


Forwarding Service Requested

- 
- Remove the label and attach it to the return you are filing.
 - If someone else prepares the return, ask the preparer to use the label.
 - If any information on the label is incorrect, please do not use the label.

2000

Maryland Tax Forms for Corporations

Forms and instructions for filing corporation income tax returns for calendar year or any other tax year or period beginning in 2000.

This booklet includes:

- Form 500 - Corporation Income Tax Return
- Form 500E - Application for Extension of Time to File Corporation Income Tax Return
- Form 500D - Declaration of Estimated Corporation Income Tax
- Form 500UP - Underpayment of Estimated Corporation Income Tax

Important reminders:

- Read the instructions in this booklet.
- Use the above label on Form 500.
- Enter the Federal Employer Identification Number (FEIN) and taxable year beginning and ending dates on all forms and payments.
- Sign and date the return and use the appropriate envelope provided in this booklet.

New businesses can register online & set up tax accounts when visiting our website at www.marylandtaxes.com
See the back of this booklet for more details.



William Donald Schaefer

Maryland Corporation Income Taxpayers

This booklet contains the necessary forms and instructions for a corporation to file a Maryland corporation income tax return for tax year 2000. Please read the instructions and forms carefully.

Please use blue or black ink when completing your forms and checks.

Financial institutions formerly subject to financial institution franchise tax are subject to corporation income tax for tax periods starting after December 31, 1997 but have special apportionment rules. See Maryland Tax Regulations 03.04.08.

Form 500CR

Form 500CR is used by individuals and businesses to claim allowable business tax credits, including the ones described below. See page 2 of the instructions for more information about these tax credits. You can obtain Form 500CR from any Maryland taxpayer service office or our web site at www.marylandtaxes.com, or by calling our Forms-by-Fax service at 410-974-FAXX (3299).

^{new} **One Maryland Economic Development Tax Credit.** Businesses may claim a credit against the project cost and start-up cost of relocating or expanding a business in a distressed county in Maryland.

^{new} **Commuter Tax Credit.** Businesses may claim a credit against the State income tax for the cost of providing qualifying commuter benefits to the business entities' employees.

^{new} **Maryland Research and Development Tax Credit.** Businesses may claim a credit against the state income tax for certain qualified research and development expenses.

^{new} **Maryland Clean Energy Incentive Act.** A credit may be claimed for the cost incurred to install solar energy property or photovoltaic property.

^{new} **Electric and Gas Utility Credits.** A public utility may claim a credit against the State income tax in an amount equal to 60% of the total property taxes paid by the public utility on its operating real property in the State, other than operating land, that is used to generate electricity for sale. A credit is also available for wages paid to qualified employees at a multi-jurisdictional electric company's qualified corporate headquarters.

Other Credits on Form 500CR are:

Water Quality Improvement Credit

Employer Provided Long-term Care Insurance Credit

Work-based Learning Program Credit

Heritage Area Mortgage Credit

Telecommunications Property Tax Credit

Maryland Heritage Area Authority Tax Credit

Neighborhood Partnership Program

Maryland Disability Employment Tax Credit

Employment Opportunity Tax Credit

Tax Credit for Certain Hiring

Job Creation Tax Credit

Businesses that Create New Jobs Tax Credit

Enterprise Zone Tax Credit

Credit for Maryland-mined Coal

S corporation forms are not included in this booklet. S corporations, partnerships and limited liability companies must use the pass-through entity tax return, Form 510. Pass-through entity tax booklets are mailed to all entities that previously filed a pass-through entity tax return as an S corporation. The forms are also available from any taxpayer service office, our web site at www.marylandtaxes.com, or our Forms-by-Fax service at 410-974-FAXX (3299).

Reminders

- ✓ Include your federal employer identification number (FEIN) on the tax return and other forms in this booklet.
- ✓ Be sure to enter the federal business code number on Form 500.
- ✓ Indicate the corporate name, federal employer identification number, type of tax and the tax year on all correspondence and payments.

Forms and help

For online business registration, tax forms, instructions, publications, and Maryland Tax

Regulations, visit our website at:

www.marylandtaxes.com

To obtain forms by fax:

410-974-FAXX (3299)

E-mail your tax questions to us at:

taxhelp@comp.state.md.us

For assistance, call:

410-260-7980

in Central Maryland or

1-800-MD TAXES (638-2937)

from elsewhere

CORPORATION INCOME TAX RETURN

GENERAL INSTRUCTIONS

FILING FORM 500

Purpose of Form Form 500 is used by a corporation and certain other organizations to file an income tax return for a specific tax year or period.

NOTE: S corporations must use Form 510 — Pass-Through Entity Income Tax Return. (See inside front cover of this tax booklet to request forms.)

Taxpayers Required to File Every Maryland corporation must file an income tax return on Form 500, even if it has no taxable income or if the corporation is inactive. Every other corporation which is subject to Maryland income tax law and has income or losses attributable to sources within Maryland must also file on Form 500.

Corporations operating in Maryland and in one or more other states are subject to Maryland income tax if they exceed the provisions for federal protection from state taxation. U.S.C.A. Title 15, Section 381 of the Interstate Commerce Tax Act (P.L. 86-272) prescribes the extent of business activity required before states may impose income taxes.

A multistate corporation which operates in Maryland but is not subject to the Maryland income tax law is not required to file, although a return reflecting an apportionment factor of zero may be filed for record purposes. Letters in lieu of filing will not be accepted.

When and Where to File File Form 500 by the 15th day of the 3rd month following the close of the taxable year or period, or by the original due date required for filing the federal return. The return must be filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

Corporations and organizations that are afforded a later due date for federal returns under the Internal Revenue Code are afforded the same due date for Maryland income tax returns.

Signatures Required Form 500 must be signed by a duly authorized corporate officer. Preparers, other than corporate employees, must also sign the return.

In the case of a return filed by a fiduciary, the fiduciary must sign the return and attach verification of the authority to do so.

Organizations Exempt from Filing The following organizations are not subject to the Maryland corporate income tax and are exempt from filing an income tax return on Form 500, except as specified:

- **Pass-through entities** defined as partnerships in Internal Revenue Code Section 761, S corporations in Internal Revenue Code Sections 1361 and 1362, limited liability companies in Maryland Corporations and Associations Article Section 4A-101 and business trusts in Maryland Corporation and Associations Article Section 12-101.

An LLC is treated as a partnership for Maryland income tax purposes, unless it is treated as a corporation for federal income tax purposes.

A business trust shall be classified as a corporation, a partnership, a trust or otherwise, as shall be determined under United States Internal Revenue Code.

Generally, Maryland will follow the same rules for the "check-the-box" regulations as those promulgated by IRS in the treatment of entities which are affected by the regulations.

These entities are afforded pass-through tax treatment and must file an income tax return on Form 510 for information purposes. Additionally, each partner or shareholder must file an individual income tax return on Form 502 (Form 505 for nonresidents).

An exception to the pass-through tax treatment is S corporation income that is subject to federal income tax at the corporation level. This income is also subject to Maryland corporation income tax.

For additional information regarding the taxation and filing requirements of pass-through entities, see the instructions provided with Form 510. (See inside front cover of tax booklet to request information and forms.)

- **Nonprofit organizations** that are exempt from taxation under Internal Revenue Code Section 501, except those with taxable income for federal purposes, such as unrelated business taxable income.

Under Section 501, a variety of organizations, generally nonprofit groups organized for charitable or mutual benefit purposes, are exempt from income taxation. However, they may be subject to income tax if they have income from the operation of a business not related to the purpose for which they received their exemption.

The same tax treatment that is afforded for federal income tax purposes is afforded for Maryland income tax purposes. Income that is taxable for federal purposes is also taxable for Maryland purposes. Exempt organizations with federal taxable income must file Form 500 to report the income and pay the tax.

Whether or not required to file Form 500, nonprofit organizations operating in Maryland that are subject to federal exempt-status notification requirements must register with the Maryland Revenue Administration Division. To register, an authorized official must submit a letter of request accompanied by a copy of the Internal Revenue Service determination of tax-exempt status.

Other agencies such as the State Executive Department - Secretary of State, State Department of Assessments & Taxation and Attorney General's Office, each have their own specific requirements for nonprofit organizations.

- **Investment conduits** such as a Regulated Investment Company (RIC), Real Estate Investment Trust (REIT) and a Real Estate Mortgage Investment Conduit (REMIC), except those with taxable income for federal purposes. Investment conduits with such taxable income must file Form 500 reporting the taxable income.

- **Individual retirement account (IRA) trusts** that are exempt from taxation under Internal Revenue Code Section 408 (e)(1), except those with taxable income for federal purposes. IRA trusts with such taxable income must file Form 500 reporting the taxable income.

- **Insurance companies** within the meaning of the Maryland Annotated Code Article 48A are subject to the insurance company premium tax. Insurance companies must contact the Maryland Insurance Administration regarding filing requirements and taxation. (See back cover of tax booklet for address and phone number.)

- **Common trust funds** as defined in the Maryland Financial Institutions Article Section 3-501(b).

- **Fiduciary** taxpayers must file an income tax return on Form 504. For additional information contact the Maryland Revenue Administration Division. (See back cover of tax booklet for address and phone number.)

Special Requirements for Certain Organizations In addition to filing Form 500, the following special requirements apply:

- **Affiliated corporations** which file consolidated federal returns must file separate Maryland returns for each member corporation. Each member corporation must file and report the taxable income on a separate basis, without regard to the consolidation for federal income tax purposes. Consolidation adjustments reported for federal purposes are not allowed for Maryland purposes.

- **Qualified Sub-S Subsidiaries** are treated as divisions by the Internal Revenue Code and are not considered as separate entities for Maryland purposes. These divisions will be included on the parent company's annual Maryland return.

GENERAL INFORMATION FOR FORM 500

Accounting Periods The taxable year or period used for the federal return must be used for the Maryland return. Accordingly, calendar tax years, fiscal tax years, 52-53 week tax years, one-day returns and short tax periods may be necessary for Maryland filing purposes.

A Maryland return must be filed for each reporting period for which a federal return is filed or required. The form used for filing must reflect the preprinted tax year in which the corporation's tax year begins.

In the case of a 52-53 week taxable year, Maryland follows federal treatment as to effective dates or the applicability of any provision expressed in terms of taxable years beginning, including or ending with reference to a specified date.

Use of Federal Figures In preparing Form 500, all items that are reported for federal purposes must be reported on the Maryland return in the same manner. The character of an item cannot be changed from that required or elected for federal purposes.

Copy of Federal Return Required A copy of pages 1 through 4 of the actual federal income tax return as filed with the Internal Revenue Service for the corresponding tax period must be attached to Form 500. The Maryland filing will not be complete unless the required federal copy is attached.

