

From the Desk of the
Comptroller



I recently unveiled a new publication called *The Maryland Taxpayer's Bill of Rights and Consumer Guide*, a brochure aimed at helping Marylanders navigate the taxpaying process. The brochure is available at any of my 12

offices and at my Web site, www.marylandtaxes.com. I encourage tax professionals to share this information with clients as well.

I believe in transparency of government. Taxpayers deserve to know their rights as well as what they can expect from my office when filing a tax return. **The Maryland Taxpayer's Bill of Rights and Consumer Guide** reminds Marylanders that they have a right to:

- Fair treatment and helpful advice
- Privacy of tax records
- Free forms and instructions available 24-hours a day
- Free assistance and state tax return preparation at any of our 12 taxpayer service offices
- A free copy of a previously filed state tax return

The bill of rights also reminds taxpayers what they can expect from my office and what to do if they disagree with a tax assessment. Taxpayers can expect we will:

- Check the income, exemptions, credits and deductions reported, disallowing any items that can't be documented
- Notify the taxpayer in writing if changes were

made to a return including a reduction in a refund

- Disclose tax information to the IRS as required by law
- Process an electronically-filed return within 72-hours of being accepted by our system barring any problems with the return's accuracy
- Process any paper return as quickly as possible
- Assess a penalty of up to 25 percent and interest of 13 percent per year on delinquent taxes
- Give up to three years from the due date of a return to claim any refund the taxpayer is due
- Reduce a refund if taxes are owed for other periods, or if the taxpayer owes money to another state agency, IRS, child support payments or to any of several other states
- Take enforcement action against tax scofflaws who aren't taking advantage of opportunities to pay up including filing liens, garnishing wages, making bank attachments, and holding up renewal of state-issued licenses

I hope you will share this publication. It is designed to not only inform Marylanders of their rights but to protect consumers from fraudulent tax preparers. I also encourage you to take our new online survey about the *Revenews* newsletter. It's designed to help us improve the usefulness of this publication for readers like you. It can be found on our Web site at https://interactive.marylandtaxes.com/Extranet/utilities/SLauncher/revenews_survey.asp.



Tax Amnesty Success

In an effort to bring more money into the state, the Maryland General Assembly enacted legislation mandating a Tax Amnesty period which was held September 1 – October 30, 2009.

The campaign, dubbed the Maryland Tax Do Over, has already brought in more than \$26 million. Approved applicants got all unpaid civil penalties and half the unpaid interest waived to one or more of the following tax types: personal income tax, fiduciary income tax, pass through

entity nonresident tax, corporate income tax, employer withholding tax, sales and use tax and admissions and amusement tax.

Taxpayers who took advantage of the 2001 amnesty were not eligible to participate in the campaign for the same tax type.

Taxpayers were allowed to pay in full or set up a payment plan which must be complete by

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REVENUES

Comptroller Franchot Pushes Financial Literacy in Schools

As the country digs itself out of the worst economic downturn since the Great Depression, Comptroller Franchot has been advocating for better financial education for young Marylanders. Over the last few months, Comptroller Franchot has visited schools from Western Maryland to the Eastern Shore talking to students about the need for better financial literacy. Students and school officials agree that more financial knowledge will prepare teens for the challenges of the adult world.

Comptroller Peter Franchot is proud to support legislation recently introduced in the Maryland General Assembly to create a financial literacy graduation requirement.

Bills introduced in the Senate and House of Delegates would require Maryland high school students to successfully complete a standalone financial literacy course in order to graduate, as three other states have already done.

Comptroller Franchot believes students should be taught the practical skills necessary to be successful in the real-world.

“Planning for a career, earning an income and saving money are essential ingredients for financial success,” said Comptroller Franchot. “To ensure these principles are taught to our children as they prepare for the future, I believe the state of Maryland



should make financial literacy training a requirement for high school graduation. I believe that each county needs to have the flexibility to tailor the specifics of their financial literacy program to fit the local communities, but it is something that needs to be done and the state should take the lead.”

To learn more about the Comptroller’s efforts to increase financial literacy or to sign up to support this cause, contact Christine Feldmann at cfeldmann@comp.state.md.us or call her at 410-260-6346.

Comptroller Franchot Says Marylanders Eligible For New IRS Tax Relief On Haitian Donations

Comptroller Franchot recently announced that Marylanders can take advantage of new federal legislation, signed into law by President Obama, allowing taxpayers who give to Haitian relief efforts this year to claim the donation on their 2009 tax return.

Normally, donations made after December 31 must be claimed on the following year’s tax return. Marylanders who take advantage of the new law will not have to add the donation back to their income when completing a Maryland tax return.

