



TO: All State Agencies
FROM: Dhiren V. Shah, Director, Central Payroll Bureau
DATE: February 4, 2026
SUBJECT: 2026 Maryland State and Local Income Tax Withholding Information

Maryland law requires the Office of the Comptroller to prepare a percentage income tax withholding method illustrating 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) attached to all payroll checks and advice of deposit.

Taxpayers Filing Joint, Head of Household, or for Qualifying Widows/Widowers

Taxable Income	Tax Rate
\$1.00 - \$1,000	2.00 percent
\$1,001 - \$2,000	3.00 percent
\$2,001 - \$3,000	4.00 percent
\$3,001 - \$150,000	4.75 percent
\$150,001 – \$175,000	5.00 percent
\$175,001 - \$225,000	5.25 percent
\$225,001 - \$300,000	5.50 percent
\$300,001 - \$600,000	5.75 percent
\$600,001 - \$1,200,000	6.25 percent (new)
Over \$1,200,000	6.5 percent (new)

Taxpayers Filing as Single, Married Filing Separately, or as dependent Taxpayers

Taxable Income	Tax Rate
\$1.00 - \$1,000	2.00 percent
\$1,001 - \$2,000	3.00 percent
\$2,001 - \$3,000	4.00 percent
\$3,001 - \$100,000	4.75 percent
\$100,001 - \$125,000	5.00 percent
\$125,001 - \$150,000	5.25 percent
\$150,001 - \$250,000	5.50 percent
\$250,001 - \$500,000	5.75 percent
\$500,001 - \$1,000,000	6.25 percent (new)
Over \$1,000,000	6.5 percent (new)

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 MW507 withholding form. The tax rate is the same for all categories until you reach \$100,000 in yearly income for a single filer. Employees expecting to make more than \$100,000 in 2026, and planning on filing as Married or Head of Household, should ensure a proper 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 Form MW507. 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 2026 will be 3.30%.

For most employees who are not residents of Maryland, the Nonresident rate (7.0%) is used, which includes no local tax, but does include the Special 2.25% Nonresident rate.

Employees may be eligible to claim an Earned Income Tax Credit (EITC) on their 2025 federal and Maryland income tax returns if both their federal adjusted gross income and their earned income is less than the following:

- \$61,555 (\$68,675 married filing jointly) with three or more qualifying children
- \$57,310 (\$64,430 married filing jointly) with two qualifying children
- \$50,434 (\$57,554 married filing jointly) with one qualifying child
- \$19,104 (\$26,214 married filing jointly) with no qualifying children

Employees who meet this income eligibility should be advised to go to the Internal Revenue Service website at www.irs.gov, or contact their tax advisor, to see if they meet the other federal criteria. Married employees or employees with qualifying children may qualify for up to half of the federal earned income credit. Additionally, certain employees may also qualify for a refundable Maryland credit or a local EITC.

All employees should be notified of these eligibility standards. **It is mandatory that employees with wages less than or equal to the amounts shown above be informed.** A notification flyer is included which should be distributed to employees and also posted with other personnel regulation information within your agency.

For further Maryland EITC information, visit our website at <https://www.marylandcomptroller.gov/>, or call 1-800-MD-TAXES (1-800-638-2937), or 410-260-7980 from Central Maryland.

Three attachments accompany this memorandum:(1) the local tax rate used by the Central Payroll Bureau to compute the local portion of the combined state tax; (2) a translation of the alpha code that appears in the County code box that is printed on the pay stub; (3) a flyer regarding the EITC notification..

Note:

1. Individual tax calculations and estimates can be readily determined by using the Central Payroll Bureau, Net Pay Calculator located with the following link:

[Payroll Online Services](#)

Click on left tab labeled “Net Pay Calculator”

2. Federal Income Tax Withholding Information may also be found on our Web site, by:

Clicking on - “Payroll Officers, then Current Memos”
Look for “2026 Federal Income Tax Withholding Information”

