

March 6, 2020

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To: House Ways and Means Committee

From: Maryland Society of Accounting and Tax Professionals, Inc

Re: HB 1358 Sponsor: Delegate Sue Krebs, et al

Contact Person: Alverta "Sandy" Steinwedel

Position: Support with Amendment

Income Tax – Subtraction Modification – Retirement Income

The Maryland Society of Accounting and Tax Professionals, Inc (MSATP), representing the voices of over 2,200 members, supports this bill with an amendment

This bill is designed to expand the subtraction modification to allow any retirement income reported on the 1099-R to be used to calculate the pension exclusion subtraction in the Maryland personal income tax return.

The current law specifically does not include income from traditional Individual Retirement Accounts (IRA), a Roth IRA, a Simplified Employee Plan (SEP), a Keogh Plan, an ineligible deferred compensation plan, or a rollover IRA.

Few companies, especially small businesses are not able to offer pension plans to their employees thus leaving the employee to create their own retirement/pension plans. Often when an employee becomes unemployed, they will roll their company retirement into an IRA and lose the exclusion on funds which would have qualified for the exclusion.

The unequal treatment of individual retirement savings must not continue. This is a disparity that we do not believe was ever intended. MSATP holds firm to the belief that all retirement plans should be treated equally.

However, for clarification MSATP recommends a small amendment to the bill:

10-209 (4) "Qualified Retirement Income" means any income reported by an individual on an Internal Revenue Service Form 1099-R and **Railroad Retirement Form RRB-1099 R** or their successor.

For this reason, we strongly urge a Favorable Report on HB 1358 with the amendment.

