


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

# 2004

## Maryland Tax Forms for Fiduciaries

**Forms and instructions for filing fiduciary income tax returns for calendar year or any other tax year or period beginning in 2004.**

### **Important reminders:**

- Read the instructions in this booklet.
- Use the above label on Form 504.
- Enter the Federal Employer Identification Number and tax year beginning and ending dates on all forms and payments.
- Sign and date the return.
- Nonresidents must add 1.25 percent to the base state tax of 4.75 percent for tax year 2004.

### **Electronic Filing**

You can file electronically through an approved commercial tax preparer. Look for our e-file logo.



**Direct Deposit is Available!**



William Donald Schaefer

*These are the forms and instructions you need to file your 2004 Maryland Fiduciary income tax return:*

- ❖ **Form 504** - Maryland Fiduciary Tax Return
- ❖ **Form 504E** - Application for Extension of Time to File
- ❖ **Form 504D** - Declaration of Estimated Maryland and Local Fiduciary Income Tax for the Year 2005
- ❖ **Form 504 UP** - Underpayment of Estimated Maryland Income Tax by Fiduciaries

Please send us your original completed Maryland tax return. Photocopies could delay the processing of your refund.

## Please read this *before* filling out your forms!

- ❖ File electronically through a commercial tax preparer or use the forms in this booklet.
- ❖ The top state income tax rate for resident fiduciaries is 4.75 percent for tax year 2004. For nonresident fiduciaries there is an additional income tax rate of 1.25 percent.
- ❖ **Call us for free state tax help** Monday through Friday, from **8:00 a.m. until 9:00 p.m. eastern time** from January 18 until April 15, 2005. You can also e-mail your tax questions to us any time at: [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us)

❖ A contribution can be made to **three programs on your return:** The Chesapeake Bay and Endangered Species Trust Fund, the Fair Campaign Financing Fund and the Maryland Cancer Fund.

FREE ASSISTANCE

by phone

1-800-MD TAXES

or 410-260-7980 from Central Maryland  
Monday - Friday  
8:00 a.m. - 9:00 p.m.  
January 18 - April 15, 2005

F O R M S	<p style="font-weight: bold; font-size: 1.2em;">BY PHONE</p> <p style="font-weight: bold; font-size: 1.5em; margin: 0;">410-260-7951</p> <p style="font-size: 1.1em;">Place your order and we'll mail the forms.</p>	<p style="font-weight: bold; font-size: 1.2em;">INTERNET</p> <p style="font-weight: bold; font-size: 1.5em; margin: 0;"><a href="http://www.marylandtaxes.com">www.marylandtaxes.com</a></p> <p style="font-size: 1.1em;">Tax forms, instructions, publications and e-mail access to taxpayer assistance.</p>
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OR FISCAL YEAR BEGINNING , 2004, ENDING

Please Print Blue or Black Ink Only

Name of estate or trust, Federal employer identification number, Name and title of fiduciary, Address of fiduciary (number and street), City or town, State, Zip code

CHECK BOX IF: NAME OR ADDRESS HAS CHANGED THIS IS AN AMENDED RETURN (ATTACH EXPLANATION) AMENDED RETURN

TYPE OF ENTITY, DECEDENT'S ESTATE INFORMATION, RESIDENT STATUS. Includes checkboxes for estate types, decedent info, and residency.

COMPUTATION OF TAXABLE INCOME AND TAX OF FIDUCIARY

Staple check here

Table with 21-47 rows for tax computation, including federal taxable income, Maryland tax, and total amount due.

DIRECT DEPOSIT OF REFUND (See Instruction 18) Please be sure the account information is correct.

48. To choose the direct deposit option, complete the following information: 48a. Type of account, 48b. Routing number, 48c. Account number

Make checks payable to: COMPTROLLER OF MARYLAND. Write federal employer identification no. on check using blue or black ink. Mail to: Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001

CODE NUMBERS

Daytime telephone no. (Fiduciary), Preparer's SSN or PTIN



FIDUCIARY'S SHARE OF MARYLAND MODIFICATIONS

(a) Do not complete lines 1 through 9 if the fiduciary distributes all of the income during the tax year. (b) Complete lines 1 through 8 and enter on line 24 if the fiduciary retains 100% of the income for the tax year. (c) Complete lines 1 through 9 if a partial distribution of income is made by the fiduciary during the tax year. Write a minus sign (-) in front of any negative numbers.

ADDITIONS

1. Interest on state and local obligations other than Maryland
2. Income taxes deducted on federal return
3. Other additions to income (Specify)
4. Total additions (Add lines 1 through 3)

SUBTRACTIONS

5. Income from U.S. obligations
6. Other subtractions (Specify)
7. Total subtractions (Add lines 5 and 6)
8. Net Maryland modifications (Line 4 less line 7)
9. Fiduciary's share of net Maryland modifications. Divide the total distribution from federal Form 1041 by the distributable net income, expressing the answer in decimal form. Subtract the decimal from 1 and multiply the difference by line 8.

