



9-20

The Student Loan Debt Relief Tax Credit Program

Who, How, and When to Apply: All Maryland taxpayers who maintain Maryland residency for the past tax year may apply by completing the Student Loan Debt Relief Tax Credit application from July 1 through September 15 each year.

Eligible Applicants: Maryland taxpayers who have incurred at least \$20,000 in undergraduate and/or graduate student loan debt, and have at least \$5,000 in outstanding student loan debt at the time of applying for the tax credit.

How does the Maryland Higher Education Commission (MHEC) decide who receives the Tax Credit? Tax credit recipients shall be prioritized, and dollar amounts based on qualified taxpayers who:

- did not receive a tax credit in a prior year;
- were eligible for in-state tuition;
- graduated from an institution of higher education located in Maryland; or
- have higher debt burden to income ratios.

Proof of payment to lender: Recipients of the Student Loan Debt Relief Tax Credit must, within two years from the close of the taxable year for which the credit applies, pay the amount awarded toward their college loan debt and provide proof of payment to MHEC. **Failure to do so will result in recapture of the tax credit back to the State.**

Payments to lenders may consist of principal and interest and may be paid in a lump sum or installments.

For more information on the Student Loan Debt Relief Tax Credit, go to <https://tinyurl.com/y3nzloyv>