Corporations included in a consolidated filing for federal income tax purposes must file separate returns for Maryland purposes and attach a copy of pages one through four of the actual consolidated federal return to each Maryland filing.

Taxable Income The starting point for Form 500 is the taxable income as developed for the federal income tax return after net operating loss and special deductions for dividends. The same amount of federal taxable income reported on the federal return must be reported on the Maryland return. No modification of the federal net operating loss or special deductions is allowed under Maryland income tax law.

The federal **net operating loss deduction** is effectively allowed for the Maryland filing by using federal taxable income. The federal provisions for carryback and carryover also apply for purposes of the Maryland return. If an election is made to relinquish a carryback and to carryover the net operating loss, a copy of the federal election must be included with the Maryland return for the taxable year of the net operating loss.

For the taxable year in which a net operating loss occurs, that current operating loss is used to offset Maryland modifications. If the total of addition modifications exceeds the total subtraction modifications in the taxable year of the net operating loss, a modification to recapture the excess of additions over subtractions is required when claiming the corresponding net operating loss deduction. See the Specific Instructions for additional information.

The federal **special deduction for dividends** is treated as a current year deduction. It is deducted from federal taxable income before application of the net operating loss deduction. The deduction reduces taxable income and may create a net operating loss.

In the case of an affiliated group of corporations filing a consolidated return for federal purposes, each member corporation must calculate any net operating loss and special deductions based on its separate federal taxable income and loss. The deductions must be calculated in strict accordance with federal income tax provisions, as if the member corporation is not involved in a consolidated filing and files a separate return with the Internal Revenue Service.

Maryland modified income is federal taxable income after statutory addition and subtraction modifications. For a listing of the statutory addition and subtraction modifications, see the Specific Instructions.

Maryland apportioned income is applicable only for multistate corporations and is developed by applying the apportionment factor to Maryland modified income. For an explanation of apportionment provisions, see the Instructions for Computation of Apportionment Factor.

Maryland taxable income is federal taxable income after statutory modifications and applicable apportionment.

Business Tax Credits For more information about credits against the tax see specific Instructions for line 10c or the Instructions provided for Form 500CR Business Tax Credits. Form 500CR is available from the Maryland Revenue Administration Division. (See inside front cover of tax booklet to request forms.)

Tax, Interest and Penalty The corporate tax rate is 7% of Maryland taxable income for taxable years and periods beginning in 1967 through 2000. The annual rate of interest charged for taxes owed to the State is shown in the table below.

Period	Interest Rate
1/1/1967 to 6/30/1975	6%
7/1/1975 to 6/30/1982	9%
7/1/1982 to 12/31/1983	15%
1/1/1984 to 12/31/1984	12%
1/1/1985 to 12/31/1985	13%

1/1/1986 to 12/31/1989	12%
1/1/1990 to 12/31/1990	13%
1/1/1991 to 12/31/1992	12%
1/1/1993 to 12/31/2001	13%

(The rate for calendar year 2002 will be set and available by 10/1/2001.)

A penalty of 25% of the tax due is applicable for late filing of tax returns and/or late payment of any taxes due. Additional penalties are applicable for the filing of false, fraudulent or frivolous returns and civil and/or criminal fines and imprisonment may apply.

In the case of delinquent taxes, the State will record a lien and judgment and proceed with legal action as necessary to effect collection of the balance due.

OTHER MATTERS

Extension of Time to File If unable to file Form 500 by the due date, a corporation must submit Form 500E - Application for Extension of Time to File Corporation Income Tax Return. Maryland law provides for an extension of time to file, but in no case can an extension be granted for more than 6 months beyond the original due date.

The request for extension of time to file will be automatically granted for six months and will not be acknowledged, provided that:

- 1) the application is properly filed and submitted by the 15th day of the 3rd month following the close of the tax year or period, or by the original due date required for filing of the federal return;
- 2) full payment of any balance due is submitted with the application; and
- 3) an application for extension of time has been filed with the Internal Revenue Service or an acceptable reason has been provided with the Maryland application.

The application extends only the time allowed to file the annual income tax return and not the time allowed to pay the tax.

For additional information regarding extensions of time to file, see the instructions provided with Form 500E. (Form 500E is included in this booklet.)

Estimated Income Tax Every corporation having Maryland taxable income which will develop a tax in excess of \$1,000 for the taxable year or period must make estimated income tax payments with Form 500DP - Declaration of Estimated Corporation Income Tax. If the corporation does not have the estimated tax packet containing the Form 500DP vouchers, Form 500D may be used.

Declaration of estimated income tax payments are due by the 15th day of the 4th, 6th, 9th and 12th months following the beginning of the tax year or period. The total estimated tax payments for the year must be at least 90% of the tax developed for the current taxable year or 100% of the tax developed for the prior tax year. At least 25% of the total estimated tax must be remitted by each of the four installment due dates.

In the case of a short tax period the total estimated tax required is the same as for a regular taxable year, 90% of the tax developed for the current (short) taxable year or 100% of the tax developed for the prior tax year. The minimum estimated tax for each of the installment due dates is the total estimated tax required divided by the number of installment due dates occurring during the short tax year.

For additional information regarding estimated income tax, see the instructions provided with Form 500DP or 500D. (Form 500D is included in this booklet.)

Audits and Appeals All items reported on Form 500 are subject to audit, verification and revision,

including items reported for federal purposes. Returns and amendments are subject to audit and adjustment for a period of 3 years from the date the return was due (including extensions) or the date the return was filed, whichever is later.

In the event of revision and assessment or reduced refund, the Comptroller will notify the corporation. If in disagreement with the assessment or denial of the refund, the corporation may file with the Compliance Division a written request for revision of the assessment or reconsideration of the refund denial. The request, in either case, must be done by submitting an application for an informal hearing with the Compliance Division within 30 days of the assessment or denial of the refund.

Failure to file a written request or attend the informal hearing will result in the assessment or denial of refund becoming final and non-appealable.

You may file an appeal with the Maryland Tax Court within 30 days of a final determination by the Compliance Division hearing officer.

Amended Returns To correct an error in a previously filed return, complete and submit Form 500X - Amended Corporation Income Tax Return. Attach copies of the documents required and filed with the Internal Revenue Service. If the corrections affect only the Maryland return and not items of federal taxable income, include a thorough explanation of the changes.

Each affected member of a consolidated federal filing must also include a schedule reconciling the amendments of each member corporation to the consolidated totals.

Federal income tax law provides for both a capital loss carryback and carryover. Any carryover is effectively allowed when reporting federal taxable income on the Maryland return. The carryback deduction is not allowed on the Maryland return and must be added to federal taxable income.

Do not attach amended returns to an original corporation income tax filing.

Internal Revenue Service Adjustments If the items of federal taxable income reported for any taxable year or period are adjusted by the Internal Revenue Service (IRS) and will increase Maryland taxable income, an amended return together with a copy of the final IRS adjustment report must be submitted within 90 days.

Each affected member of a consolidated federal filing must also include a schedule reconciling the separate adjustments of each member corporation to the consolidated totals.

Refund Claims Generally, a claim for a refund (amended return) must be filed within 3 years from the date the original return was filed or within 2 years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due.

If the claim for refund resulted from an Internal Revenue Service adjustment or final decision of a federal court which is more than 3 years from the date of filing the return or more than 2 years from the time the tax was paid, a claim for refund must be filed within 1 year from the date of the adjustment or final decision.

A claim for refund based on a federal net operating loss carryback must be filed within 3 years after the due date of the return for the tax year of the net operating loss.

Taxpayer Identification Required for Returns and Other Documents. All returns, correspondence, payments or other documents must indicate the corporate name, Federal Employer Identification Number, type of tax and tax year(s) to which the document relates.

All corporations are required to secure a

Federal Employer Identification Number (FEIN) from the Internal Revenue Service (IRS). The FEIN is the number used by the IRS for processing purposes and is also the primary number used by the Maryland Revenue Administration Division. For returns filed without the federal number a temporary number will be assigned for processing purposes until the actual number is provided.

The type of tax and tax year(s) are necessary to identify the subject of the document and the intention of payments. This information insures that documents are directed to the correct area and that payments are applied to the correct account.

Use of Paid Preparers The corporation is responsible for the timely filing of returns, payment of tax, responding to requests and all other requirements, even though a paid preparer is used.

Substitute Forms Maryland corporation income tax returns may be reproduced and filed on computer-prepared or computer-generated substitute forms provided that they are approved in advance by the Maryland Revenue Administration Division. Reproductions or substitutes of forms in which machine-readable taxpayer information has been preprinted by the Revenue Administration Division may not be used.

For additional information, see Administrative Release No. 26, Procedures for Computer-Printed Substitute Forms, which can be obtained from any office of the Maryland Revenue Administration Division. (See back cover of tax booklet for address and phone number for substitute forms information.)

Employer Withholding of Income Tax Employers that make payments to individuals of salaries, wages, or compensation for personal services must withhold income tax as prescribed in published tables and remit the withholding to the Maryland Revenue Administration Division.

The tax withheld must be remitted with Form MW506 - Employer's Return of Income Tax Withheld on a monthly basis if the quarterly withholding is \$700 or more. If the quarterly withholding is less than \$700 the tax withheld is to be remitted quarterly. Employers may not change from monthly to quarterly withholding without approval of the Revenue Administration Division.

An annual reconciliation is required to be filed on Form MW508 - Annual Employer Withholding Reconciliation Report and submitted with the state copy of the wage and tax statements issued to the employees. If the employer is required to submit wage and tax statement information on magnetic media for federal reporting purposes, it is required to submit magnetic media for state reporting purposes.

For additional information regarding employer withholding tax, contact the Maryland Revenue Administration Division. (See back cover of tax booklet for address and phone number.)

Privacy Notice The Maryland Revenue Administration Division requests tax return information to administer the income tax laws of Maryland, including the determination and collection of the correct taxes and other amounts. Failure to provide all or part of the requested information may result in the disallowance of claimed amounts and an increased tax liability. In addition, the law makes provision for securing information from taxpayers that fail to supply required information, and a penalty may apply.

Taxpayers have a right to access their tax records maintained by the Revenue Administration Division, and may inspect, amend or otherwise correct them. To obtain a copy of such tax records, submit a written request containing the

corporate name, address and identification numbers and specifying the information needed. The request must be signed by an authorized corporate officer.

As authorized by law, information furnished to the Revenue Administration Division may be given to the Internal Revenue Service, a proper official of any state that exchanges tax information with Maryland, and to an officer of this State having a right to the information in that officer's official capacity. Also, the information may be obtained in accordance with a proper judicial or legislative order.

SPECIFIC INSTRUCTIONS

SPECIAL NOTE: Complete the federal income tax return first and use it in preparation of the Maryland return. After completing the Maryland return, ATTACH A COPY OF PAGES 1 THROUGH 4 OF THE FEDERAL INCOME TAX RETURN TO FORM 500.

