

Case Study II

Client Information

Taxpayer name: Carlos Wenceslaus Masaryk
 Taxpayer SSN: xxx-xx-x501
 Taxpayer DOB: November 12, 1989
 Address: 603 Berwyn Road
 Berwyn Heights, MD 20784
 Living arrangement: Rents an apartment in Berwyn
 Cell phone: XXX 555-0501
 Work phone: XXX 555-4434
 Email: Masaryk.C.W.@net.net
 Taxpayer occupation: Physician trainee
 Visa information:
 Passport: Czech Republic X3456789
 Visa: J1 issued April 15, 2016
 First date in U.S. Entered U.S. April 24, 2016
 No prior visits to U.S. on any visa
 U.S. exit/entry dates: Left U.S. December 24, 2016; December 24, 2017,
 Entered U.S. January 3, 2017; also January 3, 2018.

Employment

Carlos W. Masaryk is a physician trainee at Berwyn Hospital in Prince Georges County, MD. He resided in the Czech Republic immediately before entering the U.S. His contract began May 1, 2016, and runs for two years. It is renewable in two year increments.

Income

He received a 1042-S for \$32 interest on an account in the BH federal credit union.

He received a 1042-S for wages from Berwyn Hospital. EIN is: 40-9999999

Box 1 code of 19, Box 2 shows \$ 42,400; Box 3 is checked, 3b: 14%, Box 7: \$5,418

He has no other income.

Treaty Benefits

Table 2 of Tax Treaty Tables shows the following under Czech Republic:

Czech Republic	15	Scholarship or fellowship grant ^{4, 15}	5 years	Any U.S. or foreign resident ⁶	No limit	21(1)
	16	Independent personal services ⁷	183 days	Any contractor	No limit	14
	17	Dependent personal services ^{8, 17}	183 days	Any foreign resident	No limit	15
	42	Public entertainment	No limit	Any U.S. or foreign resident	\$20,000 p.a. ³⁰	18
	18	Teaching ^{4, 35}	2 years	Any U.S. educational or research institution	No limit	21(5)
	19	Studying and training: ⁴				
		Remittances and allowances	5 years	Any foreign resident	No limit	21(1)
		Compensation during training	5 years	Any U.S. or foreign resident	\$5,000 p.a.	21(1)
		Compensation while gaining experience ⁵	12 consec. mos.	Czech resident	\$8,000	21(2)
		Compensation under U.S. Government program	1 year	U.S. Government	\$10,000	21(3)

Other 1042-S and Form 8843 information

Just write 'address', 'phone number', etc.

Expenses

\$ 280	stethoscope
\$ 60	scrubs
\$ 45	sterile laundry of scrubs
\$ 240	comfortable white shoes
\$ 475	medical reference materials
\$ 150	tax preparation for last year's tax returns
\$ 3,000	total for four \$ 750 timely quarterly estimated payments to MD for tax year taxes. (Same amount at end of each quarter in U.S. in prior years.)
\$ 330	professional dues

Carlos W. Masaryk would like the most advantageous tax return possible. He would like to claim treaty benefits in the U.S. - Czech Republic Income Tax Treaty.

Prepare a 'second year in U.S. on J1 visa' Federal tax return for Carlos W. Masaryk.

Prepare any other required (i.e. 8843) or useful forms and notes or statements.

Third year progression: His twin brother, Josef Wenceslaus Masaryk, arrived in the U.S, precisely one year earlier than CWM. His social security number is XXX-XX-X401. All information about JWM follows the same fact pattern as for CWM.

JWM has been in the U.S. on a J1 visa for some part of two prior calendar years. His eXemption from counting days has ended. Assume Berwyn Hospital began to withhold for social security and Medicare taxes on January 1. Prepare 2017 Federal and state tax returns for JWM as a 'Third year in U.S. on J-1 visa' return individual. Prepare any other required forms.

