

**MARYLAND  
FORM  
502LC**

**STATE AND LOCAL TAX CREDIT FOR  
INCOME TAXES PAID TO OTHER STATES  
AND LOCALITIES**  
Attach to your tax return.

Print Using Blue or Black Ink Only

CALENDAR TAX YEAR 201  OR FISCAL YEAR BEGINNING  /  / 201 , ENDING  /  / 201 .

First Name	Initial	Last Name	Social Security Number
Spouse's First Name	Initial	Spouse's Last Name	Spouse's Social Security Number
Current Mailing Address (PO Box, number, street and apt. no)			
City or Town	State	ZIP Code	

**If you were a part-year resident, do not claim a credit for tax paid on "Income received during period of nonresidence" line of the Form 502.**

1. Enter your taxable net income from Form 502 (or Form 502X; or Form 504). . . . . **1.**  .
  2. Taxable net income in other state. Write on this line only the net income which is taxable in both the other state and Maryland. If you are taxed in the other state on income which is not taxable in Maryland, do not include that amount here. **NOTE:** When the tax in the other state is a percentage of a tax based on your total income regardless of source, you must apply the same percentage to your taxable income in the other state to determine the income taxable in both states. . . . . **2.**  .
  3. Revised taxable net income (Subtract line 2 from line 1.) If less than zero, enter zero. . . . . **3.**  .
  4. Enter the Maryland tax from Form 502 (or Form 502X; or Form 504).  
This is the Maryland tax based on your total income for the year. . . . . **4.**  .
  5. Tax on amount on line 3. Compute the Maryland tax that would be due on the revised taxable net income by using the Maryland Tax Table or Computation Worksheet contained in the instructions for Forms 502 or 504. **Do not include the local income tax.** . . . . . **5.**  .
  6. Tentative **State** tax credit (Subtract line 5 from line 4.) If less than zero, enter zero. . . . . **6.**  .
  7. Enter the Local tax from Form 502 (or Form 502X; or Form 504). This is the Local tax based on your total income for the year. . . . . **7.**  .
  8. Local tax on amount on line 3. Compute the Local tax that would be due on the revised taxable net income by multiplying line 3 by your Local tax rate .0 . . . . . **8.**  .
  9. Tentative **Local** tax credit (Subtract line 8 from line 7.) If less than zero, enter zero. . . . . **9.**  .
  10. Tentative **Total** Tax Credit (Add line 6 and line 9.) . . . . . **10.**  .
  11. Total state and local tax shown on tax return(s) filed with the state of (Enter 2-letter state code, code must be entered for credit to be allowed) ▶  Enter the amount of your income tax liability (after deducting any credits for personal exemptions) to the other state and locality in the other state (where applicable.). Do not enter state or locality tax withheld from your W-2 forms. **It is important that a copy of the tax return that was filed with the other state and/or locality be attached to your Maryland return.** . . . . . **11.**  .
  12. Credit for income tax paid to other state and/or locality. Your credit for taxes paid to another state and/or locality is the smaller of the tax actually paid (line 11) or the reduction in Maryland tax resulting from the exclusion of income in the other state and/or locality (line 10). Write the lesser of line 11 or line 10. . . . . **12.**  .
  13. **State Credit** for Income Tax Paid to other state (Lesser of line 6 or line 12.).. . . . ▶ **13.**  .
  14. **Local Credit** for Income Tax Paid to other state (Subtract line 13 from line 12.).. . . . ▶ **14.**  .
- If the amount on line 14 is not greater than zero, you do not qualify for the local credit.**

**Form 502LC and Form 502CR must be attached to the annual return (Form 502, 502X or 504) and filed with the Comptroller of Maryland, Revenue Administration Division, P.O. Box 2601, Annapolis, MD 21404-2601.**  
**FAILURE TO MAIL THE RETURN TO THIS ADDRESS WILL RESULT IN THE DELAY OF THE CLAIMED CREDIT(S).**

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**GENERAL INSTRUCTIONS**

**Purpose of Form.** The Form 502LC replaces the State tax credit calculation for individuals who paid an income tax to a local jurisdiction in another state for tax years 2012-2014. The Form 502LC also calculates a local tax credit for income taxes paid to another state or to a local jurisdiction in another state for tax years 2012-2014. Individuals should complete this form to determine if the individual may claim a local tax credit and a recalculated State tax credit on the Maryland return. If the individual has already filed a return, the Form 502LC may be used to determine if the individual may file an amended return to claim a local tax credit and a recalculated State tax credit. This form may not be used to claim a local tax credit for taxes paid to another state for tax year 2011 unless an extension was filed for that year with Maryland.