NAME, ADDRESS AND OTHER INFORMATION

IMPORTANT — PLEASE REMOVE THE LABEL FROM THE TAX BOOKLET COVER AND ATTACH IT TO THE DESIGNATED AREA ON THE FORM 500. IF SOMEONE ELSE IS PREPARING THE RETURN, GIVE THE PREPARER THE BOOKLET SO THAT THE LABEL MAY BE USED. If any of the information on the label is incorrect, **DO NOT USE THE LABEL.**

If you do not have a label, type or print the correct name and address in the designated area. Enter the corporate name exactly as specified in the Articles of Incorporation, or as amended, and continue with any "Trading As" (T/A) name if applicable.

Enter the Federal Employer Identification Number (FEIN). If a FEIN has not been secured, enter "APPLIED FOR" followed by the date of application. If a FEIN has not been applied for, do so immediately.

Enter the date of incorporation and the Federal Business Code Number. The date of incorporation must be expressed numerically, using two digits each for the month, the day and the year. The Federal Business Code Number is a six-digit number available from the federal return which identifies the principal business activity.

Check the applicable box if: (1) the name or address has changed; (2) this is the first filing of the corporation; (3) this is an inactive corporation (in Maryland and elsewhere – Do not check the box for inactive if the corporation is inactive in Maryland but active elsewhere.); (4) this is the final return of a corporation which has dissolved, liquidated or withdrawn from Maryland; or, (5) you use a paid preparer and do not want Maryland forms mailed to you next year.

TAXABLE YEAR OR PERIOD

ENTER THE BEGINNING AND ENDING DATES IN THE SPACE PROVIDED AT THE TOP OF FORM 500. The form used in filing must reflect the preprinted tax year in which the corporation's tax year **begins**.

The same taxable year or period used for the federal return must be used for Form 500.

LINE 1 - TAXABLE INCOME PER FEDERAL RETURN

Enter the taxable income (after net operating

loss and special deductions) as it appears on the federal income tax return filed with the Internal Revenue Service.

Only in the instance of a current net operating loss may line 1 be reported at less than zero. Use a minus sign (-) in front of the number to indicate a loss. In the case of a net operating loss deduction, taxable income cannot be reported at less than zero.

A corporation included in a consolidated filing for federal income tax purposes must enter its separate federal taxable income. Attach a copy of pages one through four of the actual consolidated federal income tax return.

A corporation included in a consolidated federal filing and claiming net operating loss or special deductions must attach a schedule detailing the deduction(s) on a separate return basis.

ADDITION MODIFICATIONS:

All entries must be positive amounts.

LINE 2a - STATE AND LOCAL INCOME TAX

Enter the total of all net income taxes and all other taxes based on income that are imposed by any state or by a political subdivision of any state and deducted on the federal return.

Attach a schedule listing the type and amount of all taxes deducted on the federal return. The schedule of taxes must reconcile to the amount of tax expense reported on the federal return.

LINE 2b - DIVIDENDS AND INTEREST FROM ANOTHER STATE, LOCAL OR FEDERAL TAX EXEMPT OBLIGATION

Enter dividends and interest (less related expenses) attributable to any obligation or security of another state, a political subdivision or authority of another state. Also include interest and dividends that are exempted by federal law or treaty from federal but not state income, and attributable to the United States or a foreign government or an authority, commission, instrumentality or territory.

Attach a schedule listing the source and amount of all dividends and interest reported on line 2b and any related expenses. Also include in the schedule any interest and dividends exempt by federal law or treaty from federal but not state income tax.

LINE 2c - NET OPERATING LOSS MODIFICATION

If a net operating loss deduction is allowed for this taxable year, and if, in the taxable year of the corresponding net operating loss, total addition modifications exceed total subtraction modifications, enter the smaller of:

Net operating loss deduction attributable to the loss year (tax year in which the net operating loss occurred)

OR

Cumulative net operating loss deductions attributable to the loss year which are allowed for this taxable year and all prior taxable years

+ net addition modification (amount that addition modifications exceed subtraction modifications) for the loss year

– total net operating loss for the loss year.

The above items are each considered to be a positive amount for purposes of this calculation. If the result of combining amounts is negative, use zero.

If the total net operating loss deduction for this taxable year consists of net operating losses from

more than one taxable year, calculate the modification separately for each loss and enter the total.

Attach a schedule of the calculation if, in the taxable year of the net operating loss, total addition modifications exceed total subtraction modifications.

NOTE: This entry is a modification and not the net operating loss. The net operating loss is shown only on line 1.

LINE 2d - OTHER ADDITIONS

Enter the total of:

- The oil percentage depletion allowance as deducted on the federal return, under Internal Revenue Code Section 613 or 613A. Other depletion allowances that are provided for in Section 613 or 613A are not required as an addition modification.
- The amount of any credit claimed on line 10c for qualified employees in an enterprise zone.
- The amount of any credit claimed on line 10c for wages paid to qualified employment opportunity employees and child care expenses and transportation expenses.
- The amount allowed in a prior taxable year for reforestation or timber stand improvement if the commercial forest land was decertified in the previous year. See the corresponding subtraction modification listed under line 4e for more information.
- The amount of federal income tax expenses attributable to a child care center or family day care home, if the center or home is not licensed or registered as required by Maryland law.
- The amount of any credit claimed on line 10c for wages paid and qualified child care or transportation expenses incurred with respect to a qualified employee with a disability.
- The amount of any credit claimed on line 10c for property taxes paid by a public utility on operating real property that is used to generate electricity for sale.
- The amount of any credit claimed on line 10c for wages paid to employees at a qualified corporate headquarters of a public service company.

Attach a schedule of all items and amounts reported on line 2d in the same categories as specified above.

LINE 3 - TOTAL

Add the amounts on lines 1 and 2e and enter the total.

SUBTRACTION MODIFICATIONS:

All entries must be positive amounts.

LINE 4a - DIVIDENDS FOR DOMESTIC CORPORATIONS CLAIMING FOREIGN TAX CREDITS

Enter the amount included in the income of a domestic corporation claiming a foreign tax credit as dividends under Internal Revenue Code Section 78 (foreign dividend gross-up).

LINE 4b - DIVIDENDS FROM RELATED FOREIGN CORPORATIONS

Enter dividends received from a corporation if the receiving corporation owns, directly or indirectly, 50% or more of the paying corporation's outstanding shares of capital stock and the paying corporation is organized under the laws of a foreign government.

This subtraction is limited to the amount of dividends included in federal taxable income.

LINE 4c - INCOME FROM UNITED STATES OBLIGATIONS

- Income attributable to an obligation of the United States or an instrumentality of the United States. (This includes dividends from mutual funds which invest in U.S. government obligations. Only that portion of dividends attributable to interest from U.S. obligations can be subtracted. Income from Government National Mortgage Association securities may not be subtracted.)

LINE 4d - GAIN OR LOSS ON THE DISPOSITION BY PUBLIC SERVICES COMPANY OF CERTAIN ASSETS (STRANDED COST RECAPTURE)

- Enter the difference between the adjusted basis of the disposed or transferred asset as recorded in the books of the public service company and the adjusted basis of the assets for federal purposes calculated as of January 1, 2000. Add to this the amount of any carryover from a previous year. Complete the worksheet below to determine the amount of any carryover of this subtraction.

LINE 4e - OTHER SUBTRACTIONS

Enter the total of:

- The percentage of the dividends received from an affiliated domestic international sales corporation equal to the percentage that would be excluded if the corporation did not qualify under Internal Revenue Code Section 992(a).

- Profit realized from the sale or exchange of bonds issued by Maryland or a political subdivision of Maryland.

- The amount of payment for relocation and assistance under the Maryland Real Property Article, Title 12, Subtitle 2.

- Refunds of income tax received from a state or a political subdivision of a state.

- Expenses incurred to buy and install conservation tillage equipment (no-till planters, no-till drills and liquid manure soil injection apparatus), as certified by the Maryland Department of Agriculture. (See back cover of tax booklet for address and phone number.) Attach a copy of the certification.

- Twice the amount of expenses for reforestation or timber stand improvement activity on 10 to 100 acres of commercial forest land, exclusive of federal funds. For information regarding qualification and a computation of expenses, contact the Maryland Department of Natural Resources. (See back cover of tax booklet for address and phone number.)

- The amount of wages for which a deduction is not allowed under Internal Revenue Code Section 280C(a), not exceeding the credit allowed for targeted jobs under Internal Revenue Code Section 51.

- For a Regulated Investment Company, the amount of the addition for interest and dividends from state or local obligations of another state.

- Purchase cost of certain poultry or livestock manure spreading equipment as certified by the Maryland Department of Agriculture. Attach a copy of the certification.

- Expenses incurred to buy and install handrails in an existing elevator in a healthcare facility (as defined in Section 19-114 of the Health General Article) or other building in which at least 50% of the space is used for medical purposes.

- Amounts received by any Maryland Stadium Authority affiliate in consideration of the transfer of the Certified Rehabilitation Credit.

Attach a schedule identifying all items and amounts claimed on line 4e in the same categories as specified above. Additionally, (1) detail the expenses related to the public service company franchise tax, (2) list by source and amount the interest attributable to U.S. obligations and profit from the sale or exchange of bonds issued by Maryland or its political subdivisions, and (3) reconcile the income tax refunds to the federal return.

LINE 5 - MARYLAND MODIFIED INCOME

Subtract line 4f from line 3 and enter the result.

STRANDED COST RECAPTURE CARRYOVER WORKSHEET

1. Enter the amount from Form 500, line 4d. \$ _____
2. Enter the amount from Form 500, line 3. \$ _____
3. Enter the total of lines 4a, b, c and e from Form 500 \$ _____
4. Subtract line 3 from line 2. If less than -0-, enter -0-. \$ _____
5. Subtract line 4 from line 1. If less than -0-, enter -0-. This is your carryover amount for future periods. \$ _____

THIS LINE MUST BE COMPLETED.

APPORTIONMENT OF INCOME

NOTE: To be completed by multistate corporations — unistate corporations skip to line 8.

LINE 6 - MARYLAND APPORTIONMENT FACTOR

Enter the apportionment factor as calculated on Page 2 of Form 500. (The factor must be rounded to six decimal places.)

For detailed instructions, see instructions for Computation of Apportionment Factor on page 6.

LINE 7 - MARYLAND APPORTIONED INCOME

Multiply the amount on line 5 by the factor shown on line 6 and enter the result.

LINE 8 - MARYLAND TAXABLE INCOME

Enter the amount from line 5 or line 7, whichever is applicable.

LINE 9 - TAX

Multiply the amount on line 8 by 7%. Enter the result.