Think:

- What forms does each Masaryk twin need?
- Would any Preparer history or Return Notes be helpful?
- May each Masaryk claim as deductions all the expenses listed? Should he?
- If each Masaryk's taxes are prepared by a paid tax professional, will the tax preparation bill for a complex return be offset by tax savings? Enough to make it worthwhile to claim all possible itemized deductions?

Allowable Itemized Deductions

- Schedule A: If a twin takes all allowable itemized deductions and has receipts
- \$ 3,000 1 payment of \$750 for prior year MD 4th quarter estimated taxes paid in tax year, and 3 payments of \$750 each for current year tax return
- \$ 280 stethoscope
- \$ 45 sterile laundry of scrubs
- \$ 475 medical reference materials
- \$ 330 professional dues
- \$ 150 tax preparation for last year's tax returns
- The scrubs themselves do not qualify because scrubs are often worn as street wear.
- The sterile laundering qualifies if Carlos or Josef is required to pay for it himself.
- The shoes would have to be prescribed by a doctor to qualify.

Solution – Case Study II 1040NR

Form **1040NR**

U.S. Nonresident Alien Income Tax Return
 ▶ Go to www.irs.gov/Form1040NR for instructions and the latest information.
 For the year January 1–December 31, 2017, or other tax year

OMB No. 1545-0074

2017

Department of the Treasury
Internal Revenue Service

beginning , 2017, and ending , 20

Please print or type

Your first name and initial Carlos W,	Last name Masaryk	Identifying number (see instructions) xxx-xx-x501
Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see instructions. 603 Berwyn Road		Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions. Berwyn Heights, MD 20784		
Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status

Check only one box.

1 <input type="checkbox"/> Single resident of Canada or Mexico or single U.S. national 2 <input checked="" type="checkbox"/> Other single nonresident alien 3 <input type="checkbox"/> Married resident of Canada or Mexico or married U.S. national If you checked box 3 or 4 above, enter the information below.	4 <input type="checkbox"/> Married resident of South Korea 5 <input type="checkbox"/> Other married nonresident alien 6 <input type="checkbox"/> Qualifying widow(er) (see instructions) Child's name ▶	
(i) Spouse's first name and initial	(ii) Spouse's last name	(iii) Spouse's identifying number

Exemptions

If more than four dependents, see instructions.

7a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 7a b <input type="checkbox"/> Spouse. Check box 7b only if you checked box 3 or 4 above and your spouse did not have any U.S. gross income	Boxes checked on 7a and 7b 1 No. of children on 7c who: • lived with you _____ • did not live with you due to divorce or separation (see instructions) _____ Dependents on 7c not entered above _____ Add numbers on lines above ▶ 1			
c Dependents: (see instructions)				
(1) First name	Last name	(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instr.)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
d Total number of exemptions claimed				

Income Effectively Connected With U.S. Trade/Business

Attach Form(s) W-2, 1042-S, SSA-1042S, RRB-1042S, and 8288-A here. Also attach Form(s) 1099-R if tax was withheld.

8 Wages, salaries, tips, etc. Attach Form(s) W-2	8	37,400
9a Taxable interest	9a	
b Tax-exempt interest. Do not include on line 9a	9b	
10a Ordinary dividends	10a	
b Qualified dividends (see instructions)	10b	
11 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)	11	
12 Scholarship and fellowship grants. Attach Form(s) 1042-S or required statement (see instructions)	12	
13 Business income or (loss). Attach Schedule C or C-EZ (Form 1040)	13	
14 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>	14	
15 Other gains or (losses). Attach Form 4797	15	
16a IRA distributions	16a	
16b Taxable amount (see instructions)	16b	
17a Pensions and annuities	17a	
17b Taxable amount (see instructions)	17b	
18 Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040)	18	
19 Farm income or (loss). Attach Schedule F (Form 1040)	19	
20 Unemployment compensation	20	
21 Other income. List type and amount (see instructions)	21	
22 Total income exempt by a treaty from page 5, Schedule OI, Item L (1)(e)	22	5000
23 Combine the amounts in the far right column for lines 8 through 21. This is your total effectively connected income	23	37400
24 Educator expenses (see instructions)	24	
25 Health savings account deduction. Attach Form 8889	25	
26 Moving expenses. Attach Form 3903	26	
27 Deductible part of self-employment tax. Attach Schedule SE (Form 1040)	27	
28 Self-employed SEP, SIMPLE, and qualified plans	28	
29 Self-employed health insurance deduction (see instructions)	29	
30 Penalty on early withdrawal of savings	30	
31 Scholarship and fellowship grants excluded	31	
32 IRA deduction (see instructions)	32	
33 Student loan interest deduction (see instructions)	33	
34 Domestic production activities deduction. Attach Form 8903	34	
35 Add lines 24 through 34	35	
36 Subtract line 35 from line 23. This is your adjusted gross income	36	37400

