

Maryland Disability Employment Tax Credit

What is it?

The Maryland Disability Employment Tax Credit (MDETC) is a Maryland State tax credit that allows employers to claim credit for newly hired employees with disabilities.

For each taxable year a credit is allowed in an amount equal to 30% of up to the first \$9000 of wages paid during the first year and 30% of up to the first \$9000 of wages during the second year of employment.

Also, under MDETC, employers can benefit from a tax credit for work-related childcare or transportation expenses paid by the employer. A credit of up to \$900 of the qualified childcare or transportation expenses incurred during each of the first two years of employment is available.

The MDETC may be claimed concurrently with any available federal tax credits for which the employee may be eligible, such as the Work Opportunity Tax Credit (WOTC).

The MDETC does not apply to:

- Persons hired to replace laid-off employees or individuals on strike; or
- A business simultaneously receiving federal or State employment training benefits; or
- A business claiming a State tax credit under the "work not welfare" law for the same individual.

There are special provisions for employment lasting less than one year.

Who may qualify?

The tax credit is targeted to enhance employment opportunities for persons with disabilities as defined by the Americans with Disabilities Act (ADA). Individuals with disabilities who have been certified by the Maryland State Department of Education, Division of Rehabilitation Services as having met established criteria qualify for the MDETC. DORS has also delegated certification authority to the Behavioral Health Administration (BHA), Developmental Disability Administration (DDA), and the Veterans Administration (VA) for individuals with disabilities receiving services by those agencies. In addition, individuals receiving SSDI or SSI based on disability may self-certify by providing a copy of a benefits award letter or check.

Once the individual is certified with the completion of the **MDETC Form**, the employer may claim the tax credit for the individual who has been hired.



How do employers obtain the tax credit?

- Individuals with disabilities seeking employment may present a signed MDETC Form to the potential employer.
- Upon hiring a person presenting an MDETC Form the employer will complete the employer's portion of the Form and return it to DLLR within 30 days.
- If DLLR determines that the individual is qualified for the tax credit, a Certificate of Eligibility for the MDETC will be returned to the employer.
- The employer must retain the Certificate to document and justify including the tax credit on its tax return.

Note:

Employers who qualify for the MDETC may also qualify for the federal Work Opportunity Tax Credit and should apply for that first online. You can find the WOTC Online System here:

wotc.dllr.state.md.us

Presentation of a MDETC Form does not necessary mean that an individual meets the qualifications for a particular job. Employers should use their usual screening and hiring methods in accordance with the Americans with Disabilities Act (ADA) in making hiring decisions.

As a reminder, employers may not ask an applicant if he or she is a person with a disability for tax credit or other purposes.

Where to go for more information:

Department of Labor, Licensing and Regulation (DLLR)
Tax Credit Program Administrator
1100 N. Eutaw Street, Room 201
Baltimore, MD 21201
Telephone: 410-767-2047
Fax 410-767-2078

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