



United States
Department of
Agriculture

Office of the
Chief Financial
Officer

National
Finance
Center

P.O. Box 60000
New Orleans
Louisiana 70160

Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 12-27, Maryland State and County Income Tax Withholding

Date: September 19, 2012

To: Subscribers of Tax Bulletins

Beginning with wages paid for Pay Period 20, 2012, the National Finance Center (NFC) will change the State tax tables to Maryland State income tax withholdings.

To view the updated tax formula, go to the *NFC Home Page* (<http://www.nfc.usda.gov>) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate State from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **1-800-981-3026** or the *EmpowHR* Help Desk at **1-888-367-6955**.

RANDY L. SPEED, Director
Government Employees Services Division

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Maryland State Income Tax Information

State Abbreviation:	MD
State Tax Withholding State Code:	24
Acceptable Exemption Form:	MW 507
Basis for Withholding:	State Exemptions
Acceptable Exemption Data:	S, M/Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number of Allowances Claimed field as follows: First Position - S = Single; M = Married. Second or Third Positions - Enter the number of exemptions claimed.
Additional Information:	The Maryland State income tax formula contains a computation for Maryland county tax. Residents of the State of Maryland are required to pay the appropriate county tax in addition to the State income tax. Nonresidents of Maryland pay only the State income tax. Refer to the withholding formula for information on the individual county rates.

Withholding Formula ▶(Effective Pay Period 20, 2012)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program and flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (i.e., taxable life insurance) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.¹

¹ If gross annual wages are less than \$5,000, taxes will not be withheld.

5. Determine the standard deduction by applying the following guideline and subtract this amount from the gross annual wages computed in step 4.

$$\text{Standard Deduction}^2 = 15 \text{ percent} \times \text{Annual Wages}$$

² Minimum of \$1,500/Maximum of \$2,000

6. Determine the dependent allowance by applying the following guideline and subtract this amount from the result of step 5 to determine the taxable income.

Exemption Allowance = \$3,200 x Number of Exemptions

7. Apply the taxable income computed in step 6 to the following table to determine the annual Maryland tax withholding.

Maryland Nonresident Not Subject to Maryland County Tax

Married

If the Amount of Taxable Income Is:		The Amount of Maryland Tax Withholding Should Be:			
Over:	But Not Over				Of Excess Over:
\$0	▶\$150,000	\$0	plus	6.00%	\$0
150,000	175,000	9,000	plus	6.25%	150,000
175,000	225,000	10,562.50	plus	6.50%	175,000
225,000	300,000	13,812.50	plus	6.75%	225,000
300,000	and over	18,875	plus	7.00%	300,000◀

Single

If the Amount of Taxable Income Is:		The Amount of Maryland Tax Withholding Should Be:			
Over:	But Not Over				Of Excess Over:
\$0	▶\$100,000	\$0	plus	6.00%	\$0
100,000	125,000	6,000	plus	6.25%	100,000
125,000	150,000	7,562.50	plus	6.50%	125,000
150,000	250,000	9,187.50	plus	6.75%	150,000
250,000	and over	15,937.50	plus	7.00%	250,000◀

All Other Employees

Married

If the Amount of Taxable Income Is:		The Amount of Maryland Tax Withholding Should Be:			
Over:	But Not Over				Of Excess Over:
\$0	▶\$150,000	\$0	plus	4.75%	\$0
150,000	175,000	7,125	plus	5.00%	150,000
175,000	225,000	8,375	plus	5.25%	175,000
225,000	300,000	11,000	plus	5.50%	225,000
300,000	and over	15,125	plus	5.75%	300,000◀

Single

If the Amount of Taxable Income Is:		The Amount of Maryland Tax Withholding Should Be:			
Over:	But Not Over				Of Excess Over:
\$0	▶\$100,000	\$0	plus	4.75%	\$0
100,000	125,000	4,750	plus	5.00%	100,000
125,000	150,000	6,000	plus	5.25%	125,000
150,000	250,000	7,312.50	plus	5.50%	150,000
250,000	and over	12,812.50	plus	5.75%	250,000◀

8. Divide the result of step 7 by 26 to obtain the biweekly Maryland State tax. **Residents** of Maryland are to proceed to step 9 to compute Maryland county tax.
9. If the employee is a resident of the State of Maryland, compute the annual county tax withholding as follows:
 - a. Repeat steps 1 through 5.
 - b. Determine the dependent allowance by applying the following guideline and subtract this amount from the result of step 9a to determine the taxable county income.

$$\text{Exemption Allowance} = \$3,200 \times \text{Number of Exemptions}$$

- c. Apply the taxable income computed in 9b to the following guideline to determine the appropriate county income tax:

Compute the Annual Income Tax Withholding For:	By Multiplying the Annual Taxable Wage By:
Allegany	3.05%
Anne Arundel	2.49%
Baltimore	2.83%
Baltimore City	3.20%
Calvert	2.80%
Caroline	2.63%
Carroll	3.05%
Cecil	2.80%
Charles	2.90%
Dorchester	2.62%
Fredrick	2.96%
Garrett	2.65%
Harford	3.06%
Howard	3.20%
Kent	2.85%
Montgomery	3.20%
Prince George's	3.20%
Queen Anne's	3.20%
St. Mary's	3.00%
Somerset	3.15%
Talbot	2.25%
Washington	2.80%
Wicomico	3.10%
Worcester	1.25%

- d. Divide the result of step 9c by 26 to obtain the biweekly Maryland county tax.

- e. Add the results of steps 8 and 9d to determine the resident's biweekly Maryland State and county tax combined withholding.