LINE 10 - PAYMENTS AND CREDITS

10a. Enter the total of amounts paid during the taxable year with Form 500DP or 500D - Declaration of Estimated Corporation Income Tax. Also include any amount carried forward as a credit from the prior year Form 500.

10b. Enter any amount paid with Form 500E - Application for Extension of Time to File Corporation Income Tax Return.

10c. Enter the total of your business and heritage area tax credits as listed below. For credits a through p, complete and submit Form 500CR with Form 500.

a. ENTERPRISE ZONE TAX CREDIT. Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees.

b. EMPLOYMENT OPPORTUNITY TAX CREDIT. Businesses who employ persons receiving "Aid to Families With Dependent Children" (AFDC) may be eligible for tax credits based upon wages paid to qualified employees, child care expenses and transportation expenses paid on behalf of the qualified employees.

c. MARYLAND DISABILITY EMPLOYMENT TAX CREDIT. Businesses who employ persons with disabilities as certified by the State Department of Education may be eligible for tax credits based upon wages paid to the qualified employees, child care expenses and transportation expenses paid on behalf of the qualified employee.

d. ELECTRIC AND GAS UTILITY CREDITS. A public utility may claim a credit against the State income tax in an amount equal to 60% of the total property taxes paid by the public utility on its operating real property in the State, other than operating land, that is used to generate electricity for sale. A credit is also available for wages paid to qualified employees at a multi-jurisdictional electric company's qualified corporate headquarters.

NOTE: If you claim a business tax credit for items a, b, c or d, an addition to income must be included on line 2d.

e. JOB CREATION TAX CREDIT. Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created or wages paid for these positions.

f. NEIGHBORHOOD PARTNERSHIP PROGRAM TAX CREDIT. Businesses who contribute \$500 or more to approved Neighborhood and

Community Assistance Programs may be eligible for a tax credit equal to 50% of approved contributions with a maximum credit of \$125,000.

g. BUSINESSES THAT CREATE NEW JOBS TAX CREDIT. Certain businesses located in Maryland that create new positions or establish or expand business facilities in the state may be entitled to an income tax credit if a property tax credit is granted by Baltimore City or any county or municipal corporation of Maryland.

h. TELECOMMUNICATIONS PROPERTY TAX CREDIT. A credit is allowed for a public utility that is a telecommunications company in an amount limited to 60% of the total state, county and municipal corporation property taxes paid on certain Maryland property.

i. WATER QUALITY IMPROVEMENT CREDIT. A credit may be claimed for additional commercial fertilizer costs necessary to convert agricultural production to a nutrient management plan.

j. EMPLOYER PROVIDED LONG-TERM CARE INSURANCE CREDIT. A credit may be claimed for costs incurred by an employer who is providing long-term care insurance as part of an employee benefit package.

k. WORK-BASED LEARNING PROGRAM CREDIT. A credit may be claimed for a percentage of wages paid to students employed as part of a work-based learning program.

l. CREDIT FOR MARYLAND-MINED COAL. A credit is allowed for a qualifying cogenerator, as defined under the Public Utility Regulatory Policies Act of 1978, for the purchase of Maryland-mined coal.

m. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT. Businesses may claim a credit for the project cost and startup cost of relocating or expanding a business in a distressed county in Maryland.

n. COMMUTER TAX CREDIT. Businesses may claim a credit against the state income tax for the cost of providing qualifying commuter benefits to the business entities' employees.

o. MARYLAND RESEARCH AND DEVELOPMENT TAX CREDIT. Businesses may claim a credit against the state income tax for certain qualified research and development expenses.

p. MARYLAND CLEAN ENERGY INCENTIVE ACT. A credit may be claimed for the cost incurred to install solar energy Property or Photovoltaic Property.

For additional information regarding any of the above income tax credits, see the instructions provided on Form 500CR, Business Tax Credits. This form is available from any office of the Comptroller.

q. HERITAGE AREA TAX CREDIT. A credit is allowed for 25% of qualified rehabilitation expenditures as certified by the Maryland Historical Trust. See Form 502H for qualifications and instructions.

r. HERITAGE AREA MORTGAGE CREDIT. In lieu of taking the heritage area tax credit, an individual or business entity may receive a mortgage credit certificate. The certificate may be transferred to the mortgage holder who may then take a credit against income tax in an amount equal to the face value of the certificate.

NOTE: If you have other credits included on Form 500CR, enter your credit from Form 502H onto Form 500CR and submit both forms. Otherwise, submit only Form 502H with Form 500.

10d. Add the amounts on lines 10a, 10b and 10c and enter the total.

LINE 11 - BALANCE OF TAX DUE

If the amount on line 9 is greater than the amount on line 10d, subtract line 10d from line 9 and enter the result.

LINE 12 - OVERPAYMENT

If the amount on line 10d is greater than the amount on line 9, subtract line 9 from line 10d and enter the result.

LINE 13 - INTEREST AND/OR PENALTY

Calculate the amount of interest and/or penalty due as a result of the underpayment of estimated tax and as a result of late filing of Form 500 and payment of the tax. If applicable, enter each amount in the space provided and enter total.

If the estimated tax was underpaid, calculate interest on the amount of underpayment (estimated tax required less estimated tax paid) for each installment period and add the results. The interest periods are from the due date of each estimated tax installment to the due date of the next estimated tax installment (or to the date the tax was paid, if earlier). For additional assistance regarding this calculation, use Form 500UP - Underpayment of Estimated Corporation Income Tax.

NOTE: Form 500UP is not required. The Maryland Revenue Administration Division will calculate the interest and penalty for failure to pay the required amount of estimated income tax and notify the corporation of any balance due.

If Form 500 is filed late, calculate interest on the amount of tax that was not paid by the original due date. The interest period is from the original due date to the date of payment.

A penalty of up to 25% may be imposed if any tax is not paid when due. Any penalty due will be calculated and assessed after filing of Form 500.

LINE 14 - TOTAL BALANCE DUE

Add the amounts on lines 11 and 13 and enter the result, or if the amount on line 13 exceeds line 12, enter the difference. The total amount due must be paid with the filing of Form 500.

LINE 15 - AMOUNT OF OVERPAYMENT TO BE APPLIED TO ESTIMATED TAX FOR 2001

Enter the portion of overpayment to be applied to the estimated tax for the next tax year. For information regarding estimated income tax requirements, see the General Instructions.

LINE 16 - AMOUNT OF OVERPAYMENT TO BE REFUNDED

Add the amounts on lines 13 and 15 and subtract the total from line 12. This is the amount requested to be refunded to the corporation.

ADDITIONAL INFORMATION AND STATEMENTS REQUIRED

Enter all information requested in these areas on Page 2.

SIGNATURE AND VERIFICATION

An authorized officer must sign and date Form 500 at the bottom of Page 2 and enter his or her corporate title. If a paid preparer is used, the preparer must also sign and date the return and enter the firm name and address.

PAYMENT INSTRUCTIONS

Include a check or money order made payable to the Comptroller of Maryland for the full amount of any balance due. All payments must indicate the Federal Employer Identification Number, type of tax and tax year beginning and ending dates. **DO NOT SEND CASH.** Taxpayers making payments of \$20,000 or more must pay by electronic funds transfer. Others may elect this method. Taxpayers must register prior to making electronic payments. For registration information call 410-260-7601.

MAILING INSTRUCTIONS

Use the envelope provided in the tax booklet and place an "X" in the appropriate box in the lower left corner to indicate the type of return enclosed. Also, be sure to read and follow the reminders listed on the back of the envelope. 5

INSTRUCTIONS FOR COMPUTATION OF APPORTIONMENT FACTOR – 2000

Multistate corporations are those which are operating in more than one state and beyond the protection of U.S.C.A. Title 15, Section 381 of the Interstate Commerce Tax Act (P.L. 86-272). Multistate corporations operating in Maryland as a unitary business must allocate income using an apportionment formula.

Unistate corporations are those which are operating in only one state, or are operating in more than one state but the extent of the activity in the other states is within the protection of P.L. 86-272. Unistate corporations subject to the Maryland income tax law may not apportion income.

Allocation means the assignment of income to a particular state. **Apportionment** means the allocation of income among states by the use of a formula containing apportionment factors.

All factors of the apportionment formula are developed as fractions, the numerator of which is the total of Maryland items and the denominator is the total of items everywhere during the tax year. Each factor is calculated to six decimal places and the number of factors used is averaged to arrive at the final apportionment factor. The items of both numerator and denominator should reconcile to the items as categorized and reported on the federal income tax return.

If a return is filed by a multistate corporation which reflects a loss and there is no income to be apportioned, an apportionment factor must be calculated for the filing to be complete.

THREE-FACTOR FORMULA

Multistate corporations are generally required to use a three-factor formula of property, payroll and double-weighted receipts. The sum of the property factor, payroll factor and twice the receipts factor is divided by four to arrive at the final apportionment factor. Specific requirements regarding each factor are set forth below:

Receipts Factor The receipts factor includes the amounts of income reported during the taxable year as gross receipts or sales less returns and allowances, dividends, interest, gross rents, royalties, capital gains and other income on the federal return.

Gross receipts from sales of tangible personal property are included in the numerator if the property is delivered or shipped to a purchaser which takes possession in Maryland, regardless of f.o.b. point or other conditions of sale. Sales of tangible personal property to an out-of-state purchaser are also included in the numerator if the purchaser takes possession in Maryland. Sales of property in transit which are destined to Maryland are included in the numerator.

Gross receipts from service-related activities are included in the numerator if the receipts are derived from customers within this State. There are specific rules to determine "Customers Within this State". To review these rules see Maryland Regulation 03.04.03.08 D.

Gross income from intangible items such as dividends, interest, royalties and capital gains from

the sale of intangible property are included in the numerator based upon the average of the property and payroll factors.

Gross receipts from the rental, leasing or licensing of real or tangible personal property are included in the numerator if the property is located within Maryland. If tangible personal property is located in this State for a portion of the tax year, only the income received for that portion is included in the numerator.

Capital gains from the sale of real and tangible personal property are included in the numerator if the property is located within Maryland. Ordinary net gain or loss derived from the sale of depreciable assets is excluded from the factor.

Other income items are included in accordance with the provisions previously stated depending upon the nature and type of each item.

Property Factor The property factor includes owned as well as rented tangible personal property used in the trade or business during the taxable year. Such properties are inventory, machinery and equipment, buildings and land, and other tangible assets. Property is included in the numerator if it has a situs within Maryland.

Property owned by the corporation is valued at its original cost and is reflected in the factor at the average of the tax year beginning and ending amounts. If there are material changes during the tax year and the yearly average is not a fair representation, the average must be calculated on a monthly or daily basis.

Property in transit is considered to be at its destination for purposes of the factor. Property under construction during the tax year is excluded from the factor until actually placed in service.

