


THE PRINCE GEORGE'S COUNTY GOVERNMENT
OFFICE OF FINANCE
Administration

Rushern L. Baker, III
County Executive

MEMORANDUM

July 12, 2012

TO: County Employees and Retirees
FROM: Gail D. Franz  Director of Finance
SUBJECT: Notice of 2012 Increases to Maryland Income Taxes

This notice is to advise you that during the recent Special Session of the Maryland General Assembly there were two changes in Maryland income tax laws that may affect your liability for tax year 2012. For your reference, a table summary of the 2012 and 2011 rates is attached to this notice. Please review this summary to determine if you will be affected by these changes.

CHANGES IN EXEMPTION AMOUNTS, TAX RATES, AND RATE BRACKETS - The first set of changes decreases exemption amounts that can be claimed for tax withholding purposes. The second set of changes increases tax rates along with shrinking tax brackets.

EFFECTIVE DATES – We are currently testing updated tax tables associated with the referenced tax increases which were made available to the County earlier this month. The updated tax tables are scheduled to be used when we process the July 27 payday for active employees and the August 1 annuity payment for retirees.

While these tax changes are retroactive to January 1, 2012, neither the County nor other employers are required to collect taxes for income paid prior to the actual passage of the law. This is your personal liability and responsibility. We strongly recommend a prompt assessment of your individual tax situation. You may need to:

- adjust your future withholdings or exemptions by submitting a new FORM MW507, Employee's Maryland Withholding Exemption Certificate or a new FORM MW507P, Annuity, Sick Pay and Retirement Distribution Request for Maryland Income Tax Withholding;
- submit quarterly payments directly to the State Comptroller using form 502D-2012, Maryland Personal Declaration of Estimated Income Tax; or
- make up any shortfalls of the income tax withholdings when filing your 2012 tax return.

Office of Finance staff cannot give advice on this subject. Please contact your personal tax advisor to determine how to address the impact. You may also call the Maryland Revenue Division at either 1-800-638-2937 or 410-260-7980. The State's website at www.marylandtaxes.com/taxes.asp may be a useful resource as it contains links to forms and other information such as a 2012 Estimated Tax Calculator.

OTHER: RENAMING DIRECT DEPOSIT ALLOTMENTS – To help process direct deposit changes made online using the Employee Self-Service (ESS) module, we will be changing allotment names that appear on your pay advice. For example, Credit Union Deductions will now be identified as either Allotment 1, 2, or 3. These name changes will not impact existing banking data or allotment amounts. Questions about renaming the allotments can be directed to your Agency Payroll Coordinator.

Attachment

14741 Governor Oden Bowie Drive, Suite 3200, Upper Marlboro, Maryland 20772
(301) 952-5025 ■ 711 Maryland Relay Service

ALERT: CHANGES IN MARYLAND INCOME TAX LAWS FOR 2012 (Senate Bill 1302)

CHANGES IN TAX RATES AND RATE BRACKETS

CHANGES IN EXEMPTION AMOUNTS

FILING STATUS

CURRENT - TAX YEAR 2012

PRIOR - TAX YEAR 2011

CURRENT - TAX YEAR 2012

PRIOR - TAX YEAR 2011

**JOINT, SURVIVING
SPOUSE, OR HEAD
OF HOUSEHOLD**

MD Taxable Income		Tax Rate
From	To	Percent
\$3,001	\$150,000	4.75
\$150,001	\$175,000	5.00
\$175,001	\$225,000	5.25
\$225,001	\$300,000	5.50
More than	\$300,000	5.75

MD Taxable Income		Tax Rate
From	To	Percent
\$3,001	\$200,000	4.75
\$200,001	\$350,000	5.00
\$350,001	\$500,000	5.25
More than	\$500,000	5.50

Fed Adj Gross Income		Exemption Amount
From	To	
Less than	\$150,001	\$3,200
\$150,001	\$175,000	\$1,600
\$175,001	\$200,000	\$800
More than	\$200,000	\$0

Fed Adj Gross Income		Exemption Amount
From	To	
Less than	\$150,001	\$3,200
\$150,001	\$175,000	\$2,400
\$175,001	\$200,000	\$1,800
\$200,001	\$250,000	\$1,200
More than	\$250,000	\$600

**ALL OTHER
INDIVIDUAL
TAXPAYERS
(excluding dependent
taxpayers)**

MD Taxable Income		Tax Rate
From	To	Percent
\$3,001	\$100,000	4.75
\$100,001	\$125,000	5.00
\$125,001	\$150,000	5.25
\$150,001	\$250,000	5.50
More than	\$250,000	5.75

MD Taxable Income		Tax Rate
From	To	Percent
\$3,001	\$150,000	4.75
\$150,001	\$300,000	5.00
\$300,001	\$500,000	5.25
More than	\$500,000	5.50

Fed Adj Gross Income		Exemption Amount
From	To	
Less than	\$100,001	\$3,200
\$100,001	\$125,000	\$1,600
\$125,001	\$150,000	\$800
More than	\$150,000	\$0

Fed Adj Gross Income		Exemption Amount
From	To	
Less than	\$100,001	\$3,200
\$100,001	\$125,000	\$2,400
\$125,001	\$150,000	\$1,800
\$150,001	\$200,000	\$1,200
More than	\$200,000	\$600