**Name and Other Information.** Type or print the name(s) as shown on Form 502, 502X or Form 504 in the designated area. Enter the Social Security number for each taxpayer.

**When and Where to File.** Form 502LC and Form 502CR must be attached to the annual return (Form 502, 502X or 504) and filed with the **Comptroller of Maryland, Revenue Administration Division, P.O. Box 2601, Annapolis, Maryland 21404-2601. Failure to mail the return to this address will result in the delay of the claimed credit(s).**

**Tax Year** Enter the calendar year or fiscal year in the designated area. A Form 502LC and Form 502CR must be filed separately for each year in which the credits are claimed.

**STATE AND LOCAL TAX CREDIT FOR INCOME TAXES PAID TO OTHER STATES**

If you are a Maryland resident (including a resident fiduciary) and you paid income tax to another state, you may be eligible for a State and local tax credit on your Maryland return. Find the state to which you paid a nonresident tax in Group I, II or III. The instructions for that group will tell you if you are eligible for credit and should complete Form 502LC.

Nonresidents (filing Form 505, 515 or 504) are not eligible for this local tax credit.

You may be allowed to claim a credit against the State and local tax on the Maryland return, when you pay an income tax to another state and/or local jurisdiction within another state.

If you were a part-year resident, you may not claim a credit for tax paid on nonresident income that was subtracted out on the **Income received during period of nonresidence line** of the Form 502.

**INSTRUCTIONS FOR INDIVIDUALS FILING FORM 502**

You must file your Maryland income tax return on Form 502 and complete through the Maryland tax line and also complete the Local tax line on that form. Then complete Form 502LC.

Line 11 of the Form 502LC is the sum of your income tax liability to the other state and your income tax liability to a local jurisdiction in that other state (where applicable).

Line 13 of the Form 502LC is your State tax credit. This amount should be entered on Line 1 of the Income Tax Credit Summary section of the Form 502CR. This State tax credit amount calculation replaces the calculation that is found in Part A of the Form 502CR. For taxpayers claiming credit for multiple states, see the instructions Claiming Credit for Taxes Paid to Multiple States.

Line 14 of the Form 502LC should be added to the sum of the local earned income credit and local poverty level credit on the Form 502. The total amount should be entered on the total

credits line in the LOCAL TAX COMPUTATION SECTION of the Form 502. Enter "524" in the CODE NUMBERS field, which is found on the bottom right corner of page 2 of the Form 502. **Failure to follow these instructions may result in a denial of the credit.** The Form 502LC, Form 502CR and a completed, signed copy of the income tax return filed in the other state and/or local jurisdiction in the other state should then be attached to the Form 502.

**INSTRUCTIONS FOR INDIVIDUALS FILING AMENDED RETURNS - FORM 502X**

You must file your amended Maryland income tax return on Form 502X and complete through the local credits line of that form. Then complete Form 502LC.

Line 11 of the Form 502LC is the sum of your income tax liability to the other state and your income tax liability to a local jurisdiction in that other state (where applicable).

Line 13 of the Form 502LC is your recalculated State tax credit. If this line does not equal the State tax credit that was previously calculated on the Form 502CR filed with the original return or if a Form 502CR was not filed with the original return, the amount from Line 13 should be entered in the Income Tax Credit Summary section of a Form 502CR that is filed with the Form 502X. This State tax credit amount calculation replaces the calculation that is found in Part A of the Form 502CR. For taxpayers claiming credit for multiple states, see the instructions Claiming Credit for Taxes Paid to Multiple States.

Line 14 of the Form 502LC should be added to the sum of other local credits available to be claimed on Column C of the local credits line of the Form 502X. The total amount should be entered on Column C of the local credits line of the Form 502X. The net increase or the local credits line of the Form 502X should be noted in Column B of the local credits line of the Form 502X. The Form 502LC, Form 502CR and a completed, signed copy of the income tax return filed in the other state and/or local jurisdiction in the other state should then be attached to the Form 502X. Write "**WYNNE - 524**" across the top of page 1 of the Form 502X and in the Explanation of Changes to Income, Deductions and Credits on page 2 of the Form 502X. **Failure to follow these instructions may result in a denial of the credit.**

**INSTRUCTIONS FOR INDIVIDUALS FILING FORM 504**

You must file your Maryland income tax return on Form 504 and complete through the line for credit for fiduciary income tax paid to another state on the Form 504. Then complete Form 502LC.