Property leased or rented by the corporation is included in the factor at a capitalized value. To arrive at the capitalized value, expenses are associated with the privilege of occupying or using the property, including such items as fixed rent, percentage rent, real estate taxes, insurance and maintenance, are multiplied by eight. Expenses for gas, electricity, oil, water or other items normally consumed are excluded.

Lease or rental expense below the market rate must be adjusted to reflect a reasonable market rate and then capitalized. Sublease income cannot be used to arrive at the capitalized value of leased or rented property, but must be included in the receipts factor.

Improvements to the leased or rented property (which revert to the owner at expiration of the lease or rental term) are amortized and not capitalized. The actual cost of the improvements is divided by the number of years remaining for the lease or rental term and the result is included in the factor for each tax year.

Property that has remained idle and has not produced any revenue for a period of five or more years is not included in the factor.

Payroll Factor All compensation is to be included in the numerator, both when the individual's service is performed entirely within Maryland, and when the individual's service is performed both within and without Maryland but the service performed outside Maryland is incidental to the individual's service within.

Compensation is also included in the numerator if some part of the service is performed within Maryland and the base of operations or place from which the service is controlled is in Maryland. If the base of operations or place from which the service

is controlled is not in any state where the service is performed but the individual's residence is in Maryland, the compensation is also included in the numerator.

SPECIAL APPORTIONMENT FORMULAS

NOTE: Double-weighted receipts factor provisions are not applicable for corporations subject to the following apportionment formulas.

Corporations engaged primarily in leasing or rental operations are required to use an equally weighted two-factor formula of receipts and property. The receipts and property factors are calculated in accordance with the provisions for those factors of the three-factor formula, except that receipts from intangible items are excluded.

Corporations engaged primarily in certain types of transportation operations are required to use a one-factor formula as follows:

- Trucking operations (motor freight carriers) must use total road mileage traveled in Maryland divided by total road mileage traveled everywhere.
- Railroad operations must use total track mileage traveled in Maryland divided by total track mileage traveled everywhere.
- Shipping operations must use total voyage days in Maryland divided by total voyage days everywhere. Voyage days are the number of days which ships spend in ports and on waterways.
- Airline operations must contact the Maryland Revenue Administration Division for instructions. (See back cover of tax booklet for address and phone number.)

Banks and similar institutions are subject to special apportionment rules. To review these rules, see Maryland Regulation 03.04.08 or contact the Maryland Revenue Administration Division for instructions. (See back cover of booklet for address and phone number.)

An Internal Revenue Code Section 338(h) (10) election is also recognized by the State of Maryland. Contact the Maryland Revenue Administration Division for instructions. (See back cover of the tax booklet for address and phone numbers.)

SPECIAL RULES

If the apportionment formula does not fairly represent the extent of the corporation's activity within Maryland, the Maryland Revenue Administration Division may alter the formula or components accordingly.

The corporation's share of receipts, property and wages of a partnership or joint venture is included in the corporation's receipts, property and wage factors as if they were the direct receipts, property and wages of the corporation. The partnership share is included only to the extent of the factors required for the corporation.

Income may be allocated by separate accounting when the activity of the corporation within Maryland is nonunitary. A corporation may not use the separate accounting method without prior approval of the Revenue Administration Division.

CORPORATION INCOME TAX RETURN



(OR FISCAL YEAR BEGINNING , 2000, ENDING)

Name, Federal Employer Identification No., FEIN Applied for date, Date of Organization or Incorporation, Federal Business Code No., Number and street, City or town, State, Zip code

CHECK HERE IF: NAME OR ADDRESS HAS CHANGED, INACTIVE CORPORATION, YOU USE A PAID PREPARER AND DO NOT WANT MARYLAND FORMS MAILED TO YOU NEXT YEAR, FIRST FILING OF THE CORPORATION, FINAL RETURN

SEE INSTRUCTIONS IN CORPORATION INCOME TAX BOOKLET. ATTACH A COPY OF PAGES 1 THROUGH 4 OF THE FEDERAL INCOME TAX RETURN.

1. Taxable income per attached federal return (Check applicable box: 1120/1120A, 990T, Other IF 1120S, FILE ON FORM 510)

ADDITION MODIFICATIONS (All entries must be positive amounts)

2. a. State and local income tax, b. Dividends and interest from another state, local or federal tax exempt obligation, c. Net operating loss modification, d. Other additions, e. Total additions, 3. Total (Add lines 1 and 2e)

SUBTRACTION MODIFICATIONS (All entries must be positive amounts)

4. a. Dividends for domestic corporations claiming foreign tax credits, b. Dividends from related foreign corporations, c. Interest from U.S. obligations, d. Adjustment to the gain or loss on the disposition by a Public Service company of certain assets, e. Other subtractions, f. Total subtractions, 5. Maryland modified income (Subtract line 4f from line 3)

APPORTIONMENT OF INCOME

(To be completed by multistate corporations whose apportionment factor is less than 1, otherwise skip to line 8)

6. Maryland apportionment factor (from page 2 of this form) (If factor is zero, enter 000001), 7. Maryland apportioned income (Multiply line 5 by line 6)

8. Maryland taxable income (from line 5 or line 7, whichever is applicable), 9. TAX (Multiply line 8 by 7%)

PAYMENTS AND CREDITS

10. a. Estimated tax paid (with Form 500DP and/or credited from 1999 overpayment), b. Tentative tax paid (with Form 500E), c. Business and Heritage Area Tax Credits (Attach Form 500CR and/or Form 502H), d. Total payments and credits (Add lines 10a through 10c), 11. Balance of tax due (if line 9 exceeds line 10d, enter the difference), 12. Overpayment (if line 10d exceeds line 9, enter the difference), 13. Interest and/or penalty for underpayment of estimated tax (Form 500UP) late filing interest, 14. Total balance due (Add lines 11 and 13, or if line 13 exceeds line 12 enter the difference), 15. Amount of overpayment to be applied to estimated tax for 2001 (not to exceed the net of line 12 less line 13), 16. Amount of overpayment TO BE REFUNDED (Add lines 13 and 15, and subtract the total from line 12)





COMPUTATION OF APPORTIONMENT FACTOR (Applies only to multistate corporations – see instructions) NOTE: Special apportionment formulas are required for rental/leasing and transportation companies.		Column 1 TOTALS WITHIN MARYLAND	Column 2 TOTALS WITHIN AND WITHOUT MARYLAND	Column 3 DECIMAL FACTOR (Column 1 ÷ Column 2) rounded to six places
1A. Receipts	a. Gross receipts or sales less returns and allowances			
	b. Dividends			
	c. Interest			
	d. Gross rents			
	e. Gross royalties			
	f. Capital gain net income			
	g. Other income (Attach schedule)			
	h. Total receipts (Add lines 1A(a) through 1A(g), for columns 1 and 2)			<input type="text"/>
1B. Receipts	(Enter the same factor shown on line 1A, Column 3 – Disregard this line if special apportionment formula used.)			<input type="text"/>
2. Property	a. Inventory			
	b. Machinery and equipment			
	c. Buildings			
	d. Land			
	e. Other tangible assets (Attach schedule)			
	f. Rent expense capitalized (multiplied by eight)			
	g. Total property (Add lines 2a through 2f, for Columns 1 and 2)			<input type="text"/>
3. Payroll	a. Compensation of officers			
	b. Other salaries and wages			
	c. Total payroll (Add lines 3a and 3b, for Columns 1 and 2)			<input type="text"/>
4. Total of factors	(Add entries in Column 3)			<input type="text"/>
5. Maryland apportionment factor	(Divide line 4 by four for three-factor formula, or by the number of factors used if special apportionment formula required) (If factor is zero, enter 000001 on line 6 page 1.)			<input type="text"/>

ADDITIONAL INFORMATION REQUIRED (Attach a separate schedule if more space is necessary)

- Address of principal place of business (if other than indicated on page 1): _____
- Address at which tax records are located (if other than indicated on page 1): _____
- Telephone number of **corporate** tax department: _____
- State of incorporation: _____
- Name and address of Maryland Resident Agent: _____

If a multistate operation, provide the following:

- Address of principal place of business in Maryland (if other than indicated on page 1 or above): _____
- Brief description of operations in Maryland: _____

STATEMENTS REQUIRED

- Has the Internal Revenue Service made adjustments (for a tax year in which a Maryland return was required) that were not previously reported to the Maryland Revenue Administration Division? Yes No
If "yes," indicate tax year(s) here: _____ and submit an amended return(s) together with a copy of the IRS adjustment report(s) under separate cover.
- Did the corporation file employer withholding tax reports/forms with the Maryland Revenue Administration Division for the last calendar year? Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge. Check here if you authorize your tax preparer to discuss this return with us.

Officer's signature _____ Date _____ Preparer's signature _____ Date _____

Title _____ Preparer's name, address and telephone number _____

CORPORATION INCOME TAX RETURN



(OR FISCAL YEAR BEGINNING , 2000, ENDING)

Name, Federal Employer Identification No., FEIN Applied for date, Date of Organization or Incorporation, Federal Business Code No., etc.

CHECK HERE IF: NAME OR ADDRESS HAS CHANGED, INACTIVE CORPORATION, YOU USE A PAID PREPARER AND DO NOT WANT MARYLAND FORMS MAILED TO YOU NEXT YEAR, etc.

SEE INSTRUCTIONS IN CORPORATION INCOME TAX BOOKLET. ATTACH A COPY OF PAGES 1 THROUGH 4 OF THE FEDERAL INCOME TAX RETURN.

