

## Income/Franchise:

### Maryland: New Law Alters Provisions on Automatic One-Year Decoupling from IRC Changes

*H.B. 495* and *S.B. 578*, enacted without Governor's signature 5/30/21. Effective July 1, 2021 and applicable to all taxable years beginning after December 31, 2020, new law alters Maryland's "automatic one-year decoupling" provisions for state corporate and individual income tax purposes by specifying that such provisions also apply to amendments of the Internal Revenue Code (IRC) that impact Maryland revenues by at least \$5 million in any taxable year that *precedes* the calendar year in which the amendment is enacted, rather than just amendments of the IRC that impact Maryland revenues in the fiscal year that begins during the calendar year in which the federal tax change is enacted. Accordingly, if the Maryland Comptroller determines that a federal tax change alters taxpayer income and will impact Maryland revenues by at least \$5 million in either timeframe, the federal tax change generally does *not* apply for Maryland income tax purposes for any taxable year that begins in the calendar year in which the federal tax change is enacted, *or* in any taxable year that precedes the calendar year in which the federal tax change is enacted. Please contact us with any questions.

**URL:** <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0495>

**URL:** <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0578>

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