Line 13 of the Form 502LC is your State tax credit. This amount should be entered on Line 1 of the Income Tax Credit Summary section of the Form 502CR. This State tax credit amount calculation replaces the calculation that is found in Part A of the Form 502CR. For taxpayers claiming credit for multiple states, see the instructions Claiming Credit for Taxes Paid to Multiple States.

Line 14 of the Form 502LC should be added to the sum of other credits available to be claimed on the line for credit for fiduciary income tax paid to another state on the Form 504. The total amount should be entered on the line for credit for fiduciary income tax paid to another state on the Form 504. The Form 502LC, Form 502CR and a completed, signed copy of the income tax return filed in the other state and/or local jurisdiction in the other state should then be attached to the Form 504. Write "**WYNNE - 524**" across the top of page 1 of the Form 504 and enter "524" in the CODE NUMBERS field, which is found on the bottom right corner of page 1 of the Form 504. **Failure to follow these instructions may result in a denial of the credit.**

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**CAUTION:** Do not use the income or withholding tax reported on the wage and tax statement (W-2 form) issued by your employer for the credit computation. Use the taxable income and the income tax calculated on the return you filed with the other state and/or local jurisdiction in the other state.

**Claiming Credit for Taxes Paid to Multiple States** If you are claiming credit for taxes paid to multiple states and localities, a separate Form 502LC must be completed for each state.

Total the amount from each line 13 of each Form 502LC. Using only one Form 502LC as a summary section, record the total amount from line 13 of the separate Forms 502LC on line 13 of a "summary" Form 502LC. Write "SUMMARY" across the top of page 1 of the "summary" Form 502LC. The total amount should then be entered on line 1 of the Income Tax Credit Summary section of the Form 502CR. This State tax credit amount calculation replaces the calculation that is found in Part A of the Form 502CR.

Total the amount from each line 14 of each Form 502LC. Using only one Form 502LC as a summary section, record the total amount from line 14 of the separate Forms 502LC on line 14 of the "summary" Form 502LC.

**GROUP I** - Nonreciprocal - Credit is taken on the Maryland resident return.

Alabama - AL	Montana - MT	Virginia - VA
Arizona - AZ	Nebraska - NE	(except wage
Arkansas - AR	New Hampshire - NH	income)
California - CA	New Jersey - NJ	Washington, DC -
Colorado - CO	New Mexico - NM	DC
Connecticut - CT	New York - NY	(except wage
Delaware - DE	North Carolina - NC	income)
Georgia - GA	North Dakota - ND	West Virginia - WV
Hawaii - HI	Ohio - OH	(except wage
Idaho - ID	Oklahoma - OK	income)
Illinois - IL	Oregon - OR	Wisconsin - WI
Indiana - IN	Pennsylvania - PA	Territories and
Iowa - IA	(except wage	Possessions of the
Kansas - KS	income)	United States
Kentucky - KY	Rhode Island - RI	American Samoa -
Louisiana - LA	South Carolina - SC	AS
Maine - ME	Tennessee - TN	Guam - GU
Massachusetts - MA	Texas - TX	Northern Mariana
Michigan - MI	Utah - UT	Island - MP
Minnesota - MN	Vermont - VT	Puerto Rico - PR
Mississippi - MS		U.S. Virgin Islands -
Missouri - MO		VI

A Maryland resident (including a resident fiduciary) having income from one of these states must report the income on the Maryland Form 502, 502X or 504. To claim a State and local tax credit for taxes paid to the other state and/or local jurisdiction in the other state, complete and attach the Form 502LC, Form 502CR, and a copy of the other state's nonresident income tax return (not just your W-2 Form), and, if applicable, the local jurisdiction's nonresident income tax return to your Maryland return.

**GROUP II** - Reciprocal for wages, salaries, tips and commission income only.

Pennsylvania - PA	Washington, DC - DC
Virginia - VA	West Virginia - WV

Maryland has a reciprocal agreement with the states included in Group II. The agreement applies only to wages, salaries, tips and commissions. It does not apply to business income, farm income, rental income, gain from the sale of tangible property, etc. If you had such income subject to tax in these states or localities, to

claim a local tax credit for taxes paid to the other state or locality, you must complete and attach the Form 502LC, Form 502CR, and a copy of the other state's nonresident income tax return (not just your W-2 Form), and, if applicable, the local jurisdiction's nonresident income tax return to your Maryland return. If you had wages, plus income other than wages from a state listed in Group II, you should contact the taxing authorities in the other state or locality to determine the proper method for filing the nonresident return.

