As Comptroller, I remain committed to protecting Marylanders from the extraordinary costs and personal damages caused by tax fraud and identity theft.

I’m proud to report that my agency is a national leader in combatting the continued rise of tax fraud and we continue to use every resource available – from our dedicated and award-winning Questionable Returns Detection Team to our state-of-the-art technology and data analytics that recently won an award from Drexel University and CIO.com.

Since I took office in 2007, my office has successfully detected and blocked nearly 76,000 fraudulent tax returns with a monetary value of more than $172 million. Earlier this year, we worked with the Attorney General’s Office to prosecute a tax preparer in Baltimore City who targeted financially vulnerable residents by using their personal information to submit falsified tax returns. Additionally, we suspended processing returns from 61 tax preparers in Maryland and beyond, after we detected suspicious returns that were submitted from those vendors.

This session, I will re-introduce the Taxpayer Protection Act – a critical piece of legislation that will provide my office with needed statutory powers to more effectively go after these financial criminals who are growing more brazen every day. I look forward to working with legislators from both sides of the aisle to ensure passage of this important measure.

Peter Franchot
Comptroller of Maryland

New for Tax Year 2016

New for Tax Year 2016

Tax professionals and taxpayers should be aware of several changes for the upcoming tax season. These changes include:

Form IND PV — A new payment voucher, Form IND PV, has been developed for efficiency of processing payments by check or money order. The Form IND PV is required when the Resident Return (Form 502) or the Nonresident Return (Form 505) is filed with a check or money order. The return mailing address for forms filed with the Form IND PV is: Comptroller of Maryland, Payment Processing, PO Box 8888, Annapolis, MD 21401-8888. (Continued on Page 2)
The return mailing address for a Form 502 or Form 505 filed without payment is: Comptroller of Maryland, Revenue Administration Division, 110 Carroll St., MD 21411-0001.

**Form 502R** — The Form 502R is a new form developed for the purpose of capturing retirement income information as required by the Maryland General Assembly (2016 HB 1148). The form is required to be filed by any individual who reported income from a pension, annuity, or individual retirement annuity on a federal return, received any income during the year from Social Security retirement or Railroad Retirement (Tier I or Tier II), or claimed a pension exclusion on the 2016 Form 502.

**Form 548 (Power of Attorney) & Form 548P (Reporting Agent Authorization) — Released July of 2016**

The Form 548 is a new power of attorney form for Maryland tax purposes. The Form 548P is a new reporting agent authorization form that replaces federal Form 8655 for Maryland tax purposes. Both forms are required to be used beginning January 1, 2017. The Comptroller’s office will still accept the federal Forms 2848 and 8821 through December 31, 2016.

**SUTEC Application** — The Sales and Use Tax Exemption Certificate Application is a new form that has been developed to streamline the application process for Maryland Sales and Use Tax Exemption Certificates. The application for these certificates was previously incorporated into the Combined Registration Application.

The **Form 502** — has new political subdivision fields on the first page. The information in these fields is completed based upon the taxpayer’s physical address as of December 31, 2016 or last day of the taxable year.

The **Form 505** — has new political subdivision fields on the first page. The information in these fields is completed based upon the taxpayer’s physical address of employment in Maryland (if applicable) as of December 31, 2016 or last day of the taxable year.

**Form 502 CR – Income Tax Credits for Individuals**

The Form 502CR has been updated to include new credits under Preceptors in Areas with Health Care Workforce Shortages Tax Credit in Part J. The credits are based on the number of students to whom a licensed physician or nurse practitioner served as a preceptor without compensation. The maximum credit amount is $10,000 for each of the credits.

**Form 500CR – Maryland Business Income Tax Credits**

(available only to electronic filers)

**Part W - Aerospace, Electronics, or Defense Contract Tax Credit** — A new refundable tax credit is available for certain businesses based on the number of qualified employee positions created or retained. A qualifying business must create or retain at least 10,000 qualified positions in Maryland. The maximum credit is $2,500,000.