1. Taxable income per attached federal return (Check applicable box: 1120/1120A, 990T, Other. IF 1120S, FILE ON FORM 510)

ADDITION MODIFICATIONS (All entries must be positive amounts)

2. a. State and local income tax, b. Dividends and interest from another state, local or federal tax exempt obligation, c. Net operating loss modification, d. Other additions, e. Total additions, 3. Total (Add lines 1 and 2e)

SUBTRACTION MODIFICATIONS (All entries must be positive amounts)

4. a. Dividends for domestic corporations claiming foreign tax credits, b. Dividends from related foreign corporations, c. Interest from U.S. obligations, d. Adjustment to the gain or loss on the disposition by a Public Service company of certain assets, e. Other subtractions, f. Total subtractions, 5. Maryland modified income (Subtract line 4f from line 3)

APPORTIONMENT OF INCOME

(To be completed by multistate corporations whose apportionment factor is less than 1, otherwise skip to line 8)

6. Maryland apportionment factor (from page 2 of this form) (If factor is zero, enter 000001), 7. Maryland apportioned income (Multiply line 5 by line 6)

8. Maryland taxable income (from line 5 or line 7, whichever is applicable), 9. TAX (Multiply line 8 by 7%)

PAYMENTS AND CREDITS

10. a. Estimated tax paid (with Form 500DP and/or credited from 1999 overpayment), b. Tentative tax paid (with Form 500E), c. Business and Heritage Area Tax Credits (Attach Form 500CR and/or Form 502H), d. Total payments and credits (Add lines 10a through 10c), 11. Balance of tax due (if line 9 exceeds line 10d, enter the difference), 12. Overpayment (if line 10d exceeds line 9, enter the difference), 13. Interest and/or penalty for underpayment of estimated tax (Form 500UP) late filing interest, 14. Total balance due (Add lines 11 and 13, or if line 13 exceeds line 12 enter the difference), 15. Amount of overpayment to be applied to estimated tax for 2001 (not to exceed the net of line 12 less line 13), 16. Amount of overpayment TO BE REFUNDED (Add lines 13 and 15, and subtract the total from line 12)





COMPUTATION OF APPORTIONMENT FACTOR (Applies only to multistate corporations – see instructions) NOTE: Special apportionment formulas are required for rental/leasing and transportation companies.		Column 1 TOTALS WITHIN MARYLAND	Column 2 TOTALS WITHIN AND WITHOUT MARYLAND	Column 3 DECIMAL FACTOR (Column 1 ÷ Column 2) rounded to six places
1A. Receipts	a. Gross receipts or sales less returns and allowances			
	b. Dividends			
	c. Interest			
	d. Gross rents			
	e. Gross royalties			
	f. Capital gain net income			
	g. Other income (Attach schedule)			
	h. Total receipts (Add lines 1A(a) through 1A(g), for columns 1 and 2)			<input type="text"/>
1B. Receipts	(Enter the same factor shown on line 1A, Column 3 – Disregard this line if special apportionment formula used.)			<input type="text"/>
2. Property	a. Inventory			
	b. Machinery and equipment			
	c. Buildings			
	d. Land			
	e. Other tangible assets (Attach schedule)			
	f. Rent expense capitalized (multiplied by eight)			
	g. Total property (Add lines 2a through 2f, for Columns 1 and 2)			<input type="text"/>
3. Payroll	a. Compensation of officers			
	b. Other salaries and wages			
	c. Total payroll (Add lines 3a and 3b, for Columns 1 and 2)			<input type="text"/>
4. Total of factors	(Add entries in Column 3)			<input type="text"/>
5. Maryland apportionment factor	(Divide line 4 by four for three-factor formula, or by the number of factors used if special apportionment formula required) (If factor is zero, enter 000001 on line 6 page 1.)			<input type="text"/>

ADDITIONAL INFORMATION REQUIRED (Attach a separate schedule if more space is necessary)

- Address of principal place of business (if other than indicated on page 1): _____
- Address at which tax records are located (if other than indicated on page 1): _____
- Telephone number of **corporate** tax department: _____
- State of incorporation: _____
- Name and address of Maryland Resident Agent: _____

If a multistate operation, provide the following:

- Address of principal place of business in Maryland (if other than indicated on page 1 or above): _____
- Brief description of operations in Maryland: _____

STATEMENTS REQUIRED

- Has the Internal Revenue Service made adjustments (for a tax year in which a Maryland return was required) that were not previously reported to the Maryland Revenue Administration Division? Yes No
If "yes," indicate tax year(s) here: _____ and submit an amended return(s) together with a copy of the IRS adjustment report(s) under separate cover.
- Did the corporation file employer withholding tax reports/forms with the Maryland Revenue Administration Division for the last calendar year? Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge. Check here if you authorize your tax preparer to discuss this return with us.

Officer's signature _____ Date _____ Preparer's signature _____ Date _____

Title _____ Preparer's name, address and telephone number _____

APPLICATION FOR EXTENSION OF TIME TO FILE CORPORATION INCOME TAX RETURN

GENERAL INSTRUCTIONS

Purpose of Form Form 500E is used by a corporation to request an extension of time to file the corporation income tax return (Form 500) and to remit any balance of tax due.

NOTE: Do not use this form for pass-through entities (including S corporations) or to remit employer withholding tax.

General Requirements Maryland law provides for an extension of time to file, but in no case can an extension be granted for more than six months beyond the original due date. A request for extension of time to file will be automatically granted for six months, provided that:

- 1) Form 500E is properly filed and submitted by the original due date (15th day of the 3rd month following close of the tax year or period, or by the original due date required for filing of the federal return);
- 2) full payment of any balance due is submitted with Form 500E; and
- 3) an application for extension of time has been filed with the Internal Revenue Service or an acceptable reason has been provided with Form 500E.

A proper application for extension of time to file will not be acknowledged. If the extension request is denied, the corporation will be notified.

Form 500E does not extend the time allowed to pay the tax. Maryland law provides for accrual of interest and imposition of penalty for failure to pay any tax when due.

Consolidated returns are not allowed under Maryland law. Affiliated corporations which file a consolidated federal return must file separate Maryland extension applications for each member corporation.

When to File File Form 500E by the 15th day of the 3rd month following the close of the taxable year or period, or by the original due date required for filing the federal return.

Where to File If line 5 is zero (0), you may request an automatic extension by calling 410-260-7829 from Central Maryland or 1-800-260-3664 from elsewhere to telefile this form. Please have the form in front of you when you call this number.

NOTE: The telefile service is available 24 hours a day, 7 days a week. Calling during non-peak hours will make it easier to file.

You may also file your extension on the Comptroller's website if no money is due: www.marylandtaxes.com

If you entered an amount on line 5, mail this form and your payment to the Revenue Administration Division, Annapolis, MD 21411-0001.

The application for extension of time must be filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

SPECIFIC INSTRUCTIONS

Name, Address and Other Information Type or print the required information in the designated area. DO NOT USE THE LABEL FROM THE TAX BOOKLET COVER.

Enter the name exactly as specified in the Articles of Incorporation, or as amended, and continue with any "Trading As" (T/A) name if applicable.

Enter the Federal Employer Identification Number (FEIN). If a FEIN has not been secured, enter "APPLIED FOR" followed by the date of application. If a FEIN has not been applied for, do so immediately.

Check the applicable box if the name or address has changed or if this is the first filing of the corporation.

Taxable Year or Period ENTER THE BEGINNING AND ENDING DATES OF THE TAXABLE YEAR IN THE SPACE PROVIDED AT THE TOP OF FORM 500E.

The same taxable year or period used for the federal return must be used for Form 500E.

Tentative Tax Enter the total amount of income tax liability expected for the tax year on line 3.

Estimated Tax Payments Enter on line 4 the total amounts paid with Form 500DP or 500D – Declaration of Estimated Corporation Income Tax for the taxable year or period. Also include any amount carried forward as a credit from the prior year Form 500 – Corporation Income Tax Return.

Balance Due Enter the amount of tax due on line 5 and remit full payment with this form.

Signature and Verification An authorized officer or the paid preparer must sign and date Form 500E indicating the corporate title or preparer firm name and address.

Payment Instructions Include a check or money order made payable to the Comptroller of Maryland for the full amount of any balance due. All payments must indicate the Federal Employer Identification Number, type of tax and tax year beginning and ending dates. DO NOT SEND CASH. Taxpayers making payments of \$20,000 or more must pay by electronic funds transfer. Others may elect this method. Taxpayers must register prior to making electronic payments. For registration information call 410-260-7601. If you make payments by electronic funds transfer, do not mail Form 500E; retain it for your records.

Mailing Instructions Use the envelope provided in the tax booklet and place an "X" in the appropriate box in the lower left corner to indicate the type of document enclosed. Also, be sure to read and follow the reminders listed on the back of the envelope.

MARYLAND FORM 500D

(Revised 2000)

DECLARATION OF ESTIMATED CORPORATION INCOME TAX

2001

IF THE CORPORATION RECEIVED THE DECLARATION OF ESTIMATED CORPORATION INCOME TAX PACKET WHICH INCLUDES THE FOUR PREPRINTED VOUCHERS FOR SUBMITTING ESTIMATED PAYMENTS, PLEASE USE THE PREPRINTED VOUCHERS INSTEAD OF THIS FORM.

IF THE CORPORATION DOES NOT HAVE THE PACKET, USE THIS FORM TO REMIT ANY PAYMENT DUE AT THIS TIME. CHECK THE APPLICABLE BOX ON FORM 500D IF REPLACEMENT VOUCHERS (FORM 500DP) ARE NEEDED FOR REMAINING INSTALLMENTS OF THE CURRENT TAX YEAR.

SEE INSTRUCTIONS ON REVERSE SIDE

Estimated Tax Worksheet (Complete this worksheet to compute the estimated tax due)

1. Taxable income expected for the taxable year or period BEGINNING in 2001	1		
2. Estimated income tax due for the year (7% of line 1)	2		
3. Estimated tax due per quarter (line 2 divided by four)	3		

Record of Installment Payments (Complete this record for your files)

1. PRIOR YEAR (2000) OVERPAYMENT applied as a credit to estimated tax for 2001	1		
Date Due		Date Paid	Check No.
2. 15th day of the 4th month		_____	_____
3. 15th day of the 6th month		_____	_____
4. 15th day of the 9th month		_____	_____
5. 15th day of the 12th month		_____	_____
6. Total estimated tax payments for 2001 (Claim this amount on Form 500 - line 10a for the taxable year BEGINNING in 2001.)	6		

CUT ALONG THIS LINE AND RETAIN TOP PORTION OF FORM FOR CORPORATE RECORDS.

SUBMIT BOTTOM PORTION WITH REMITTANCE TO THE COMPTROLLER OF MARYLAND, REVENUE ADMINISTRATION DIVISION,
ANNAPOLIS, MARYLAND 21411-0001

MARYLAND FORM 500D

DECLARATION OF ESTIMATED CORPORATION INCOME TAX

20

(OR FISCAL YEAR
BEGINNING _____, 20____
ENDING _____, 20____)

MAIL TO: COMPTROLLER OF MARYLAND
REVENUE ADMINISTRATION DIVISION
ANNAPOLIS, MARYLAND 21411-0001

Federal Employer Identification No. (9 digits)		DO NOT WRITE IN THIS SPACE				
Name						
Number and street						
City or town, state	Zip code	RM	ME	YE	EC	

SIGNATURE AND VERIFICATION: I declare that I have examined this declaration and to the best of my knowledge and belief, it is true, correct and complete.

CHECK HERE to request *replacement* vouchers for the remainder of the current taxable year.

Amount of tax enclosed (if amount of estimated tax is zero, do not file this form)

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Officer's (or preparer's) signature Date

Title (or preparer's firm name and address)

**DO NOT USE THIS FORM IF THE
CORPORATION HAS FORM 500DP**

DECLARATION OF ESTIMATED CORPORATION INCOME TAX

GENERAL INSTRUCTIONS

Purpose of Form Form 500D is used by a corporation to declare and remit estimated income tax when the preprinted Form 500DP is unavailable.

