

Personal tax tip #52

Were you a resident of Maryland for part of the year?

If you either established or abandoned Maryland residency during the calendar year, you must file as a part-year resident, using [Form 502](#). You may also be required to file a return with your other state of residence. Filing a part-year return in your first year of residency may help you avoid receiving a notice asking why you did not file with Maryland the previous year. The following offers general information to help you file a part year resident return. See Instruction 26 in the [Maryland tax booklet](#) for more detailed details. (Note: The instruction references below are based on the 2014 Maryland tax booklet. The instruction numbers may be different for other taxable years. Please contact Taxpayer Service at 410-260-7980 or 1-800-MD TAXES if you need assistance.)

Complete the name and address information at the top of Form 502.

Complete the county, city, town or taxing area information using Instruction 6 in the tax booklet.

Complete the filing status area using the same filing status that you used on your federal return. Married couples who file joint federal returns may file separate Maryland returns under certain circumstances. See Instruction 7 in the tax booklet. If you are a dependent taxpayer, use filing status 6.

Complete the Exemptions area. You can claim the same number of exemptions that were claimed on your federal return. Additional exemptions are allowed for age and blindness for Maryland purposes which will be computed in this area.

Complete the Part-Year/Military area on the front of Form 502. Place a "P" in the box and show the dates of residence in Maryland. Certain military taxpayers following these instructions should place an "M" in the box and enter the non-Maryland military income. If you are both part-year and military, place a "P" and "M" in the box. Married taxpayers with different tax periods filing a joint Maryland return should enter a "D" in the box, follow the remainder of this instruction and write "different tax periods" in the dates of residence area. Married taxpayers filing a joint return when one spouse is not a resident of Maryland, should place a "P" in the part-year resident box, and enter the name of the other state of residence for the nonresident spouse.

Enter on line 1 the adjusted gross income from your federal return.

Complete the Additions to Income area using Instruction 12. If you had losses or adjustments to income on your federal return, write on line 5 those loss or adjustment items, which were realized or paid when you were not a resident of Maryland.

Complete the Subtractions from Income area using Instruction 13. You may include only subtractions from income that apply to income subject to Maryland tax. Include on line 13 any income received during the part of the year when you were not a resident of Maryland.

You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Complete the [Maryland Income Factor Worksheet](#) to figure the percentage of Maryland income to total income. The factor cannot exceed 1 (100%) and cannot be less than zero (0%). If line 1 is 0 or less, the factor is 0. If line 1 is greater than 0

and line 2 is 0 or less, the factor is 1.

If you itemize deductions, complete lines 17a - 17b of Form 502. Prorate the itemized deductions using this formula: $\text{Net itemized deductions} \times \text{Maryland income factor} = \text{Maryland itemized deductions}$. Enter the prorated amount on line 17 of Form 502 and check the Itemized Deduction Method box. Another method of allocating itemized deductions may be allowed.

If you are not itemizing deductions, you must use the standard deduction. The standard deduction must be prorated using the Maryland income factor. Calculate the standard deduction using the worksheet in Instruction 16. Prorate the standard deduction using the following formula: $\text{Standard deduction} \times \text{Maryland income factor} = \text{Prorated standard deduction}$. Enter the prorated amount on line 17 of Form 502 and check the Standard Deduction Method box.

The value of your exemptions (line 19) must be prorated using the Maryland income factor. Prorate the exemption amount using the following formula: $\text{Total state exemption amount} \times \text{Maryland income factor} = \text{Prorated exemption amount}$. Enter the prorated exemption amount on line 19 of Form 502.

You must prorate your earned income, poverty level and refundable earned income credits using the Maryland income factor.

Part-year residents with pensions

Part-year residents with pensions should complete the pension exclusion worksheet using total taxable pension and total Social Security and Railroad Retirement benefits as if you were a full-year resident. Prorate the amount on line 5 by the number of months of Maryland residence divided by 12. However, if you began receiving pension during the tax year in which you became a Maryland resident, prorate the pension amount by the number of months you were a resident divided by the number of months you were receiving pension in the taxable year.