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**TO:** All State Agencies  
**FROM:** Robert J. Murphy, Director  
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**DATE:** January 4, 2012  
**SUBJECT:** MARYLAND STATE AND LOCAL INCOME TAX TABLES

Maryland law provides that the Comptroller prepare a percentage income tax withholding method that indicates the percent of State income tax to be withheld from wages. The percentage used is relative to median local tax rates of Maryland's 23 counties and Baltimore City.

Withholding is a combination of the State income tax, which has rates graduated per taxable income, (see chart below) and local taxes. This combined tax appears under the heading of STATE TAX on all payroll documents, including the Employee's Earnings Statement (pay stub) that is attached to all payroll checks and deposit advices.

<b>Taxpayers Filing Joint, Surviving Spouse or Head of Household Returns</b>		<b>All Other Individual Taxpayers</b>	
<u>Taxable Income</u>	<u>Tax Rate</u>	<u>Taxable Income</u>	<u>Tax Rate</u>
\$1 - \$1,000	2 percent	\$1 - \$1,000	2 percent
\$1,001 - \$2,000	3 percent	\$1,001 - \$2,000	3 percent
\$2,001 - \$3,000	4 percent	\$2,001 - \$3,000	4 percent
\$3,001 - \$200,000	4.75 percent	\$3,001 - \$150,000	4.75 percent
\$200,001 - \$350,000	5 percent	\$150,001 - \$300,000	5 percent
\$350,001 - \$500,000	5.25 percent	\$300,001 - \$500,000	5.25 percent
\$500,001 -	5.5 percent	\$500,001 -	5.5 percent

Beginning with calendar year 2008, the State of Maryland added a selection to filing status for tax withholding. You can choose Single, Head of Household (married or unmarried), or Married status but withhold at the Single rate on the W4/MW507 withholding form. The tax rate is the same for all categories until you reach \$150,000 in yearly income for a single filer. Employees expecting to make more than \$150,000 in 2012 and who can file as Married or Head of Household should ensure a proper W4-MW507 form is in place for Maryland taxes.

The county of residence, which determines the rate of the local withholding portion is the county submitted on the Employee Withholding Allowance Certificate, IRS Form W-4/Comptroller Form MW 507. The two position alphabetic code in the box "County Code" on the Employee's Earnings Statement (pay stub) is the county recorded in the individual's pay record. Employees that do not submit a withholding certificate are defaulted to the highest rate of local tax, which for the year 2012 will be 3.20%.

For most employees who are not residents of Maryland the Nonresident rate (6%) is used, which includes no local tax; but does include the Special 1.25% Nonresident rate.

Two attachments accompany this memorandum, the first is the local tax rate used by the Central Payroll Bureau to compute the local portion of the combined state tax. The second attachment provides a translation of the alpha code that appears in the County code box that is printed on the pay stub.

Note:

1. Individual tax calculations and estimates can be readily determined by using the Central Payroll Bureau, [Net Pay Calculator](http://compnet.comp.state.md.us/cpb) (<http://compnet.comp.state.md.us/cpb>) which is located at the bottom of the home page.
2. A link is also provided to the Maryland State and Local tax tables from our Web site. Click on - "State Employee News and Information."

Attachment 1  
Local Income Tax Withholding Rates for 2012

City or County Of Residence	County Code	Local Income Tax Withholding Rate (percentage of MD Taxable Wage)
Worcester County	24	1.25
Talbot County	21	2.25
Anne Arundel County	02	2.49
Dorchester County	10	2.62
Caroline County	06	2.63
Garrett County	12	2.65
Calvert County	05	
Cecil County	08	
Washington County	22	2.80
Baltimore County	03	2.83
Kent County	15	2.85
Queen Anne's County	18	3.20
Charles County	09	2.90
Frederick County	11	2.96
St. Mary's County	19	3.00
Allegany County	01	3.05
Carroll County	07	3.05
Harford County	13	3.06
Wicomico County	23	3.10
Somerset County	20	3.15
Baltimore City	04	
Howard County	14	
Montgomery County	16	
Prince George's County	17	
Unknown Maryland County	**	3.20
Out of State	25-76	1.25

This table is a display of all possible Local Income Tax Withholding Rates effective for payments made on or after January 1, 2012.

**\*\*Central Payroll Bureau is required to tax at maximum local rate of 3.20 absent of employee submitted address data on Form W-4.**

Attachment 2**Maryland Employee Earnings Statement-Maryland County Codes**

<u>Code</u>	<u>County</u>
AA	Anne Arundel
AL	Allegany
BA	Baltimore
BC	Baltimore City
CE	Cecil
CH	Charles
CL	Caroline
CR	Carroll
CV	Calvert
DR	Dorchester
FR	Frederick
GR	Garrett
HF	Harford
HW	Howard
KT	Kent
MD	Unknown Maryland County
MG	Montgomery
PG	Prince George's
QA	Queen Anne's
SM	Saint Mary's
SO	Somerset
TA	Talbot
WA	Washington
WI	Wicomico
WO	Worcester