

Tax Alert



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12-11

REQUIREMENT TO NOTIFY EMPLOYEES OF POTENTIAL EARNED INCOME TAX CREDIT (EITC) ELIGIBILITY

This Tax Alert (12-11) supersedes Tax Alert 12-09 to reflect updated 2012 income eligibility figures, as adjusted for inflation. The updated figures are in bold below. Please make sure your employees receive this update.

Tax General Article 10-913 requires an employer to provide, on or before December 31, 2012, electronic or written notice to an employee who may be eligible for the federal and Maryland EITC.

Your employees may be entitled to claim an EITC on their 2012 federal and Maryland income tax returns if both their federal adjusted gross income and their earned income is less than the following:

- \$45,060 (\$50,270 married filing jointly) with three or more qualifying children
- \$41,952 (\$47,162 married filing jointly) with two qualifying children
- \$36,920 (\$42,130 married filing jointly) with one qualifying child
- \$13,980 (\$19,190 married filing jointly) with no qualifying children

Employees who meet this income eligibility should be advised to go to the Internal Revenue Service website at **www.irs.gov**, or contact their tax advisor, to see if they meet the other federal criteria. Employees who meet all of the federal requirements may be eligible for a Maryland credit up to half of the federal EITC, but not greater than the state income tax. Additionally, certain employees may also qualify for a refundable Maryland credit, or a local EITC.

You may choose to notify all of your employees; or you may choose to notify only those employees with wages less than or equal to the amounts shown above. A sample notification is included on the back of this alert and may be photocopied and distributed to your employees, or you may choose to develop your notice.

For further information about the Maryland EITC, visit our website at **www.marylandtaxes.com**, or calling 1-800-MD-TAXES (1-800-638-2937), or 410-260-7980 from Central Maryland.

Para obtener información en español sobre el Crédito por Ingreso del Trabajo (EITC) de Maryland, visite **www.marylandtaxes.com**.

Please see our 2013 edition of **Withholding Tax Facts** which offers more information about filing your employer withholding tax forms, reconciliation statement and other employer withholding related forms.

Withholding Tax Facts is available at **www.marylandtaxes.com**.