**Part X – Preservation and Conservation Easements Tax Credit** — This nonrefundable tax credit, which is available to individuals on Part F of the Form 502CR, has been extended to pass-through entity members. Pass-through entity members must claim this credit on the Form 500CR. The credit may be carried forward.

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**Comptroller’s Office to Hold Job Fair Nov. 15 in Baltimore City**

The Comptroller of Maryland will hold a job fair in Baltimore City to seek qualified applicants for vacant customer service positions that are essential to agency operations. The job fair will be held on:

**Tuesday, Nov. 15, 6 to 8 p.m. Humanim Building (Former American Brewery)**

1701 North Gay Street, Baltimore, MD 21213

Agency personnel will answer questions from job seekers and accept applications at the fairs for both full-time positions and temporary positions for tax season. Prospective applicants attending the job fairs also may inquire and apply for supervisory positions and any other vacant position advertised.
Workshops For Tax Preparers and Practitioners

The Maryland Society of Accountants and Tax Professionals (MSATP) has scheduled the following 2016 State of Maryland Tax Updates session for tax preparers and practitioners as follows:

**Nov. 10 - 1 to 5 p.m. Holiday Inn FSK, Frederick (Live and Internet)**
**Nov. 28 - 1 to 4 p.m. Martin’s Crosswinds, Greenbelt (Live Only)**
**Nov. 30 - 1 to 3 p.m. OC Convention Center (Live Only)**
**Dec. 15 - 2 to 4 p.m. Turf Valley Resort, Ellicott City (Live and Internet)**

The Tax Updates include a series of workshops to explain new developments in State of Maryland tax law and other reporting requirements. For more information and to register for these and other events, please visit MSATP’s website at www.msatp.org or call 1-800-922-9672.

The Comptroller of Maryland remains committed to providing information necessary to properly prepare tax returns with regular updates on the latest law and regulation changes.

The Revenue Administration Division will provide speakers to the MSATP, the Maryland Association of Certified Public Accountants, and other professional groups it has partnered with in the past. In addition, the annual tax update materials will continue to be published and will be available upon request.

CPAs, attorneys, and others licensed by state boards/organizations should check with their respective boards/organizations to determine if credits apply toward their continuing education requirements.

Taxpayers Help Marylanders with Developmental Disabilities

Each year, the lives of thousands of Marylanders with developmental disabilities are put on hold because their families don’t have the financial means to provide the additional help they need.

Contributions to the Developmental Disabilities Services and Support Fund help provide vital support to children and adults with disabilities such as autism, cerebral palsy, and Down syndrome. Services include support to families, job training and employment for adults, living in place assistance and crisis intervention.

Taxpayers may contribute any amount to this fund using line 36 on Form 502, line 23 on Form 504 or line 39 of Form 505. Those contributions may be deducted from tax refunds or added to a tax payment. For more information, call the Maryland Department of Disabilities at 410-767-5600 or visit dda.dhmh.maryland.gov.

Taxpayer Contributions Support Maryland Cancer Fund

This tax filing season, Marylanders can help fight cancer with a simple checkmark when completing their state income tax form, according to the Department of Health and Mental Hygiene.

The Maryland income tax form provides state residents an opportunity to donate to the Maryland Cancer Fund which supports cancer prevention, early detection and treatment programs. Taxpayers can simply add a checkmark to the Contribution to Maryland Cancer Fund line (found on line 37 on form 502) on the Maryland tax form and indicate the amount of the donation. This amount will be deducted from the individual’s tax refund or added to the individual’s tax payment. All donations are tax deductible.

The Maryland Cancer Fund provides funding for cancer prevention and early detection programs. It also provides funding for cancer treatment to cover the cost of cancer diagnosis and treatment for low-income and uninsured Maryland residents.