Schedule A—Itemized Deductions (see instructions)

07

Taxes You Paid	1	State and local income taxes			1	3000
Gifts to U.S. Charities		Caution: If you made a gift and received a benefit in return, see instructions.				
	2	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	2			
	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if the amount of your deduction is over \$500	3			
	4	Carryover from prior year	4			
	5	Add lines 2 through 4	5			
Casualty and Theft Losses	6	Casualty or theft loss(es). Attach Form 4684. See instructions			6	
Job Expenses and Certain Miscellaneous Deductions	7	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See instructions ▶ detail	7	1130		
	8	Tax preparation fees	8	150		
	9	Other expenses. See instructions for expenses to deduct here. List type and amount ▶ _____ _____ _____	9			
	10	Add lines 7 through 9	10	1280		
	11	Enter the amount from Form 1040NR, line 37	11	37400		
	12	Multiply line 11 by 2% (0.02)	12	748		
	13	Subtract line 12 from line 10. If line 12 is more than line 10, enter -0-	13			532
Other Miscellaneous Deductions	14	Other—see instructions for expenses to deduct here. List type and amount ▶ _____ _____ _____ _____				
Total Itemized Deductions	15	Is Form 1040NR, line 37, over the amount shown below for the filing status box you checked on page 1 of Form 1040NR: • \$313,800 if you checked box 6; • \$261,500 if you checked box 1 or 2; or • \$156,900 if you checked box 3, 4, or 5? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 1 through 14. Also enter this amount on Form 1040NR, line 38. <input type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter here and on Form 1040NR, line 38.			15	3532

Schedule OI—Other Information (see instructions)
Answer all questions

- A** Of what country or countries were you a citizen or national during the tax year? Czech Republic
- B** In what country did you claim residence for tax purposes during the tax year? Czech Republic
- C** Have you ever applied to be a green card holder (lawful permanent resident) of the United States? Yes No
- D** Were you ever:
1. A U.S. citizen? Yes No
2. A green card holder (lawful permanent resident) of the United States? Yes No
- If you answer "Yes" to (1) or (2), see Pub. 519, chapter 4, for expatriation rules that apply to you.
- E** If you had a visa on the last day of the tax year, enter your visa type. If you did not have a visa, enter your U.S. immigration status on the last day of the tax year. J1
- F** Have you ever changed your visa type (nonimmigrant status) or U.S. immigration status? Yes No
If you answered "Yes," indicate the date and nature of the change. ► _____
- G** List all dates you entered and left the United States during 2017. See instructions.
Note: If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals, check the box for **Canada** or **Mexico** and skip to item H Canada Mexico

Date entered United States mm/dd/yy	Date departed United States mm/dd/yy	Date entered United States mm/dd/yy	Date departed United States mm/dd/yy
01-03-17	12-24-17		

- H** Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during:
2015 _____, 2016 0, and 2017 0
- I** Did you file a U.S. income tax return for any prior year? Yes No
If "Yes," give the latest year and form number you filed . . . ► 2016 1040NR
- J** Are you filing a return for a trust? Yes No
If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a U.S. person, or receive a contribution from a U.S. person? Yes No
- K** Did you receive total compensation of \$250,000 or more during the tax year? Yes No
If "Yes," did you use an alternative method to determine the source of this compensation? Yes No
- L** Income Exempt from Tax—If you are claiming exemption from income tax under a U.S. income tax treaty with a foreign country, complete (1) through (3) below. See Pub. 901 for more information on tax treaties.
1. Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required. See instructions.