Corporations expected to be subject to estimated tax requirements should have received a Declaration of Estimated Corporation Income Tax Packet. The estimated tax packet includes a worksheet, record of payments, four preprinted vouchers (Form 500DP) and instructions. Please use the Form 500DP which contains preprinted taxpayer information and provides for prompt and accurate processing of the declaration payment.

If the corporation does not have the estimated tax packet, use Form 500D to remit any payment due.

NOTE: Do not use this form for pass-through entities (including S corporations) or to remit employer withholding tax.

General Requirements Every corporation having Maryland taxable income which will develop a tax in excess of \$1,000 for the taxable year or period must make estimated income tax payments. The total estimated tax payments for the year must be at least 90% of the tax developed for the current taxable year or 100% of the tax developed for the prior tax year. At least 25% of the total estimated tax must be remitted by each of the four installment due dates.

In the case of a short tax period the total estimated tax required is the same as for a regular taxable year, 90% of the tax developed for the current (short) taxable year or 100% of the tax developed for the prior tax year. The minimum estimated tax for each of the installment due dates is the total estimated tax required divided by the number of installment due dates occurring during the short tax year.

Maryland law provides for the accrual of interest and imposition of penalty for failure to pay any tax when due.

If it is necessary to amend the estimated, recalculate the amount of estimated tax required using the estimated tax worksheet provided on this form. Adjust the amount of the next installment to reflect any previous underpayment or overpayment. The remaining installments must be at least 25% of the amended estimated tax due for the year.

Consolidated returns are not allowed under Maryland law. Affiliated corporations which file a consolidated federal return must file separate Maryland declarations for each member corporation.

When and Where to File File Form 500D on or before the 15th day of the 4th, 6th, 9th and 12th months following the beginning of the taxable year or period. In addition to payment with Form 500DP or 500D, the corporation may partially or fully apply any overpayment from the prior year Form 500 – Corporation Income Tax Return to the estimated tax obligation for this year.

The estimated tax must be filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

SPECIFIC INSTRUCTIONS

Name, Address and Other Information Type or print the required information in the designated area. DO NOT USE THE LABEL FROM THE TAX BOOKLET COVER.

Enter the name exactly as specified in the Articles of Incorporation, or as amended, and continue with any "Trading As" (T/A) name if applicable.

Enter the Federal Employer Identification Number (FEIN). If the FEIN has not been secured, enter "APPLIED FOR" followed by the date of application. If a FEIN has not been applied for, do so immediately.

Check the box to request **replacement** vouchers for the remainder of the current taxable year. Do not check the box to request vouchers for the next taxable year; a packet including vouchers will be issued automatically.

Taxable Year or Period ENTER THE BEGINNING AND ENDING DATES OF THE TAXABLE YEAR IN THE SPACE PROVIDED ON FORM 500D.

The same taxable year or period used for the federal return must be used for Form 500D.

Amount of Tax Enclosed Enter the amount of tax due in the space provided and remit full payment with this form.

Signature and Verification An authorized officer or the paid preparer must sign and date Form 500D indicating the corporate title or preparer firm name and address.

Payment Instructions Include a check or money order made payable to the Comptroller of Maryland for the full amount due. All payments must indicate the Federal Employer Identification Number, type of tax and tax year beginning and ending dates. DO NOT SEND CASH. Taxpayers making payments of \$20,000 or more must pay by electronic funds transfer. Others may elect this method. Taxpayers must register prior to making electronic payments. For registration information call 410-260-7601. If you make payments by electronic funds transfer, do not mail Form 500D; retain it for your records.

Mailing Instructions Use the envelope provided in the tax booklet and place an "X" in the appropriate box in the lower left corner to indicate the type of document enclosed. Also, be sure to read and follow the reminders listed on the back of the envelope.

**UNDERPAYMENT OF ESTIMATED
MARYLAND INCOME TAX**

BY CORPORATIONS AND PASS-THROUGH ENTITIES

SEE EXPLANATION ON REVERSE. ATTACH THIS FORM TO FORM 500 OR 510.

IMPORTANT: PLEASE REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM.

TAXABLE YEAR BEGINNING _____, 2000 ENDING _____

Name as shown on Form 500 or 510	Federal Employer Identification No. (9 digits)
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SEE INSTRUCTIONS ON REVERSE SIDE

EXCEPTIONS WHICH AVOID INTEREST AND PENALTY

NO INTEREST OR PENALTY IS DUE AND THIS FORM SHOULD NOT BE FILED IF:

- A. The tax developed for the current taxable year is \$1,000 or less.
- B. Four payments of not less than 25% of the required estimated tax were filed on or before the 15th day of the 4th, 6th, 9th and 12th months of the taxable year and total either (1) 90% of the tax developed for the current taxable year or (2) 100% of the tax developed for the prior tax year.

CALCULATION OF INTEREST AND PENALTY

1. Tax for current taxable year (line 9 of Form 500 or Form 510)		
2. Enter 90% of the amount on line 1		
3. Tax for prior taxable year (line 9 of prior year Form 500 or Form 510)		
4. Estimated tax required (Enter lesser of line 2 or line 3)		

DUE DATES OF INSTALLMENT PERIODS				
	15th day 4th month	15th day 6th month	15th day 9th month	15th day 12th month
	1st Period	2nd Period	3rd Period	4th Period
5. Installment periods				
6. Estimated payments required per installment period (See instructions)				
7. Estimated tax paid per installment period on or before the due date indicated and prior year's overpayment applied to estimated tax . . .				
8. Underpayment per installment period (Subtract line 7 from line 6) . .				
9. Interest factors (See instructions)				
10. Interest per installment period (Multiply line 8 by factors on line 9)				

11. Total interest (Add all amounts on line 10)		
12. Penalty (10% of the largest amount on line 8)		
13. Total interest and penalty (Add lines 11 and 12). Also enter this amount on line 13 of Form 500 or line 12 of Form 510		

UNDERPAYMENT OF ESTIMATED INCOME TAX BY CORPORATIONS AND PASS-THROUGH ENTITIES

GENERAL INSTRUCTIONS

Purpose of Form Form 500UP is used by a corporation or a pass-through entity to calculate the amount of interest and penalty for failure to pay the required amount of estimated income tax when due.

NOTE: Form 500UP is not required. The Maryland Revenue Administration Division will calculate the interest and penalty and notify the entity of any balance due.

General Requirements Every corporation or pass-through entity having Maryland taxable income which will develop a tax in excess of \$1,000 for the taxable year or period must make estimated income tax payments. The total estimated tax payments for the year must be at least 90% of the tax developed for the current taxable year or 100% of the tax developed for the prior tax year. At least 25% of the total estimated tax must be remitted by each of the four installment due dates.

In the case of a short tax period, the total estimated tax required is the same as for a regular taxable year, 90% of the tax developed for the current (short) taxable year or 100% of the tax developed for the prior tax year. The minimum estimated tax for each of the installment due dates is the total estimated tax required divided by the number of installment due dates occurring during the short tax year.

Maryland law provides for the accrual of interest and imposition of penalty for failure to pay the required amount of estimated tax when due.

When and Where to File File Form 500UP by the original or extended due date for filing the Form 500 – Corporate Income Tax Return or Form 510 – Pass-Through Entity Income Tax Return. If used, Form 500UP must be attached to Form 500 or Form 510 and filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

SPECIFIC INSTRUCTIONS

Name and Other Information Type or print the name as shown on Form 500 or Form 510 in the designated area. Enter the Federal Employer Identification Number (FEIN). If a FEIN has not been secured, enter "APPLIED FOR" followed by the date of application. If a FEIN has not been applied for, do so immediately.

Taxable Year or Period Enter the beginning and ending dates in the space provided at the top of Form 500UP. The form used for filing must reflect the preprinted tax year in which the corporation's tax year begins.

Calculation of Interest and Penalty Enter the amounts as required for lines 1 through 13.

Instructions for Line 6: The first period extends from the beginning of the entity's fiscal year to the last day of the third month. The second period extends from the beginning of the fiscal

year to the last day of the sixth month. The third period extends from the beginning of the fiscal year to the last day of the ninth month. The fourth period extends from the beginning of the fiscal year to the last day of the twelfth month. Therefore, enter one-quarter of the estimated tax required on line 4 in the first column of line 6, one-half in the second column, three-quarters in the third column and an amount equal to line 4 in the fourth column. For Pass-Through Entities, see specific instructions below.

Instructions for Line 7: Enter all payments made prior to the due date of the fourth quarterly estimated tax payment in the appropriate column according to the instructions for line 6. That is, all payments made prior to the 15th day of the fourth month of the entity's fiscal year should be entered in the first column. All payments made prior to the 15th day of the sixth month (including those shown in the first column) should be entered in the second column. All payments made prior to the 15th day of the ninth month should be entered in the third column and all payments made by the fourth quarter due date should be entered in the fourth column.

Instructions for Line 9: Calculate the interest factor by dividing the number of days between the due date of one installment period and the due date of the next installment period by 365 and multiplying by the annual rate of interest of 13%. For example, a calendar year corporation would calculate the interest factor for the first period by dividing 61 days (from April 15 to June 15) by 365 and multiplying the result by 13% for a factor of .0217. The fourth period factor is calculated from the due date of the installment to the due date of the annual return.

The factors represent the interest rate for the portion of the year between the due date of each quarter and the due date of the next quarter. If the estimated tax payment was not timely but was paid earlier than the due date of the next period the factor may be adjusted by dividing the number of days from the date the payment was due to the date it was paid by 365 and multiplying the result by 13%. Apply this adjusted factor to the underpaid amount on line 8.

The interest factors for calendar year corporations or S corporations are: 1st period – .0217; 2nd period – .0328; 3rd period – .0324; 4th period – .0321. The interest factors for calendar year partnerships or limited liability companies are 1st period – .0217; 2nd period – .0328; 3rd period – .0435; 4th period – .0321.

Pass-Through Entities The due dates of estimated payments and annual returns for S corporations are the same as the due dates for corporations. If the entity is a partnership or limited liability company, the due date for the fourth quarterly payment is the 15th day of the thirteenth month (January 15 for calendar year filers) and the due date for the annual return is the fifteenth day of the fourth month (April 15 for calendar year filers). These differences will cause variations in the interest factors.

Partnerships and limited liability companies electing to annualize must allocate to each period (and enter on line 6) a payment amount based on the income received between the dates for each installment period. If the interest calculated on line 11 is zero because the income was not received evenly throughout the year, enter code number "301" in the box marked "code number" under the signature area of Form 510, and attach this form to the return.