For more information about the Maryland Cancer Fund, please visit http://phpa.dhmh.maryland.gov/cancer/SitePages/mcf_home.aspx or call 410-767-6213.
Join Maryland’s Free ‘CPAs for a Healthy Bay’ Program

Did you know that Marylanders have an opportunity to help the Chesapeake Bay when they pay their state income taxes? Line 35 on the Maryland state income tax form, the Chesapeake Bay and Endangered Species Fund, is a voluntary donation program where taxpayers can make a donation to protect the Chesapeake Bay and its wildlife. The donated dollars are split between the Chesapeake Bay Trust and the Maryland Department of Natural Resources, to help restore the Chesapeake Bay and conserve Maryland’s wildlife. Donations are tax-deductible and can be made in any amount.

And while Line 35 is an excellent opportunity for Marylanders to make a charitable contribution, to date less than two percent of tax returns contain donations to the check-off. To increase awareness about the Bay Fund checkoff, CPAs for a Healthy Bay was created as a free program designed to encourage CPAs and other tax professionals to take a few simple steps to increase participation in this worthwhile program. In return for participating in this program, the Chesapeake Bay Trust will promote you as a business committed to helping with Maryland’s great natural resources.

The CPAs for a Healthy Bay program is offered by the Chesapeake Bay Trust, a nonprofit organization that funds Bay restoration, neighborhood clean-ups and education programs throughout the State. The trust is a four-star charity that takes 90 cents of every dollar it receives and directs it back to projects and programs that directly benefit the Bay. To date, almost 100 CPAs and tax firms have signed up to participate and we hope you will join us today.

How you can participate in the FREE CPAs for a Healthy Bay Program:

1) Register at [www.cbtrust.org](http://www.cbtrust.org) or call 410-974-2941, ext. 107 and ask for a copy of the **CPAs for a Healthy Bay** brochure to be mailed to you. There is no cost to participate; this program is simply about raising awareness.

2) Once the Trust receives your registration, the Chesapeake Bay Fund will mail you (at no cost) signage for your office and the number of inserts you have requested to include in your tax preparation packets. Electronic inserts are available as well.

3) Please communicate with clients and/or employees (through newsletters, on your company website, etc.) about the tax check-off and the reason these dollars are important to the community. Content is available upon request.

4) When you speak with your clients, please mention the Bay Fund checkoff and ask if they would like to make a tax-deductible donation to help the Bay. Our research has shown that more than 50 percent of Marylanders want to make a donation if they are asked to do so!

What you will get in return:

- **Web Promotion**: Your business will be highlighted on the Chesapeake Bay Trust’s website, which reaches thousands of people each month.
- **CPAs for a Healthy Bay Logo**: You will receive a seal to market your commitment to current and prospective clients on your website and in printed materials.
- **Recognition in Electronic Newsletters**: Your company will be included with a direct web link in multiple newsletters, which reach more than 30,000 subscribers three times a month.
- **Promotions via Social Media**: The Trust will highlight you and your business to almost 20,000 followers through Facebook and Twitter.
- **Recognition at Special Events**: Your company name will be highlighted at multiple Trust events and through printed materials distributed by the Trust.
- **Free Materials**: The Trust will provide free inserts and point-of-sale marketing collateral for your office highlighting the Bay Fund tax check-off and the benefits it provides local communities.

For more information and to get started as a **CPAs for a Healthy Bay**, visit [www.cbtrust.org](http://www.cbtrust.org) or email Molly Alton Mullins at mmullins@cbtrust.org.

Since 1985, this program has funded $40 million worth of environmental education, community engagement and bay restoration projects through grant programs and special initiatives. In 2013, these grants removed 553 tons of trash, planted 115,000 native trees and plants, and educated 97,000 students about the Bay. Today, the demand for grants exceeds available funds. All donations, no matter how big or small, will have an impact.
Parents and Grandparents: Guide to Maximizing MD 529 Tax Benefits

Did you know the Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT) are the only 529 plans that offer a state income deduction to Maryland taxpayers?

If you are a tax preparer or financial advisor, Maryland taxpayers have several ways to make this benefit work harder for your client. Here’s an example:

Open accounts in both plans. A person can deduct up to $2,500 for each beneficiary in MCIP, and each account they hold in MPCT for their contributions in that tax year.