(a) Country	(b) Tax treaty article	(c) Number of months claimed in prior tax years	(d) Amount of exempt income in current tax year
Czech Republic	21(1)	8	5000

- (e) Total.** Enter this amount on Form 1040NR, line 22. Do not enter it on line 8 or line 12 5000
2. Were you subject to tax in a foreign country on any of the income shown in 1(d) above? Yes No
3. Are you claiming treaty benefits pursuant to a Competent Authority determination? Yes No
If "Yes," attach a copy of the Competent Authority determination letter to your return.

Schedule NEC—Tax on Income Not Effectively Connected With a U.S. Trade or Business (see instructions)

Nature of income	Enter amount of income under the appropriate rate of tax (see instructions)						
	(a) 10%	(b) 15%	(c) 30%	(d) Other (specify)			
				0 %		%	
1 Dividends paid by:							
a U.S. corporations	1a						
b Foreign corporations	1b						
2 Interest:							
a Mortgage	2a						
b Paid by foreign corporations	2b						
c Other	2c				32		
3 Industrial royalties (patents, trademarks, etc.)	3						
4 Motion picture or T.V. copyright royalties	4						
5 Other royalties (copyrights, recording, publishing, etc.)	5						
6 Real property income and natural resources royalties	6						
7 Pensions and annuities	7						
8 Social security benefits	8						
9 Capital gain from line 18 below	9						
10 Gambling—Residents of Canada only. Enter net income in column (c). If zero or less, enter -0-.							
a Winnings							
b Losses							
11 Gambling winnings—Residents of countries other than Canada. Note: Losses not allowed	11						
12 Other (specify) ▶	12						
13 Add lines 1a through 12 in columns (a) through (d)	13					32	
14 Multiply line 13 by rate of tax at top of each column	14					0	
15 Tax on income not effectively connected with a U.S. trade or business. Add columns (a) through (d) of line 14. Enter the total here and on Form 1040NR, line 54 ▶	15						

Capital Gains and Losses From Sales or Exchanges of Property

16 (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)		(g) GAIN If (d) is more than (e), subtract (e) from (d)	
17 Add columns (f) and (g) of line 16								
18 Capital gain. Combine columns (f) and (g) of line 17. Enter the net gain here and on line 9 above (if a loss, enter -0-) ▶								18

Part I

For the year Jan. 1–Dec. 31, 2017, or other tax year beginning _____, 2017, ending _____, 20

Your first name and initial Josef W.	Last name Masaryk	See separate instructions. Your social security number x x x : x x : x 4 0 1
If a joint return, spouse's first name and initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. 603 Berwyn Road	Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct. Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Berwyn Heights, MD 20784		
Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above and full name here. ▶

4 Head of household (with qualifying person). (See instructions.)
If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 Qualifying widow(er) (see instructions)

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a

b Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)	No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions)
(1) First name	Last name				
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0

If more than four dependents, see instructions and check here

d Total number of exemptions claimed **1**

Income	7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	42,400
	8a Taxable interest. Attach Schedule B if required	8a	32
	b Tax-exempt interest. Do not include on line 8a	8b	
	9a Ordinary dividends. Attach Schedule B if required	9a	
	b Qualified dividends	9b	
	10 Taxable refunds, credits, or offsets of state and local income taxes	10	
	11 Alimony received	11	
	12 Business income or (loss). Attach Schedule C or C-EZ	12	
	13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14 Other gains or (losses). Attach Form 4797	14	
	15a IRA distributions	15a	
	b Taxable amount	15b	
	16a Pensions and annuities	16a	
	b Taxable amount	16b	
	17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18 Farm income or (loss). Attach Schedule F	18	
	19 Unemployment compensation	19	
	20a Social security benefits	20a	
	b Taxable amount	20b	
	21 Other income. List type and amount treaty offset \$ -5000	21	-5,000
	22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	37,432

