



# Maryland

#46

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
46	37	45	39	35	20

Maryland's tax code is complex and includes all major tax types. The state has traditionally ranked among the bottom 10 states on the *Index*. Maryland has a progressive individual income tax system, with eight tax brackets, a top marginal tax rate of 5.75 percent, a low standard deduction and personal exemption, and no adjustment of income tax provisions for inflation. High-rate county income taxes, at rates up to 3.2 percent, yield a substantially above-average income tax burden for Maryland residents.

The state's corporate income tax rate is 8.25 percent, considerably higher than in many regional competitors, including Virginia, West Virginia, and North Carolina. Like DC, Maryland includes global intangible low-taxed income (GILTI) in its corporate tax base, making it an outlier nationwide, and the state does not allow full expensing within its corporate income tax. Unusually, Maryland also limits first-year expensing for pass-through businesses to \$25,000 in annual expenses, whereas most states offer \$1 million. However, Maryland does not impose harmful gross receipts or capital stock taxes and has a competitive sales tax system with a general rate of 6 percent.

In addition to complexities with traditional taxes, Maryland is currently the only state to impose a digital advertising tax, which is non-neutral, difficult to comply with, and subject to numerous legal disputes. Maryland is also the only state that imposes both estate and inheritance taxes, with maximum rates of 16 and 10 percent, respectively, making the state less attractive for high-net-worth individuals. These factors further exacerbate Maryland's relatively poor tax competitiveness.