



## Maryland Enacts First-Come-First-Served Job Creation and Recovery Tax Credit

Businesses operating or conducting business in Maryland that hire certain workers for newly-created or certain vacant positions in the State may be eligible for a tax credit. The amount of the tax credit is based on the number of employees hired and the number of months employed during the tax credit period.

To be eligible, employees must be Maryland residents hired between March 25, 2010 and December 31, 2010. At the time of hire, individuals must be receiving unemployment insurance benefits or have exhausted their benefits in the previous 12 months and not be working full-time immediately preceding the date of hire.

The new positions must be:

- full-time;
- positions that require an employee to be employed without interruption for 12 months or more;
- located in Maryland; and
- newly created or have been vacant for at least 6 months.

The business must certify each employee with The Department of Labor, Licensing and Regulation (DLLR) by submitting an online application.

How the credit is calculated:

The credit allowed depends on the number of months the employee remains in the position. The credit is for up to \$5,000 per employee hired by the employer between March 25, 2010 and December 31, 2010. The amount of credit that may be claimed in each year is prorated based on the number of employees and number of months employed during the businesses' taxable year.

The total credit cannot exceed \$250,000 for any employer under this program. The amount in excess of the state tax liability may be refunded. The total amount of credits approved by DLLR each year is limited to \$20,000,000; initial credit certificates will be issued on a first-come-first-served basis.

The credit may be taken against corporate income tax or personal income tax. Sole proprietorships, corporations and pass-through entities, such as partnerships, subchapter S corporations, limited liability companies and business trusts may claim the tax credit.

<http://business.marylandtaxes.com/taxinfo/taxcredit/jobcreation/default.asp>

For questions or inquiries, contact:

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