

### **Maryland Credit for Hiring Unemployed Workers**

Maryland recently enacted a new tax credit for employers hiring unemployed workers. The credits are capped statewide and will be available on a first-come, first-served basis. You should be aware of these rules so that you can promptly claim any credits to which you may be entitled while they are still available.

Qualified workers are Maryland residents who receive unemployment insurance benefits (or whose benefits expired in the last year) and are not employed full-time. The credit is \$5,000 per qualified employee.

The new employee must be hired to fill a full-time position in Maryland that is:

- > Expected to be for an indefinite duration and without interruption for 12 months or more, and
- > Is either a new position or a position that has been vacant for at least six months at the time of hiring.

Certain exclusions apply:

- > To qualify for the credit, the employee must begin work between March 25, 2010, and December 31, 2010.
- > Credits are capped at \$250,000 per employer. Total credits approved by the state are capped at \$20,000,000.

The employer must apply for the credits with the Secretary. The state has not yet issued an application form. Once approved for the credits, the employer claims the credit based on the number of months worked in 2010 and 2011 on their Maryland income tax returns for those years, respectively. For example, if a calendar-year employer hires a qualified worker to start work on July 1, 2010, the employer will claim half of the credit during 2010 and half during 2011.

Not-for-profit taxpayers may claim the credit against state income taxes on unrelated business taxable income (UBTI).

If you have any questions regarding the new Maryland credit, please contact your Baker Tilly Virchow Krause advisor or send an e-mail to [tax@bakertilly.com](mailto:tax@bakertilly.com).

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