Adjusted Gross Income	23 Educator expenses	23	
	24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
	25 Health savings account deduction. Attach Form 8889	25	
	26 Moving expenses. Attach Form 3903	26	
	27 Deductible part of self-employment tax. Attach Schedule SE	27	
	28 Self-employed SEP, SIMPLE, and qualified plans	28	
	29 Self-employed health insurance deduction	29	
	30 Penalty on early withdrawal of savings	30	
	31a Alimony paid b Recipient's SSN ▶	31a	
	32 IRA deduction	32	
	33 Student loan interest deduction	33	
	34 Reserved for future use	34	
	35 Domestic production activities deduction. Attach Form 8903	35	
	36 Add lines 23 through 35	36	0
	37 Subtract line 36 from line 22. This is your adjusted gross income ▶	37	37,432

**Solution – Case Study II
Return Notes**

Quarterly estimated tax payments to MD (on each twin's Federal return)

Taxpayer paid timely quarterly estimated tax payments of \$750 to MD

Towards 2016 MD state taxes: \$ 750 paid Jan 15, 2017

For 2017 MD taxes: \$ 750 paid April 15, June 15, Sept 15 of 2017 and Jan 15, 2018.

On federal return, \$3,000 in itemized deductions paid in 2017

On MD return, \$3,000 estimated tax payments for 2017 taxes.

Tax-exempt portion of physician-trainee compensation on Form 1042-S

(On JWM's third year return on Form 1040)

The U.S. – Czech Republic income tax treaty applies to this income. Taxpayer JWM was a resident of the Czech Republic immediately before entering the U.S. on April 24, 2015 on a J-1 exchange visitor visa. Taxpayer is a physician trainee.

Taxpayer is claiming the 5-year exclusion of \$ 5,000 from compensation provided for in Article 21(1) of the U.S. – Czech Republic income tax treaty.

For 2015 Form 1040NR, taxpayer was in US 8 months and excluded \$5,000

For 2016 Form 1040NR, taxpayer was in US 12 months and excluded \$5,000

For 2017 Form 1040, taxpayer was in US 12 months and may exclude \$5,000

2017 exclusion amount

Amount shown on form 1042-S	\$ 42,400
-----------------------------	-----------

Annual exclusion amount	\$ 5,000
-------------------------	----------

Taxable gross compensation after exclusion	\$ 37,400
--	-----------

Client History Preparer Note

Client JWM entered the US on a J-1 visa on April 24, 2015. He is a physician-trainee at Berwyn Hospital since May, 2015. He was a resident of the Czech Republic immediately before entering the US.

He benefits from Article 21(1) of the US-Czech Republic tax treaty. This allows him to exclude \$ 5,000 from his taxable trainee compensation for 5 years (60 months) from his date of entry into the US.

Files form 1040NR during eXempt period, 2015, 2016.

In 2017 – 356 days present in US – meets SPT, files on 1040. In 2017, 2018 – expects to be in US full year and claim full exclusion.

2019 holds the last 4 months of the 60-month exclusion period. He will claim the lower of \$5,000 or compensation from January through April.

Solution – Case Study II Maryland 502

MARYLAND FORM 502

RESIDENT INCOME TAX RETURN



2017

OR FISCAL YEAR BEGINNING _____ 2017, ENDING _____

999999401

Your Social Security Number _____ Spouse's Social Security Number _____

JOSEF W

Your First Name _____ Initial _____

MASARYK

Your Last Name _____

Spouse's First Name _____ Initial _____

Spouse's Last Name _____

603 BERWYN ROAS
Current Mailing Address Line 1 (Street No. and Street Name or PO Box)

BERWYN HEIGHTS MD 20784
City or Town State ZIP Code

Current Mailing Address Line 2 (Apt No., Suite No., Floor No.) _____

Print Using Blue or Black Ink Only



REQUIRED: Physical address as of December 31, 2017 or last day of the taxable year for fiscal year taxpayers. See Instruction 6. Part-year residents see Instruction 26.