Have a spouse and other family members do the same. Each account holder is eligible for deductions, regardless of whether they are married or file taxes individually or jointly.

Open accounts for each child. Account holders and family members can earn additional deductions if they open and fund accounts in one or both plans for each child in their family.

Open an account for an adult. Family members can each open an account for an adult in the Maryland College Investment Plan for additional Maryland income deductions.

Reinvest the tax savings into the child's future. The Comptroller's Office estimates that each $2,500 deduction saves $190 on state and local taxes.* Assuming the account owner and spouse reinvest the money saved from four annual $2,500 deductions -- $760 -- for 10 years at a 6% projected rate of return, they could have just over $10,500 in additional savings.** Contributions made into a single account over $2,500 may be carried forward to future tax years. Visit the Comptroller’s website for additional details about the income deduction and carrying over tax benefits. For more information see CollegeSavingsMD.org or call 888.4MD.GRAD (463.4723) to learn more.

*This is a hypothetical scenario and the amount of savings from your income deduction may vary. **It assumes an investment in a tax-deferred vehicle with a 6% hypothetical rate of return compounded annually and a 0.20% annual program fee. This is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.

Linganore Winecellars Celebrates 40th Anniversary

Comptroller Peter Franchot presented a proclamation to the Aellen family, founders of Linganore Winecellars in Mt. Airy.
Comptroller Peter Franchot announced that his agency processed more than 3 million returns for the 2015 tax year, including 2,564,877 electronically-filed returns and 481,821 paper returns. The total amount of refunds issued is more than $2.4 billion.

“In these challenging economic times, I’m pleased to put $2.4 billion back into the pockets of hardworking Marylanders and their families,” Comptroller Franchot said. “Clearly, taxpayers have now embraced electronic filing, and that makes a huge difference in the speed of receiving a refund.”

The agency has 12 branch offices that will help taxpayers to file electronically, and thus get their tax refunds issued faster than if they file via the U.S. mail. State employees at the offices, and via the toll-free Taxpayer Services phone number, give free state tax preparation assistance. Taxpayers can contact Taxpayer Service at 410-260-7980 from Central Maryland, or 1-800-MD-TAXES (1-800-638-2937) from elsewhere. Tax assistance is available 8:30 a.m. to 4:30 p.m., Monday through Friday. Learn more about our free tax preparation services. You also can e-mail your tax questions to taxhelp@comp.state.md.us.

Branch office locations are as follows:

- **Annapolis**
  - Revenue Administration Center
  - 110 Carroll Street, Annapolis, MD 21411
  - 410-260-7980

- **Baltimore**
  - State Office Bldg.
  - 301 W Preston Street, Room 206, Baltimore, MD 21201
  - 410-767-1994

- **Cumberland**
  - Allegany Museum
  - 3 Pershing Street, Suite 101, Cumberland, MD 21502
  - 301-722-5741

- **Elkton**
  - Upper Chesapeake Corporate Center
  - 103 Chesapeake Blvd., Suite D, Elkton, MD 21921
  - 410-996-0465

- **Frederick**
  - Courthouse/ Multiservice Center
  - 100 W. Patrick St., Room 2110, Frederick, MD 21701
  - 301-600-1982

- **Hagerstown**
  - Professional Arts Bldg.
  - One South Potomac Street, Hagerstown, MD 21740
  - 301-791-7108

- **Landover**
  - Treetops Bldg.
  - 8181 Professional Place, Suite 101, Landover, MD 20785
  - 301-459-0209

- **Salisbury**
  - Sea Gull Square
  - 1306 South Salisbury Blvd., Suite 182, Salisbury, MD 21801
  - 410-546-8100

- **Towson**
  - Hampton Plaza
  - 300 E. Joppa Road, Plaza Level 1A, Towson, MD 21286
  - 410-296-3982