“I am proud to support President Obama’s efforts to encourage as many Americans as possible to donate to Haitian relief efforts,” Comptroller Franchot said. “Allowing people to claim the donation on this year’s tax return may be another way to stimulate contributions,” he added.

Under the new federal law, cash donations to charities for Haitian relief efforts made after January 11 and before March 1 of this year may be treated as if the contribution was made on December 31 of last year so the contribution can be deducted from a taxpayer’s 2009 income. Cash donations include contributions made by text message, check, credit card or debit card. It’s important to note that donations may be deducted on this year’s tax return or for next year but not on both year’s returns.

For more information on how the new tax break works, visit the IRS’s Web site at www.irs.gov, or the Comptroller’s Web site at www.marylandtaxes.com.

What's New This Tax Season?

For taxpayers and tax preparers currently working on their 2009 Maryland income tax returns, some important changes and benefits should be kept in mind before filing a return by the April 15 deadline.

- **Electronic filing mandate for tax preparers** - Paid tax preparers, who prepare more than 300 qualified state income tax returns for tax year 2009, must file those returns electronically.
- **Fewer tax booklets being mailed** - To save costs, tax booklets will not be mailed to taxpayers who filed electronically last year or used forms other than the state's orange and black forms. Booklets are available online for downloading.
- **Increased pension exclusion** - Maryland's maximum pension exclusion, which is available to qualifying taxpayers 65 or older, has increased from \$24,000 to \$24,500 for tax year 2009.
- **Increased local income tax rate for Prince George's County** - The local income tax rate for Prince George's County has increased from .0310 to .0320 for tax year 2009.
- **Estimated tax payments** - Estimated tax payments made by individuals for tax year 2009 must be at least 90 percent of the tax developed for the current year or 110 percent of the tax that was developed for the prior year.
- **Revised direct deposit rules for bank accounts outside the U.S.** - If your state refund is being deposited into an account outside of the

U.S., you must check a special box on the back of the return as required by new banking rules.

- **Expanded taxpayer service for Charles County** - Residents of Charles County and other Southern Maryland counties now have access to a new taxpayer service office located in Waldorf.
- **Military spouses** - The wages earned by a spouse of a nonresident U.S. service member may be exempt from Maryland income tax under the Military Spouses Residency Relief Act, when the spouse of the service member is not a legal resident of Maryland.
- **High Income Taxpayers with Income from U.S. Obligations** - The calculation method for the personal exemption amount has been changed. It will allow for a subtraction of income to U.S. obligations from the federal adjusted gross income for certain taxpayers.



We Want to Know What You Think

To enhance the usefulness of *Revenews*, the editorial staff of the publication would like to get some feedback from the readers.

Please take a few minutes to complete this survey at https://interactive.marylandtaxes.com/Extranet/utilities/SLauncher/revenews_survey.asp

“Planning for a career and saving money are essential ingredients for financial success.”

-Comptroller Peter Franchot

Comptroller Franchot Turning Over Every Rock to Find State Savings

Comptroller Franchot is asking vendors who receive more than \$50,000 or at least six checks from Maryland in a year to sign up for electronic payments in an effort to save state funds. He recently contacted nearly 300 businesses to encourage them to sign up for the state's direct payments program.

The payment system, called Automated Clearing House (ACH) Network, will not only assure the vendor timely payment, it has the potential of saving the state more than \$110,000 in postage and envelope costs each year. “I'm looking for every way possible to save money within my agency,” said Comptroller Franchot. “Every penny counts right now,” he added.

Vendors, such as cleaning companies, office product suppliers and maintenance companies can enroll for direct payments by logging

onto www.marylandtaxes.com and completing the GAD X-10 form in the General Accounting section. Vendors will also be able to view their payment history from the site.

In addition to the electronic transfer, the Comptroller's Office recently increased the limit for the state's corporate purchasing card to encourage greater use of the card by state agencies. Through the limit increase, the state will save more than \$54,000 in postage and envelopes each year as well as earn more than \$700,000 in rebates. The card limit is being increased from \$2,500 to \$5,000.

“I'm looking for every way possible to save money within my agency.”

-Comptroller Peter Franchot

Tax Amnesty

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December 31, 2010. Payment plans required a 10% down payment and direct debit of payments each month.

Agency officials processed over 8,400 amnesty applications including requests for 3,645 personal payment plans and 563 business payment plans. More than 700 applications were denied for various reasons. During the nearly 60-day campaign, the Comptroller's staff handled over 13,000 phone calls, 2,698 walk-ins and 1,071 emails. While more than \$26.3 million has been collected to date, ongoing payment plans will result in more cash coming into state coffers over the next 10 months.



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