1701 TOWN OF BERWYN HEIGHTS
4 Digit Political Subdivision Code (See Instruction 6) Maryland Political Subdivision (See Instruction 6)

603 BERWYN ROAD
Physical Street Address Line 1 (Street No. and Street Name) (No PO Box)

Physical Street Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box) _____

BERWYN HEIGHTS MD 20784 PRINCE GEORGES
City State ZIP Code Maryland County

with one staple. Do not attach check or money order to Form 502. Attach check or money order to Form IND PV.

FILING STATUS

CHECK ONE BOX

See Instruction 1 if you are required to file.

- 1. Single (If you can be claimed on another person's tax return, use Filing Status 6.)
- 2. Married filing joint return or spouse had no income
- 3. Married filing separately, Spouse SSN ▶ _____
- 4. Head of household
- 5. Qualifying widow(er) with dependent child
- 6. Dependent taxpayer (Enter 0 in Exemption Box (A) - See Instruction 7.)

AA

MARYLAND FORM 502

RESIDENT INCOME TAX RETURN



2017
Page 3

NAME MASARYK, JOSEF SSN 999999401

	40. Total Maryland and local tax withheld (Enter total from your W-2 and 1099 forms if MD tax is withheld and attach.)	▶ 40. _____
	41. 2017 estimated tax payments, amount applied from 2016 return, payment made with an extension request, and Form MWS06NRS	▶ 41. <u>3000</u>
	42. Refundable earned income credit (from worksheet in Instruction 21)	▶ 42. _____
	43. Refundable income tax credits from Part M, line 6 of Form 502CR (Attach Form 502CR. See Instruction 21.)	▶ 43. _____
	44. Total payments and credits (Add lines 40 through 43.)	▶ 44. <u>3000</u>
	45. Balance due (If line 39 is more than line 44, subtract line 44 from line 39. See Instruction 22.)	▶ 45. _____
	46. Overpayment (If line 39 is less than line 44, subtract line 39 from line 44.)	▶ 46. <u>93</u>
	47. Amount of overpayment TO BE APPLIED TO 2018 ESTIMATED TAX	▶ 47. _____
REFUND	48. Amount of overpayment TO BE REFUNDED TO YOU (Subtract line 47 from line 46.) See line 51	REFUND ▶ 48. <u>93</u>
	49. Interest charges from Form 502UP _____ or for late filing _____ (See Instruction 22.) Total	▶ 49. _____
AMOUNT DUE	50. TOTAL AMOUNT DUE (Add lines 45 and 49.)	▶ 50. _____