Attachment 1
Local Income Tax Withholding Rates for 2026

City or County of Residence	County Code	Local Income Tax Withholding Rate (Percentage of MD Taxable Wage)
Allegany County	01	3.20
Anne Arundel County	02	Single, MFS, or dependent taxpayer: 2.70 – (\$1.00 - \$50,000) 2.94 – (\$50,001 - \$400,000) 3.20 – (over \$400,000) MFJ, HOH, or qualified surviving spouse: 2.70 – (1.00 - \$75,000) 2.94 – (\$75,001 - \$480,000) 3.20 – (over \$480,000)
Baltimore County	03	3.20
Baltimore City	04	3.20
Calvert County	05	3.20
Caroline County	06	3.20
Carroll County	07	3.03
Cecil County	08	2.74
Charles County	09	3.03
Dorchester County	10	3.30
Frederick County	11	Single, MFS, or dependent taxpayer: 2.25 - \$1-\$25,000) 2.75 – (\$25,001 - \$50,000) 2.96 – (\$50,001 - \$150,000) 3.20 – (150,001 or more) MFJ, HOH or qualified surviving spouse: 2.25 – (\$1.00 - \$25,000) 2.75 – (\$25,001 - \$100,000) 2.96 – (\$100,001 - \$250,000) 3.20 – (\$250,001 or more)
Garrett County	12	2.65
Harford County	13	3.06
Howard County	14	3.20
Kent County	15	3.30
Montgomery County	16	3.20
Prince George’s County	17	3.20
Queen Anne’s County	18	3.20
St. Mary’s County	19	3.20
Somerset County	20	3.20
Talbot County	21	2.40

Washington County	22	2.95
Wicomico County	23	3.20
Worcester County	24	2.25
Unknown Maryland County	**	3.30
Out of State	25-76	2.25

This table is a display of all possible Local Income Tax Withholding Rates effective for payments made on or after January 1, 2026.

****Central Payroll Bureau is required to tax at maximum local rate of 3.30 absent of employee submitted address data on Form W-4.**

Attachment 2

Maryland Employee Earnings Statement-Maryland County Codes

Code	County
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	Sait Mary's
SO	Somerset
TA	Talbot
WA	Washington
WI	Wicomico
WO	Worcester

Attachment 3

IMPORTANT NOTICE TO MARYLAND EMPLOYEES

Did you know that federal and Maryland earned income tax credits are available to certain low - income individuals and families?

These credits can reduce the amount of income tax you owe or increase your income tax refund; and you may qualify to receive some of these credits even if you did not earn enough income to be required to file a tax return.

Employer Notification Requirement

Tax-General Article § 10-913 requires employers, including government, to provide, on or before December 31, 2025, electronic or written notice to any employee who may be eligible for the federal and Maryland EITC.

What Is the Maryland Earned Income Tax Credit (EITC)?

The Maryland EITC is a refundable credit for full-time, part-time, or seasonal workers who work and earn low to moderate incomes. The credit can provide up to \$4,000 for eligible filers to help lower the taxes you owe or increase your tax refund.

To receive the EITC, you must file a tax return. The amount you receive will depend on your income and family size. Receiving the EITC will not affect your eligibility for other government programs.

Like the Federal EITC, eligibility for the Maryland EITC is based on:

- Average Gross Income (AGI)
- Family size
- Filing status
- Investment income

The preliminary 2025 Eligibility Chart is available on the next page (source: [Earned income and Earned Income Tax Credit \(EITC\) tables | Internal Revenue Service](#)).

Children or relatives claimed	Filing as single, head of household, married filing separately, or widowed	Filing as married filing jointly
Zero	\$19,104	\$26,214
One	\$50,434	\$57,554

Two	\$57,310	\$64,430
Three	\$61,555	\$68,675

Key Eligibility Information to Share

- Employees eligible for the federal EITC are also eligible for the Maryland EITC.
- Married employees or employees with qualifying children may qualify for up to half of the federal earned income credit.
- Employees without a qualifying child may qualify for the full amount of the federal credit, up to \$649.
- Additionally, Individual Taxpayer Identification Number (ITIN) filers and childless adults aged 18-24 may qualify for the Maryland credit, even though they are not eligible for the federal credit.
- Certain employees may also qualify for a refundable Maryland credit or a local EITC.
- Seasonal or part-time workers may also qualify for the Maryland EITC.

Employees can visit marylandcomptroller.gov/EarnedIt to check their eligibility, find trusted tax preparation resources, and learn how to claim the EITC.

How Agencies Can Get the Word Out

Agencies may choose to notify all employees or only those with wages less than or equal to the income amounts listed above or posted at marylandcomptroller.gov/EarnedIt.

A sample flyer is attached and may be printed and distributed, or agencies may develop their own notice using the language provided in the flyer or on the website.

Agencies are encouraged to share these materials through:

- Internal newsletters
- Agency intranets
- HR communications
- Staff email blasts
- Breakroom bulletin boards or digital signage

For more information about the Maryland EITC, visit our Web site at [Tax Guidance - Tax Credits, Deductions and Subtractions - Taxpayer Services](#), or call 1- 800-MD-TAXES (1-800-638-2937) or from Central Maryland 410-260-7980.