

Personal tax tip #53 Figuring Maryland's local income tax

Why is the local income tax included on the Maryland state income tax form?

The local income tax is collected on the Maryland state tax form as a convenience to Maryland's 23 counties and Baltimore City, saving them the expense of administering the tax separately. Local officials set the rates and the revenue is returned to the local governments quarterly.

Nonresident taxpayers who are not subject to the local income tax are subject to a special nonresident tax rate of 1.75 percent, in addition to the regular state tax rate for their income level. Other nonresident taxpayers may be subject to the local tax, if the jurisdiction in which they reside imposes a local tax on Maryland residents. Taxpayers in this situation should refer to the Maryland Form 515 instructions for guidance.

How is the local income tax calculated?

The local income tax is calculated as a percentage of taxable income, using line 29 on Form 502. The local income tax rates range between 1.75 percent and 3.20 percent for tax year 2017. The rates are listed in Instruction 19 of the Maryland tax booklet, along with a special worksheet.