**MARYLAND
FORM
502**
**RESIDENT INCOME
TAX RETURN**

2017
Page 2
NAME **MASARYK, JOSEF**SSN **99999401**

INCOME See Instruction 11.	1. Adjusted gross income from your federal return	1.	<u>37432</u>
	1a. Wages, salaries and/or tips	1a.	<u>42400</u>
	1b. Earned income	1b.	
	1c. Capital Gain or (loss)	1c.	
	1d. Taxable Pension, IRA, Annuities (Attach Form 502R.)	1d.	
	1e. Place a "Y" here in this box if the amount of your investment income is more than \$3,450		<input type="checkbox"/>
ADDITIONS TO INCOME See Instruction 12.	2. Tax-exempt interest on state and local obligations (bonds) other than Maryland	2.	
	3. State retirement pickup	3.	
	4. Lump sum distributions (from worksheet in Instruction 12.)	4.	
	5. Other additions (Enter code letter(s) from Instruction 12.) ▶ G	5.	<u>5000</u>
	6. Total additions to Maryland income (Add lines 2 through 5.)	6.	<u>5000</u>
	7. Total federal adjusted gross income and Maryland additions (Add lines 1 and 6.)	7.	<u>42432</u>
	SUBTRACTIONS FROM INCOME See Instruction 13.	8. Taxable refunds, credits or offsets of state and local income taxes included in line 1	8.
9. Child and dependent care expenses		9.	
10. Pension exclusion from worksheet in Instruction 13		10.	
11. Taxable Social Security and RR benefits (Tier I, II and supplemental) included in line 1		11.	
12. Income received during period of nonresidence (See Instruction 26.)		12.	
13. Subtractions from attached Form 502SU		13.	
14. Two-income subtraction from worksheet in Instruction 13		14.	
15. Total subtractions from Maryland income (Add lines 8 through 14.)		15.	
16. Maryland adjusted gross income (Subtract line 15 from line 7.)		16.	<u>42432</u>
DEDUCTION METHOD See Instruction 16.		All taxpayers must select one method and check the appropriate box.	
	<input checked="" type="checkbox"/> STANDARD DEDUCTION METHOD (Enter amount on line 17.)		
	<input type="checkbox"/> ITEMIZED DEDUCTION METHOD (Complete lines 17a and 17b.)		
	17a. Total federal itemized deductions (from line 29, federal Schedule A) ▶ 17a.		
	17b. State and local income taxes (See Instruction 14.) ▶ 17b.		
17. Deduction amount (Part-year residents see Instruction 26 (l and m).)	17.	<u>2000</u>	
MARYLAND TAX COMPUTATION	18. Net income (Subtract line 17 from line 16.)	18.	<u>40432</u>
	19. Exemption amount from Exemptions area (See Instruction 10.)	19.	<u>3200</u>
	20. Taxable net income (Subtract line 19 from line 18.)	20.	<u>37232</u>
	21. Maryland tax (from Tax Table or Computation Worksheet Schedules I or II)	21.	<u>1716</u>
	22. Earned income credit (½ of federal earned income credit. See Instruction 18.)	22.	
	23. Poverty level credit (See Instruction 18.)	23.	
	24. Other income tax credits for Individuals from Part K, line 11 of Form 502CR (Attach Form 502CR.)	24.	
25. Business tax credits You must file this form electronically to claim business tax credits on Form 500CR.	25.		
26. Total credits (Add lines 22 through 25.)	26.		
27. Maryland tax after credits (Subtract line 26 from line 21.) If less than 0, enter 0.	27.	<u>1716</u>	
LOCAL TAX COMPUTATION	28. Local tax (See Instruction 19 for tax rates and worksheet.) Multiply line 20 by your local tax rate .0 _____ or use the Local Tax Worksheet	28.	<u>1191</u>
	29. Local earned income credit (from Local Earned Income Credit Worksheet in Instruction 19.)	29.	
	30. Local poverty level credit (from Local Poverty Level Credit Worksheet in Instruction 19.)	30.	
	31. Local tax credit from Part L, line 1 of Form 502CR (Attach Form 502CR.)	31.	
	32. Total credits (Add lines 29 through 31.)	32.	
	33. Local tax after credits (Subtract line 32 from line 28.) If less than 0, enter 0	33.	<u>1191</u>
	34. Total Maryland and local tax (Add lines 27 and 33.)	34.	<u>2907</u>
	35. Contribution to Chesapeake Bay and Endangered Species Fund (See Instruction 20.)	35.	
	36. Contribution to Developmental Disabilities Services and Support Fund (See Instruction 20.)	36.	
	37. Contribution to Maryland Cancer Fund (See Instruction 20.)	37.	
38. Contribution to Fair Campaign Financing Fund (See Instruction 20.)	38.		
39. Total Maryland income tax, local income tax and contributions (Add lines 34 through 38.)	39.	<u>2907</u>	