

Who gets checks, tax breaks — and when — from Maryland’s coronavirus pandemic RELIEF Act package?

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BALTIMORE SUN |

FEB 16, 2021 AT 6:16 AM

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When Gov. Larry Hogan put pen to paper on Monday afternoon and signed the RELIEF Act into law, he triggered a series of maneuvers that will enable hundreds of thousands of state residents to get stimulus payments and many businesses to get tax breaks.

The RELIEF Act is the Republican governor’s signature effort of the current General Assembly session. It’s a more than \$1 billion combination of direct payments, tax breaks and business aid aimed at helping those taking the worst financial hit from the coronavirus pandemic. Lawmakers expanded on the governor’s proposal and the bill won bipartisan support.

“The RELIEF Act offers a real lifeline to those hardest hit: People who are struggling to get by and small businesses desperately trying to stay afloat,” Hogan said during a brief ceremony at the State House, where he was joined by Senate President Bill Ferguson and House of Delegates Speaker Adrienne A. Jones, both Democrats.

Here’s a look at what you need to know about the Recovery for the Economy, Livelihoods, Industries, Entrepreneurs and Families Act.

Am I getting a check?

One-time payments of \$300 for individuals and \$500 for couples will go to workers who claimed an earned income tax credit when they filed their 2019 federal taxes a year ago. They must still live in Maryland.

The earned income tax credit, or EITC, helps lessen the tax burden for people with low incomes, particularly those with children who are their dependents.

Typically, workers who get the EITC end up with hundreds of extra dollars in tax refunds.

More than 422,000 workers in Maryland are eligible for the checks from the state.

If you’re not sure whether you qualify, the state comptroller’s office has a website where you can check: marylandtaxes.gov/reliefact. You’ll need to enter your name, the last four digits of your Social Security number and the amount of your adjusted gross income from last year’s tax return.

Do I need to do anything to get my payment, and when will I get it?

Nearly all of those getting a direct payment do not need to fill out forms nor take any other action. The comptroller’s office will automatically send the payments, and it’s promising 98% will go out within a week.

Comptroller Peter Franchot, a Democrat, pledged his staff will carry out the payments and other aspects of the RELIEF Act with “spectacular, excellent execution.”

“We’re going to show the state how it should be done,” Franchot said.

For about 63% of those eligible, the comptroller’s office has bank account information on file from past tax returns. It will make direct deposits over the next week in those accounts.

Another 35% of eligible taxpayers will get checks in the mail. Those checks will be cut and sent to the Postal Service over the next week.

The final 2% — about 6,500 eligible taxpayers — don’t have a current address or bank account on file with the comptroller. Those taxpayers will need to contact the comptroller to update their information before getting a payment.



Gov. Larry Hogan, center, gives a double thumbs-up after signing the RELIEF Act, a pandemic financial aid bill that combines stimulus payments, tax breaks and business aid. He was joined in a State House ceremony on Monday, Feb. 15, 2021, by Senate President Bill Ferguson, left, and House of Delegates Speaker Adrienne A. Jones, right. Behind them, from left: House Minority Leader Nic Kipke, House Majority Leader Eric Luedtke, Senate Budget and Taxation Committee Chair Guy Guzzone and Senate Minority Leader Bryan Simonaire. (Pamela Wood/Baltimore Sun)

How about a tax break?

A key feature of the RELIEF Act, added by Democrats, makes the state’s match of the federal earned income tax credit more generous for the next three years. The state will make those adjustments automatically, so workers who claim the credit don’t need to do anything further.

For those who qualify for the expanded earned income tax credit in Maryland, the average taxpayer will get about \$1,100 more per year, said Robin McKinney, co-founder and CEO of the CASH Campaign of Maryland, which helps low-income residents with financial issues, including taxes.

“It’s an incredibly powerful amount of money,” she said.

Low-income singles without children will benefit in particular, because they typically received very little from the EITC and now will receive significantly more, McKinney said.

What about taxes on unemployment benefits?

The RELIEF Act says that workers who received unemployment benefits in 2020 or 2021 — or in both years — do not have to pay local or state income taxes on that money.

Federal taxes still apply.

There is a limit, however, to who can get the state benefit: It applies only to individuals earning less than \$75,000 or couples who file jointly and earn less than a total of \$100,000.

Workers who had taxes taken out of their unemployment payments will get that money back when they file their tax returns.

With all these changes, should I wait to file my taxes?

It may take a little time for online tax services and tax preparers to update their software to reflect the changes to the earned income tax credit and unemployment benefits.

So, it may be prudent to wait a bit before filing, just to make sure the program you’re using is up-to-date.

“If you can wait a week, then wait a week,” McKinney said Monday.

But I already filed my tax return. What if I’m affected by these changes?

Sorry. You’ll need to file an amended return.

Is there any money to help for people stuck in an unemployment dispute?

The RELIEF Act includes one-time, \$1,000 payments to people who are trying to get unemployment checks but whose cases are stuck in “adjudication” status for at least 30 days.

An estimated 32,000 people could qualify for this benefit.

The state Department of Labor plans to compile lists each month for the next five months of eligible people. Those lists will be sent to the comptroller, who will mail paper checks.

How does the act help small businesses?

The act allows certain small businesses to keep some of the sales taxes they collect from customers, instead of sending it to the state as usual.

If a business collects less than \$6,000 in sales tax per month (meaning it has \$100,000 or less in monthly sales), it can keep up to \$3,000 of it for each of the months of March, April and May. Businesses can claim this credit on their quarterly filings with the comptroller.

All businesses could see a break on their future unemployment tax payments, which will not go up even if they laid people off. And employers with 50 or fewer employees will be able to postpone making unemployment tax payments for 2021 until January 2022.

Also, businesses that participated in state pandemic loan and grant programs now don't have to pay tax on that money.

There's also funding for a host of business grant and aid programs, which are administered by various government agencies. A starting point for information is businessexpress.maryland.gov/coronavirus.

Who doesn't qualify for aid?

The RELIEF Act was designed to help people with low incomes and those with small businesses.

According to the IRS, people who qualify for the federal EITC, on which the expanded Maryland benefits are based, make between \$16,000 and \$57,000 a year (that higher amount is for a couple with three or more kids). The qualifying income varies, depending on whether people are filing jointly or as individual and how many dependents they have.

So, unlike the federal pandemic packages that sent out stimulus payments to people with greater incomes, there's nothing in the Maryland plan for middle-income and high-income earners. There's also no direct tax break for businesses that are based on services, which aren't subject to sales tax.

The new help for people who receive the federal earned income tax credit leaves out people who lack Social Security numbers and instead file taxes using an individual tax identification number, or ITIN. Such taxpayers — a group that includes workers who are not citizens, some of who entered the U.S. with legal permission and some of who did not — aren't allowed to claim the federal earned income tax credit.

Democratic lawmakers have pledged to pass a bill to include ITIN taxpayers in the state's portion of the earned income tax credit program. It's moving forward this week in the state Senate.

What if I still have questions?

The comptroller has set up multiple ways for people to ask questions about the tax portions of the RELIEF Act, and he promises the phones will be answered.

"We can answer the phones. We have hundreds of people standing by," Franchot said. "You're not going to get a busy signal or a recording when you call the comptroller's office."

Call 833-345-0787 or send questions to RELIEFAct@marylandtaxes.gov.

The comptroller's office can't, however, change who is eligible for payments and tax breaks, which is set in the law.

"I'm telling all our people to very politely say: 'We understand you're not eligible. If that upsets you, call the governor,'" Franchot said.