**SPECIAL NOTE:** If you had wages subject to tax in a locality of Pennsylvania, you may file Form 502LC to claim a State and local tax credit. Enter the amount of tax that you paid to the locality on line 11 of the Form 502LC.

**GROUP III** - No state income tax - No credit allowed.

Alaska - AK	South Dakota - SD
Florida - FL	Washington - WA
Nevada - NV	Wyoming - WY

You must report income from these states on your Maryland resident return. You cannot claim any credit for income earned in these states because you did not pay any income tax to the other state.

**PART A - IMPORTANT NOTE FOR DUAL RESIDENTS**

A person may be a resident of more than one state at the same time for income tax purposes. If you must file a resident return with both Maryland and another state, use the following rules to determine where the credit should be taken:

1. A person who is domiciled in Maryland and who is subject to tax as a resident of any of the states listed in Group I or II can claim a State and local tax credit on the Maryland Form 502LC.
2. A person domiciled in any state listed in Group I or II who must file a resident return with Maryland must take the credit in the state of domicile.

**PART A - SPECIAL INSTRUCTIONS**

**Members of Pass-through Entities** - When a partnership, S corporation, limited liability company (LLC) or business trust files a composite return on behalf of its partners, shareholders or members with states in Groups I and II, Maryland resident partners, shareholders or members may claim a credit for their share of the tax paid. Attach a copy of the composite return filed with each of the other states. In lieu of the composite return, attach a statement(s) from the pass-through entity showing your share of the total income, your share of the taxable net income and your share of the tax liability in each of the other states.

Complete a separate Form 502LC for each state, entering your share of the taxable net income on line 2 and your share of the tax liability on line 11. Do not enter the amount of tax withheld on your behalf as shown on the Maryland Schedule K-1 or other statement issued to you by the pass-through entity. Using only one Form 502LC as a summary section, record the total amount from lines 13 and 14 of the separate Forms 502CR on line 13 and 14, respectively, of the "summary" Form 502LC. Write "SUMMARY" across the top of page 1 of the "summary" Form 502LC.

If the Maryland resident must file an individual nonresident return reporting the partnership, S corporation, LLC or business trust income, a separate Form 502LC and Form 502CR must be completed for each state and submitted with a copy of the return filed with the other state and other local jurisdiction. The local tax liability should be included on line 11 of Form 502LC.

For both composite returns and individual returns, no credit is available for taxes paid to states in Group III.

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**Shareholders of S Corporations** - Maryland resident shareholders can claim a credit for taxes paid by an S corporation to a state which does not recognize federal S corporation treatment. A copy of the corporation return filed in the other state is required to be attached to the Maryland return. A separate Form 502LC to claim a local tax credit should be completed for each state showing the following information:

	%	x		=	
Stock ownership percentage			Corporation taxable income		Line 2 of Form 502LC
	%	x		=	
Stock ownership percentage			Corporation tax		Line 11 of Form 502LC

**NOTE:** A preliminary calculation using Form 502 must be made before calculating the local tax credit on Form 502LC. Complete through the Maryland tax line and also the Local tax line on the Form 502 to determine the amounts to be used for the 502LC computation. The credit amount shown on line 13 and line 14 of Form 502LC then must be included as an addition to income on the Form 502 you will file.

D.C. Unincorporated Business Franchise Tax - Self-employed individuals and partners in a partnership who are subject to D.C. unincorporated business franchise tax may claim a State and local tax credit on Form 502LC. A copy of the D.C. return is required for self-employed individuals and for partners, a K-1 or other statement from the partnership showing the partner's share of income and the partner's share of the D.C. tax.

Installment Sales in Another State - You may be eligible for credit for taxes paid to another state and/or locality for gain recognized on installment, sales proceeds, even if the other state and/or locality required the total be recognized in an earlier tax year. The gain must have been deferred for federal tax purposes, but fully taxed in the year of the sale by another state and/or locality that does not recognize the deferral. The credit allowed is the amount of the gain taxed in Maryland in the current year multiplied by the lesser of:

- the highest state plus local tax rate used on your Maryland tax return
- OR
- the tax rate imposed by the other state and/or locality on the gain.