- **Upper Marlboro**
  - Prince George's County Courthouse
  - 14735 Main Street, Room 083B, Upper Marlboro, MD 20772
  - 301-952-2810

- **Waldorf**
  - 1036 Saint Nicholas Drive, Suite 202, Waldorf, MD 20603
  - 301-645-7818

- **Wheaton**
  - Westfield Wheaton South Building
  - 11002 Veirs Mill Rd, Suite 408, Wheaton, MD 20902
  - 301-942-5400

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**Comptroller Honors Maryland Hunger Solutions**

Comptroller Peter Franchot presented a proclamation to Maryland Hunger Solutions, a nonprofit organization headquartered in Baltimore working to eliminate poverty and food insecurity throughout the State. The Comptroller also presented a Comptroller’s Medallion to Michael J. Wilson, who serves as the organization’s executive director.
Comptroller’s Office Receives Anti-Fraud Award

The Maryland Comptroller’s Office has been recognized by a national panel for its work in identifying tax fraud and identity theft. Created by Drexel University and CIO.com, the Analytics 50 Awards honored 50 executives who use analytics to solve business challenges.

The Comptroller’s Office was chosen for its “innovative use of analytics to create and deliver business value” by judges from Drexel’s LeBow College of Business and CIO.com, an information technology media company.

“The state-of-the-art technology used by my agency, together with the diligent work of my team of investigators, has helped to halt the brazen filing of radioactive state tax returns,” said Comptroller Peter Franchot. “I’m very proud of our efforts to root out fraudsters who try to cheat Marylanders and steal the money our state needs for schools, roads and many worthy programs.”

The Comptroller’s Office was selected for its ability to detect fraudulent tax returns. For the 2015 tax year, the agency prevented $38.6 million from being issued through 35,000 fraudulent refunds. During the same period, the agency was able to identify and block fraudulent returns filed by 61 private tax preparers at 68 locations throughout the region and out of state.

“As the perpetrators of this type of fraud have proliferated in recent years and their methods have become highly sophisticated, the Comptroller of Maryland sought a new strategy with analytic modeling,” said Andrew Schaufele, director of the Bureau of Revenue Estimates.

“We are extremely impressed with the company honorees and to learn how the use of innovative analytics has played a pivotal role in providing organization solutions across industries,” said Dr. Murugan Anandarajan, department head of Decision Sciences and MIS at Drexel University.

The Analytics 50 honorees represent a broad spectrum of industries, ranging from pharmaceuticals and healthcare to sports and media.

Comptroller Helps Break Ground at North Dorchester High School

Dorchester County Board of Education President Phillip Bramble, Dorchester County Public Schools Superintendent Dr. Henry V. Wagner Jr., Maryland Comptroller Peter Franchot and Dorchester County Council President Ricky Travers and others stand ready with their shovels for the ceremonial groundbreaking for the new North Dorchester High School. The event was moved indoors at the current high school’s auditorium due to inclement weather.
Important Maryland Tax Phone Numbers

Taxpayer Services: Call 1-800 MDTAXES (1-800-638-2937) or from Central Maryland 410-260-7980.

Central Registration Unit: For help in completing the Combined Registration Application, call 410-260-7980 from Central Maryland or 1-800-638-2937 from elsewhere. You can also fax your completed application to 410-260-7908 or complete and file the application online at www.marylandtaxes.com.

Refund Unit, Compliance Division: For information about sales and use tax, admissions and amusement tax and tire fee refunds, call 410-767-1530.

License Bureau, Investigative Services Unit: To determine if special licenses are required, call 410-260-6240 or toll-free 1-866-239-9359. Send e-mail inquiries to slb@comp.state.md.us.

No Tax Due? If you have no tax due for the filing period, you may telefile your business tax return at 410-260-7225. You can also file your business tax return electronically, using bFile.

Visit the agency’s website www.marylandtaxes.com to:
file business taxes electronically, using bFile; pay existing income and business tax liabilities online, using BillPay; register business tax accounts online; verify sales tax exemption certificates online; and use other online services.