve the issue.

What happens if don't pay overdue taxes?

If you cannot pay the amount in full, you must contact the individual income tax collections section of the Comptroller's office for a payment plan. The phone number for collections section is 410-974-2432 and the e-mail address is cdcollectionind@marylandtaxes.gov. You make payments online at the following [link](#) or set up a payment online [here](#).

A payment plan will require you to pay the amount you owe within a specific time. If you do not set up a payment plan or if you do not make payments under the plan, legal action may be taken by the Comptroller's office including filing a notice of tax lien in court or attaching your bank accounts or wages. Your account may also be referred to a private collections agency.

How can I resolve a legal dispute concerning the Maryland taxes that I owe?

You can file an appeal and request a hearing within 30 days of an assessment or a refund denial by e-mail to cdhearings@marylandtaxes.gov, [online](#) or by mail to Hearings & Appeals, 301 West Preston Street, Room 315, Baltimore, Maryland 21201. For more information about hearings and appeals, please see [Tax Tip 34 – Comptroller's Office Hearing Procedures](#).

How can I avoid collection actions?

You can pay the overdue tax in full within the time. If you can't pay in full, contact us to set up a payment plan. The phone number for collections section is 410-974-2432 and the e-mail address is cdcollectionind@marylandtaxes.gov. You make payments online at the following [link](#) or set up a payment online [here](#).

What happens if I cannot afford to set up a payment plan?

If you are unable to pay overdue taxes in full and to set up a payment plan, the Comptroller's office offers alternative collections programs such as the Offer in Compromise program. Under the Offer in Compromise program, you may be able to settle your tax liability for less than is owed. For more information, please see [Tax Tip #58 Offer in Compromise Tax Liability Resolution Program](#).

Who do I contact if there is a hold on my driver's license?

If you receive a notice that there is a hold on your driver's license, please contact the Comptroller's office by phone at 855-213-6669 or by e-mail at mvahold@marylandtaxes.gov.

What is the effect of filing a notice of tax lien?

A notice of tax lien filed in the circuit court for the county where you live is notice to creditor of the State's claim against your assets and may have priority over other debts that you owe. If you do not promptly settle your account, the notice of tax lien may negatively affect your credit rating.

Will money that the State owes me used to offset my tax liability?

Yes. The Comptroller's office will apply all or part of any money that the State owes you to your unpaid tax liability even if a payment plan has been set up. The Comptroller's office will intercept any money due to you from the State for any reason including your Maryland income tax refund. The Comptroller's office can also intercept your federal income tax refund and payments due to you as a federal vendor.

Can taxes be avoided through bankruptcy proceedings?

Maybe. Many income taxes are not discharged through bankruptcy proceedings. Chapter 7 and Chapter 13 may have different effects on the discharge of Maryland income taxes. Neither chapter allows the discharge of recently incurred Maryland income taxes.

Does Maryland impose a bad check charges?

Yes. A \$30 service charge is applied to your account for bad checks.