

Tax Alert



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11-07

Changes in the Income Tax Law

In the 2007 Special Session, the Maryland General Assembly enacted the Tax Reform Act of 2007 which resulted in major changes in the income tax law that go into effect January 1, 2008. For more details on these changes, visit the Income Tax section of the Comptroller's Web site www.marylandtaxes.com

Change in Tax Rates and Rate Brackets: The General Assembly has amended Section 10-105(a) to alter the Maryland income tax rates and rate brackets for individuals for all tax years beginning after December 31, 2007. The new rates and rate brackets are indicated below:

Taxpayers Filing Joint, Surviving Spouse or Head of Household Returns

Taxable Income	Tax Rate
\$1 - \$1,000	2 percent
\$1,001 - \$2,000	3 percent
\$2,001 - \$3,000	4 percent
\$3,001 - \$200,000	4.75 percent
\$200,001 - \$350,000	5 percent
\$350,001 - \$500,000	5.25 percent
In excess of \$500,000	5.5 percent

All Other Individual Taxpayers

Taxable Income	Tax Rate
\$1 - \$1,000	2 percent
\$1,001 - \$2,000	3 percent
\$2,001 - \$3,000	4 percent
\$3,001 - \$150,000	4.75 percent
\$150,001 - \$300,000	5 percent
\$300,001 - \$500,000	5.25 percent
In excess of \$500,000	5.5 percent

Actual Calculation

Filing Jointly, Surviving Spouse or Head of Household

Taxable Income	Pay	Plus Percent on Excess	Of the Amount Over
\$1 - \$1,000	\$0	2 percent	\$0
\$1,001 - \$2,000	\$20.00	3 percent	\$1,000
\$2,001 - \$3,000	\$50.00	4 percent	\$2,000
\$3,001 - \$200,000	\$90.00	4.75 percent	\$3,000
\$200,001 - \$350,000	\$9,447.50	5 percent	\$200,000
\$350,001 - \$500,000	\$16,947.50	5.25 percent	\$350,000
In excess of \$500,000	\$24,822.50	5.5 percent	\$500,000

Filing as Single, Married Filing Separately, Dependent Taxpayers or Fiduciaries

Taxable Income	Pay	Plus Percent on Excess	Of the Amount Over
\$1 - \$1,000	\$0	2 percent	\$0
\$1,001 - \$2,000	\$20.00	3 percent	\$1,000
\$2,001 - \$3,000	\$50.00	4 percent	\$2,000
\$3,001 - \$150,000	\$90.00	4.75 percent	\$3,000
\$150,001 - \$300,000	\$7,072.50	5 percent	\$150,000
\$300,001 - \$500,000	\$14,572.50	5.25 percent	\$300,000
In excess of \$500,000	\$25,072.50	5.5 percent	\$500,000

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