MARYLAND BUSINESS REGISTRATION & TAXATION

COMPTROLLER OF THE TREASURY REGISTRATION & TAXES

Registration and Licensing All new businesses (corporations, S corporations, partnerships, limited liability companies, and sole proprietorships) can file a single application with the Central Registration Unit of the Revenue Administration Division of the Comptroller's Office to establish accounts for employer income tax withholding, sales and use tax, admissions and amusement tax, tire recycling fee, motor fuel tax, alcohol and tobacco tax and unemployment insurance. The Revenue Administration Division offers assistance for filing applications and establishing accounts.

The Central Registration Unit assigns a single state identification number for the taxes listed above.

Corporation Income Tax The corporation income tax applies to every Maryland corporation and every other corporation which has a nexus with Maryland. Nexus is the term used to indicate a taxable connection between a corporation and a taxing authority. If a corporation conducts business activity within Maryland and exceeds the provisions of U.S.C.A. Title 15, Section 381 of the Interstate Commerce Act (P.L. 86-272) it has a nexus and must file an income tax return.

The tax is based on federal taxable income after state modifications. Corporations engaged in multi-state operations must allocate income using an apportionment formula, generally consisting of receipts, property and payroll factors. The tax is imposed at a flat rate of 7% of Maryland taxable income.

Employer Withholding of Income Tax Employers making payments to individuals of salaries, wages or compensation for personal services must withhold income tax and remit the withholding to the Maryland Revenue Administration Division. The amount of tax to be withheld is prescribed in published tables which are based on the individual income tax rates. See the General Instructions for Form 500 for additional information on employer withholding requirements.

Sales and Use Tax This tax applies to businesses selling in Maryland or purchasing out of state for Maryland use.

The general Maryland sales and use tax rate is 5% (1¢ tax on each 20¢ or fraction of price). A special 8% rate is imposed on rental trucks, and a special rate of 11½% is charged on rentals of passenger cars and recreational vehicles. Most sales of food by substantial grocery or market businesses are not subject to tax. Specific prepared foods purchased in grocery stores are subject to tax. Other exemptions include all sales solely for resale, medicine, energy for residential use, manufacturing machinery and equipment, and certain agricultural equipment and supplies.

Motor Fuel Tax Generally, this tax applies to businesses selling or using motor fuel in Maryland.

The Maryland motor fuel tax rate is currently 23½¢ per gallon of gasoline and 24¼¢ per gallon of diesel fuel. There are other requirements for motor carriers, dealers, special fuel users, sellers, and service station operators.

Maryland implemented the International Fuel Tax Agreement (IFTA) for motor carriers on

January 1, 1996.

Alcohol and Tobacco Tax These taxes apply to businesses manufacturing, selling, distributing or storing alcoholic beverages or selling and/or distributing cigarettes in Maryland.

The Maryland excise tax rates on alcoholic beverages are \$1.50 per gallon of distilled spirits, 40¢ per gallon of wine, and 9¢ per gallon of beer. The tobacco tax rate is 66¢ per pack of 20 cigarettes.

Admissions & Amusement Tax This tax is imposed on a variety of activities, such as admission to any place, including motion pictures, athletic events, races, shows or exhibits. Also subject to this tax are receipts from athletic equipment rentals, bingo, coin-operated amusement devices, boat rides and excursions, amusement rides, golf green fees, golf cart rentals, skating, bowling shoe rentals, lift tickets, riding academies, horse rentals, and merchandise, refreshments, or a service sold or served in connection with entertainment.

The admissions and amusement tax is a local tax collected by the Comptroller's Office for Maryland's counties, Baltimore City, other incorporated cities and towns. The tax is set by the localities at rates varying from one-half of 1% to 10% of the admissions and amusement receipts.

Tire Recycling Fee This fee applies to tire wholesalers or a tire retailer who buys tires from out-of-state sources. Registration and payment of the fee is handled by the Revenue Administration Division.

Utility Surcharge This surcharge is collected from electric companies generating electricity in Maryland for deposit in the Environmental Trust Fund, and from telephone companies doing business in Maryland for deposit in the 911 Emergency Telephone System and Telephone Access of Maryland Funds.

The utility surcharges are collected by the Comptroller's Compliance Division.

OTHER REGISTRATIONS & TAXES

New Corporations In addition to registering with the Central Registration Unit of the Comptroller's Office, all corporations doing business in Maryland must register with the Department of Assessments and Taxation. This is also the office to contact to form a new corporation.

Financial Institution Franchise Tax The franchise tax on commercial banks was replaced with the corporate income tax for the tax years beginning after 12/31/97.

Public Service Company Franchise Tax In addition to corporation income tax, public service companies are also subject to the Department of Assessments & Taxation franchise tax on gross receipts. The gross receipts (less related expenses) that are subject to the public service company franchise tax are allowed as a subtraction modification on the corporate income tax return. The subtraction modification is not allowed for gross receipts that are derived from long-distance telecommunications service.

Insurance Company Premium Tax Insurance

companies are exempt from the corporation income tax and subject to the Department of Licensing and Regulation premium tax.

Unemployment Insurance Employers are subject to the Department of Labor, Licensing and Regulation unemployment insurance requirements and must file a central registration application to establish an account.

Workers' Compensation Employers in Maryland must provide workers' compensation insurance for all employees. Employers may obtain coverage from a private insurance company by becoming self-insured or by contacting the State Injured Workers' Insurance Fund. Employers believing they are not required to obtain this insurance may contact the Workers' Compensation Commission for certification of compliance.

Business Licenses Licenses are required for certain businesses to operate in Maryland. To determine if a license is necessary, contact the clerk of the Circuit Court in the county (or Baltimore City) where the business operates. A circuit court is located in each Maryland county and Baltimore City.

OTHER REQUIREMENTS

Bulk Sales When an existing business is bought, the purchaser must pay a 5% bulk sales and use tax on the price of tangible personal property, such as furniture and fixtures, that is part of the business. This tax is collected by the Comptroller of the Treasury Compliance Division.

Dissolution of Corporation An application for termination must be filed with the Department of Assessments and Taxation for the dissolution of a corporation. As of October 1, 1999, a tax clearance certificate is no longer required for the dissolution of a corporation.

Unclaimed Property Unclaimed funds such as wages, insurance benefits, bank accounts or security deposits must be reported if they remain unclaimed for five years. This property must be reported to the Comptroller of the Treasury - Compliance Division.

NOTE: The information provided above is a brief summary of the various Maryland business requirements and is based on the law in effect as of 1/1/2000. For additional information, see the reverse side for the addresses and phone numbers of the Maryland agencies most frequently contacted by businesses.

MARYLAND STATE AGENCIES

(MOST FREQUENTLY CONTACTED BY BUSINESSES)

COMPTROLLER OF THE TREASURY

Online business registration
www.marylandtaxes.com
*New businesses can register online and set up
 tax accounts any time 24 hours a day.*
*For other new business information, visit the
 Business License Information System at www.blis.state.md.us.*

Alcohol & Tobacco Tax Unit **410-260-7314**
 Goldstein Treasury Building — Room 310 or **888-784-0145**
 Annapolis, MD 21404-2999

Compliance Division

301 W. Preston Street
 Baltimore, MD 21201-2383

Bulk sales **410-767-1579**
Business tax collections **410-649-0633**
 or **888-614-6337**

*Sales & use, admissions & amusement
 tax and tire fee refunds* **410-767-1538**
State License Bureau **410-767-1550**
 or **800-648-9638**

Unclaimed property **410-767-1700**
 or **800-782-7383**

Utility surcharges **410-767-1700**
 or **800-782-7383**

General Accounting Division

Goldstein Treasury Building — Room 200
 Annapolis, MD 21404-0746

Tax clearances **410-260-7813**

Motor Fuel Tax Unit

Goldstein Treasury Building — Room 315
 Annapolis, MD 21404-1751

Motor Fuel Licensing & Registration **410-260-7126**
 Room 317 or **888-784-0142**
Motor Carrier & IFTA Licensing **410-260-7215**
 Room 317 or **888-784-0142**

Revenue Administration Division

Revenue Administration Center
 Annapolis, MD 21411-0001

Employer withholding tax **410-260-7980**
 or **800-638-2937**

Facsimile transmittal **410-974-2967**

*Forms (all income tax and
 employer withholding)* **410-260-7951**
Substitute/computer-generated **410-260-7424**

Income tax information **410-260-7980**
 (corporation, individual, fiduciary, or **800-638-2937**
 pass-through entity)

Income tax refund inquiries **410-260-7701**
 or **800-218-8160**

Tax-exempt organization registration **410-260-7980**
 or **800-638-2937**

Baltimore area office **410-767-1300**
 301 W. Preston Street — Room 206 or **800-492-1751**
 Baltimore, MD 21201-2383

Admissions and amusement tax
Central registration
Sales and use tax information
Sales tax exemptions
Tire recycling fee

OTHER AGENCIES

Department of Agriculture **410-841-5700**
 50 Harry S. Truman Parkway or **800-492-5590**
 Annapolis, MD 21401

*Conservation tillage equipment
 certification* **410-841-5863**

Department of Assessments & Taxation

301 W. Preston Street — Room 806
 Baltimore, MD 21201-2395

Charter/incorporation information **410-767-1330**
*Financial institution & public service
 company franchise tax* **410-767-1940**
New corporation information **410-767-1350**
Resident agent information **410-767-1330**
Personal property tax assessments **410-767-1170**
 or **888-246-5941**
Property tax credits **410-767-4433**
 or **800-944-7403**

Office of Business and Economic Research . **410-767-6435**

217 E. Redwood Street — 23rd Floor or **800-541-8549**
 Baltimore, MD 21202

Office of Regional Response **410-767-0523**
*Enterprise Zones — Economically
 disadvantaged employee certification* . . **410-767-6438**

Department of Labor, Licensing

& Regulation **410-767-2000**
 1100 N. Eutaw Street — Room 214
 Baltimore, MD 21201

Unemployment insurance **410-767-2414**
 or **800-492-5524**

Employment services **410-767-2800**

Department of the Environment **410-631-3000**

2500 Broening Highway — or **800-633-6101**
 Building 30A (1st Floor)
 Baltimore, MD 21224

*Air management and radiation
 (oil furnace conversion)* **410-631-3220**
Asbestos **410-631-3200**

Injured Workers' Insurance Fund **410-494-2000**

8722 Loch Raven Boulevard or **800-492-0197**
 Towson, MD 21286-2235

Maryland Insurance Administration

525 St. Paul Place
 Baltimore, MD 21202

Insurance company premium tax **410-468-2000**
 or **800-492-6116**

Department of Natural Resources

Tawes State Office Building — 580 Taylor Avenue
 Annapolis, MD 21401-2397

*Reforestation & timber stand
 improvement information* **410-260-8531**

Workers' Compensation Commission **410-767-0900**

6 N. Liberty Street — Room 940 or **800-492-0479**
 Baltimore, MD 21201-3785