



# The Maryland Income Tax Subtraction Modification for Conservation Equipment

## A Tax Break for Farmers



This tax break can help you offset costs associated with buying certain conservation equipment to control soil erosion, manage nutrients, and protect local water quality.



You can subtract 100% of the cost of eligible equipment purchases outlined below from taxable income on Maryland individual and corporate tax returns. *Please note: vertical tillage equipment qualifies for a 50% subtraction.*



### Eligible Equipment

- **No-Till Planting Equipment**—New or used no-till planters or drills purchased after 12/31/85.
- **Liquid Manure Injection Equipment**—New or used equipment purchased after 12/31/89 to reduce nutrient runoff.
- **Poultry or Livestock Manure Spreading Equipment**—New or used equipment purchased after 12/31/89 (not used to apply sludge). Must be capable of being calibrated to 1 ton/acre to spread poultry manure and bedding from normal poultry production.
- **Deep No-Till Rippers**—New or used equipment purchased after 12/31/01 to address soil compaction in high residue cropping systems. The equipment may be attached to or pulled by other equipment, but must not invert the soil profile.
- **Global Positioning Devices**—New or used systems purchased after 12/31/12 to manage agricultural nutrients.
- **Optical Sensing and Nutrient Application Systems**—Integrated systems purchased after 12/31/12 to refine and target nutrient applications.
- **Vertical Tillage Equipment**—New or used equipment purchased after 12/31/12 to incorporate manure or poultry litter into the soil. This equipment is eligible for a subtraction credit equal to 50 percent of its cost.
- **SPECIAL NOTE:** *Shipping, handling, freight fees, travel time fees, auction buyer premiums, upgrades on equipment (other than GPS and installation), subscription renewals, discounts, federal or state taxes, internet fees, and other fees are not eligible for the tax subtraction.*





## Preparing the Tax Form

- Go to [marylandtaxes.gov](http://marylandtaxes.gov) and search for Maryland Form 502 (individuals) or Maryland Form 500 (corporations). Compute your Maryland adjusted gross income (AGI) without including the conservation equipment subtraction.
- Compare your Maryland AGI to the expense certified for the subtraction. If your AGI is larger, subtract the entire certified expense; if your AGI is less than the certified expense, subtract a portion of the expense equal to the Maryland AGI and carry the balance over to succeeding tax years (not to exceed five) until the expense is used.
- Enter the subtraction on Maryland Form 502 (Individuals) under *Subtractions from Income*. On Maryland Form 500 (Corporations), enter the subtraction the line labeled *Other Subtractions*.



## Compliance

All equipment must be retained for three years following the tax year that the subtraction is taken. Tax returns must be adjusted if the equipment is sold or traded before the three-year retention period ends. If you claim a deduction for manure spreading, injection equipment, or equipment to manage nutrient applications, you may be subject to a spot check. Equipment certification for the income tax subtraction is authorized by Section 208 of the Tax General Article, Laws of Maryland.



## Questions

Contact the Conservation Grants Program at 410-841-5864 or reach out to your local soil conservation district.



Scan the QR code  
with your mobile device  
to visit our website.



[mda.maryland.gov/conservation](http://mda.maryland.gov/conservation)



**Maryland  
Department of Agriculture**

Office of Resource Conservation

**CONSERVATION GRANTS | Ecosystem Incentives**

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