TO: All State Agencies  
FROM: Robert J. Murphy, Director  
       Central Payroll Bureau  
DATE: December 10, 2012  
SUBJECT: EARNED INCOME CREDIT (EIC) – Amended 12/06/12 per Tax Alert 12-11

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. Tax alert 12-11 reflects updated 2012 "Income Eligibility "figures which were adjusted for inflation.

Employees need to be advised that eligibility for the federal and Maryland Earned Income Tax Credit may be applicable if both their federal adjusted gross income and their earned income is less than the following:

Updated figures 12/6/12:

- $45,060 ($50,270 for married filing jointly) if they have three or more qualifying children
- $41,952 ($47,162 for married filing jointly) if they have two qualifying children
- $36,920 ($41,130 for married filing jointly) if they have one qualifying child
- $13,980 ($19,190 for married filing jointly) if they do not have a qualifying child

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 one-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.

All employees should be notified of these eligibility standards. It is mandatory that employees with wages less than or equal to the amounts shown above be informed. A notification flyer is included which should be distributed to employees and also posted with other personnel regulation information within your agency.

For further Maryland EITC information, visit our website at www.marylandtaxes.com, or call 1-800-MD-TAXES (1-800-638-2937), or 410-260-7980 from Central Maryland.
IMPORTANT NOTICE TO MARYLAND EMPLOYEES

FEDERAL AND MARYLAND EARNED INCOME TAX CREDITS ARE AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS AND FAMILIES

THESE CREDITS CAN REDUCE THE AMOUNT OF INCOME TAX OWED OR INCREASE AN INCOME TAX REFUND, AND SOME CREDITS MAY BE RECEIVED EVEN IF INCOME IS LESS THAN REQUIRED TO FILE A TAX RETURN

2012 Maryland Earned Income Tax Credit (EITC)

Maryland’s EITC is a credit for certain taxpayers who have income and have worked. The state EITC reduces the amount of Maryland tax you owe. The local EITC reduces the amount of county tax you owe. Some taxpayers may even qualify for a refundable Maryland EITC.

Most taxpayers who are eligible and file for a federal EITC can receive the Maryland state and local EITC. The allowable Maryland credit is up to one-half of the federal credit. To be eligible for the federal and Maryland EITC, your federal adjusted gross income and your earned income must be less than the following:

Updated 12/6/12:

- $45,060 ($50,270 for married filing jointly) if you have three or more qualifying children
- $41,952 ($47,162 for married filing jointly) if you have two qualifying children
- $36,920 ($42,130 for married filing jointly) if you have one qualifying child
- $13,980 ($19,140 for married filing jointly) if you do not have a qualifying child

To receive the Maryland EITC, you must be eligible for the federal credit. If your income is less than the amounts shown in this notice, you should visit the Internal Revenue Service website at www.irs.gov, or contact your tax advisor, to learn if you meet the other requirements. You may also be entitled to a refundable Maryland EITC and to a local EITC.

If you are a part-year resident or a non-resident of Maryland, you may be entitled to a prorated share of the credit, if you have Maryland income.

If you have any further questions about the Maryland EITC, you should visit their website at www.marylandtaxes.com or call 1-800-MD-TAXES.

2012 Federal Earned Income Tax Credit (EITC)
For more information about the federal EITC visit: www.irs.gov/individuals or call the IRS at 1-800-829-1040