

COMPTROLLER OF THE TREASURY OF MARYLAND v. WYNNE
Frequently Asked Questions – Updated 12/07/2015

Please note that these FAQs will be updated as additional information becomes available—check back frequently.

What did the Supreme Court decide in this case?

Maryland's personal income tax on State residents consists of a State income tax and a local tax (for the counties and Baltimore City). Residents who pay income tax to another state were allowed a credit against the State income tax, but not against the local tax. The Supreme Court determined (decision [here](#)) that this taxing scheme was unconstitutional because it discriminated in favor of intrastate over interstate economic activity in violation of the dormant Commerce Clause. The Court found this inherently discriminatory as it operates as an impermissible tariff against residents who earn income in interstate commerce.

Who is affected by this decision?

Residents of Maryland who paid income tax to another state on income earned in the other state may be impacted by this decision.

I previously filed a protective claim for one or more years pending the outcome of this case. How can I claim a refund?

For any year in which you have already filed a protective claim, you do not need to file any additional forms. The Comptroller will process your request for refund based on the information you provided, and will contact you if any additional information is needed.

I did not file a protective claim. How can I claim a refund?

The Comptroller has created a new form, [502LC](#) to assist taxpayers in calculating credit for local tax pursuant to the *Wynne* decision. Claims for refunds must be submitted using the appropriate forms listed below based upon your particular filing situation.

- If you have already filed individual income tax returns (Forms 502, 502X (other than a protective claim), or 503), then file Forms 502X, 502CR, and [502LC](#) for each year you are claiming a refund.
- If you have not yet filed an individual income tax return, file Forms 502, 502CR, and [502LC](#) for each year you are claiming a refund.
- If you have already filed a fiduciary income tax return (Form 504), then file Form 504 and check the box indicating you are filing an amended return, along with Forms 502CR and [502LC](#), for each year you are claiming a refund.
- If you have not yet filed a fiduciary income tax return (Form 504), then file Forms 504, 502CR, and [502LC](#) for each year you are claiming a refund.

Don't forget:

- You must indicate the tax year on the top of each Form 502LC;
- A completed, signed copy of the income tax return filed in the other state must also be attached to Form 502, 502X, or 504; and
- If you are claiming credit for taxes paid to more than one state, a separate Form 502LC must be completed for each state, as well as a summary Form 502LC totaling the State tax credits and Local tax credits from the separate forms 502LC.

Will the Comptroller issue refunds automatically?

No. You must file a formal request for each year you are requesting a refund.

The Comptroller will consider the following requests for refund:

- Protective claims (previously filed, **no further action required at this time**);
- Amended returns with Forms 502 CR and 502LC (if you have previously filed and need to amend your prior return to include the local credit); and
- Original returns with Forms 502CR and 502LC (if you haven't filed yet).

How far back can I file a claim for refund?

Amended returns must be filed within three (3) years from the time a return was filed or two (2) years from the time the tax was paid, whichever is later. You must file a separate claim for each tax year in which you are requesting a refund. Properly filed protective claims previously filed with the Comptroller pending the outcome of the litigation will also be processed.

When can I expect to receive my refund?

The Comptroller will process claims for refunds as soon as possible. All claims will be processed in the order in which they were received. Unfortunately, the Comptroller will not be able to provide the status of refund claims related to the *Wynne* decision through our *Where's My Refund?* online application.

Will I be able to claim a credit for income taxes paid to local jurisdictions in other states?

Yes. Follow the instructions on [Form 502LC](#) to claim credit for income taxes paid to other states and to local jurisdictions in other states.

I already received full credit for the income taxes I paid to other states against my Maryland income tax. Do I need to file anything?

If you exhausted the full amount of your credit for income taxes you paid to other states by reducing your Maryland income tax, then you have already received full credit and you do not need to file anything. However, if you paid income tax to a local jurisdiction in another state that was included in your original claim, and you have not already filed a protective claim, then follow the instructions on Form 502LC to see if you are entitled to additional credit.

Will there be any changes to withholding tax tables and procedures based on the Wynne decision?

Wynne does not implicate employer withholding tax directly. Withholding tables and procedures are reviewed annually. The withholding rate tables and related guidance published by the Comptroller reflect the local tax rates imposed by the counties and Baltimore City. In the event a local jurisdiction changes the local tax rate, the Comptroller will update withholding tables and schedules accordingly.

Will Form 502LC be made available to approved software vendors?

Yes. Form 502LC is available to approved software vendors on the [Tax Form Updates page](#) of the Comptroller's website.

I received my refund requested as a result of the decision in the Wynne case, but it does not include taxes that I paid to another state's local jurisdiction. How may I claim the additional credit?

Following the processing of your claim and the issuance of the refund associated with that claim, you will receive a letter from the Comptroller's office advising you how to

make an additional claim for credit for taxes paid to a local jurisdiction of another state. You will be provided 90 days to submit a claim for an additional refund and supporting documentation. The claim will need to include a specific dollar amount you are requesting as an additional refund.

I understand that the interest rate paid on interest-eligible refunds issued as a result of the Wynne decision is 3% annually. I disagree with the amount of interest paid. How may I file a claim for additional interest I feel is due?

In accordance with the Budget Reconciliation and Financing Act of 2014, the Comptroller is currently paying interest at a rate of 3% on interest-eligible refunds resulting from the decision in the *Wynne* case. Following the processing of your claim and the issuance of the refund associated with that claim, you will receive a letter from the Comptroller's office advising you how to make a claim for additional interest. The claim will need to include a specific dollar amount you are requesting as an additional refund.

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