NOTICE OF PROPOSED REGULATIONS

Published September 23, 2026

In accordance with State Government Article, §10-112.1, Annotated Code of Maryland, notice is hereby given that the Comptroller of Maryland has proposed the following new or amended regulations. The proposed regulations can be found in the September 18, 2026, edition of the Maryland Register.

Title 03 COMPTROLLER OF THE TREASURY

Subtitle 04 INCOME TAX

Chapter 02 Individual

Authority: Tax-General Article, §§2-103, *2-120,* 10-102.1, 10-208, and 10-823, Annotated Code of Maryland

.19 Fresh Start Program

A. Definitions

(1) In this regulation, the following terms have the meanings indicated.

(2) Terms Defined.

(a) "Applicable income limit" means 200% of the most recently published federal poverty level guidelines, updated periodically in the Federal Register by the Secretary of the Department of Health and Human Services as set forth in 42 U.S.C. §9902(2), as of the date of the application.

(b) Applicant.

(i) "Applicant" means an individual who submits an application for a payment plan, interest waiver, and penalty waiver under the Comptroller's Fresh Start Program; and

(ii) When an income tax return required to be filed under §B(1)(e) of this regulation is filed jointly with another person, "applicant" includes both individuals.

(c) "Program" means the Income Tax Reconciliation Program established under Tax-General Article, § 2-120, Annotated Code of Maryland.

(d) "Justice-involved individual" means an individual who is convicted of or pleads guilty to a crime and

(i) is currently serving a term of imprisonment of at least 6 months but not more than 10 years in a State or federal correctional facility; or

(ii) has been released after serving a term of imprisonment of at least 6 months but not more than 10 years in a State or federal correctional facility within the immediately preceding 2 years.

B. Application.

(1) To qualify for the Program, an individual must:

(a) be a justice-involved individual;

(b) have been assessed for an individual income tax deficiency for a taxable year during which the individual was incarcerated in a correctional facility operated by the State of Maryland or federal government;

(c) submit a complete application for the Program in the form and manner required by the Comptroller;

(d) at the time of application, have federal adjusted gross income equal to or less than the applicable income limit; and

(e) subject to §B(2) of this regulation, file a Maryland income tax return as an individual, or jointly with another person unable to file the joint return, for each tax year included in the application.

(2) For any taxable year for which spouses are jointly liable for an assessed income tax deficiency, a spouse who is not a justice-involved individual is presumed to be able to file the joint return; therefore, the taxable year is not eligible for the Program.

(3) The application must include for each applicant:

(a) legal name;

(b) address;

(c) Social Security number or individual taxpayer identification number

(d) documentation substantiating the dates of incarceration;

(e) the taxable year for which relief is sought;

(f) documentation substantiating income at the time of application; and

(g) any other information requested by the Comptroller in the form and manner requested.

C. The Program applies to an assessment issued for a taxable year that begins after December 31, 2024, but before January 1, 2030.

D. Evaluation.

(1) For each tax year for which the Comptroller determines that an applicant qualifies for the Program, the Comptroller shall:

(a) approve the application as to each qualifying tax year;

(b) abate all penalties and interest accrued to date and prevent the further accrual of interest and penalties that would otherwise accrue during the payment plan period on the unpaid individual income tax due for each qualifying tax year, conditioned on the applicant making all payments required under the terms of the payment plan;

(c) notify the applicant in writing of the approval and the terms of repayment; and

(d) establish a payment plan for the applicant to pay the unpaid income tax over a period not exceeding 10 years from the date of approval of the application.

(2) Except as provided in § D(3) of this regulation, for each year for which the applicant does not qualify for the Program, the Comptroller shall:

(a) deny the application;

(b) notify the applicant in writing of the reason for the denial; and

(c) provide information on other assistance programs offered by the Comptroller, if applicable.

(3) If the applicant would otherwise qualify for the Program but has not filed the required tax return, the Comptroller shall:

(a) notify the applicant of each tax year for which a return must be filed; and

(b) allow the applicant 60 days to file the required tax return.

(4) If the applicant fails to file a tax return within the 60 days allowed under § D(3)(b), the application shall be denied.

E. If an applicant fails to make payments or otherwise fails to comply with the terms of a payment plan established under § D(1)(d) of this regulation, or is determined to have submitted materially inaccurate information to the Comptroller in the application process, the Comptroller shall revoke the payment plan and reverse any abatements of accrued penalty and interest for the unpaid income tax that were made on the condition that the taxes under the payment plan are paid.

F. For a tax year included in a repayment plan under the Program, the Comptroller may require an applicant to submit a revised application to redetermine eligibility for the Program if:

(1) the Comptroller determines that there is an additional tax liability due;

(2) after receiving an approval, the applicant files an amended return;

(3) after receiving an approval, the Comptroller grants a separation of liability; or

(4) after receiving an approval, the Comptroller determines information provided by the applicant was materially inaccurate.