1 - ( Total distribution / Distributable net income ) = Undistributed income factor
Undistributed income factor x Line 8 =

NONRESIDENT DEDUCTION

Complete this area only if any beneficiaries are nonresidents of Maryland

10. Income from intangible personal property accumulated for a nonresident
11. Related expenses
12. Nonresident deduction (Subtract line 11 from line 10.)

CREDIT FOR TAXES PAID TO OTHER STATES

Complete this area if the fiduciary is a resident and is liable for income tax to another state. Attach a copy of the return filed with the other state.

13. Net taxable income (from line 29)
14. Net taxable income of fiduciary in other state
15. Revised net income (Subtract line 14 from line 13. If less than 0, write 0)
16. Maryland tax (from line 30)
17. Tax on amount on line 15 (Use rate schedule.)
18. Tentative tax credit (Line 16 less line 17)
19. State tax shown on return filed with the state of
20. Credit for tax paid to the other state (Enter the lesser of line 18 or 19 here and on line 39)

AMENDED RETURNS

If you are filing an amended fiduciary income tax return, check the box and draw a line through any barcodes on the front. Explain the changes you are making in the space below. Attach a copy of the amended federal Form 1041 if the federal return is being amended.

EXPLANATION OF CHANGES

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 preparer to discuss this return with us.

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

Signature of preparer other than fiduciary Date Address and telephone of preparer



OR FISCAL YEAR BEGINNING , 2004, ENDING

Please Print Blue or Black Ink Only

Name of estate or trust, Federal employer identification number, Name and title of fiduciary, Address of fiduciary (number and street), City or town, State, Zip code

CHECK BOX IF: NAME OR ADDRESS HAS CHANGED THIS IS AN AMENDED RETURN (ATTACH EXPLANATION) AMENDED RETURN

TYPE OF ENTITY, DECEDENT'S ESTATE INFORMATION, RESIDENT STATUS. Includes checkboxes for estate types, decedent info, and residency.

COMPUTATION OF TAXABLE INCOME AND TAX OF FIDUCIARY

Staple check here

Table with 21-47 rows for tax computation, including federal taxable income, Maryland tax, and total amount due.

DIRECT DEPOSIT OF REFUND (See Instruction 18) Please be sure the account information is correct.

48. To choose the direct deposit option, complete the following information: 48a. Type of account, 48b. Routing number, 48c. Account number

Make checks payable to: COMPTROLLER OF MARYLAND. Write federal employer identification no. on check using blue or black ink. Mail to: Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001

CODE NUMBERS

Daytime telephone no. (Fiduciary), Preparer's SSN or PTIN



**FIDUCIARY'S SHARE OF MARYLAND MODIFICATIONS**

(a) Do not complete lines 1 through 9 if the fiduciary distributes all of the income during the tax year. (b) Complete lines 1 through 8 and enter on line 24 if the fiduciary retains 100% of the income for the tax year. (c) Complete lines 1 through 9 if a partial distribution of income is made by the fiduciary during the tax year. Write a minus sign (-) in front of any negative numbers.

**ADDITIONS**

1. Interest on state and local obligations other than Maryland ..... **1** \_\_\_\_\_

2. Income taxes deducted on federal return ..... **2** \_\_\_\_\_

3. Other additions to income (Specify) ..... **3** \_\_\_\_\_

4. Total additions (Add lines 1 through 3) ..... **4** \_\_\_\_\_

**SUBTRACTIONS**

5. Income from U.S. obligations ..... **5** \_\_\_\_\_

6. Other subtractions (Specify) ..... **6** \_\_\_\_\_

7. Total subtractions (Add lines 5 and 6) ..... **7** \_\_\_\_\_

8. Net Maryland modifications (Line 4 less line 7) ..... **8** \_\_\_\_\_

9. Fiduciary's share of net Maryland modifications. Divide the total distribution from federal Form 1041 by the distributable net income, expressing the answer in decimal form. Subtract the decimal from 1 and multiply the difference by line 8.

$$1 - \left( \frac{\text{Total distribution}}{\text{Distributable net income}} \right) = \text{Undistributed income factor}$$

Line 11, Schedule B, federal Form 1041
Line 7, Schedule B, federal Form 1041

$$\text{Undistributed income factor} \times \text{Line 8} =$$

**9** \_\_\_\_\_  
Enter here and on line 24

**NONRESIDENT DEDUCTION**

Complete this area only if any beneficiaries are nonresidents of Maryland

10. Income from intangible personal property accumulated for a nonresident (See Instruction 9) ..... **10** \_\_\_\_\_

11. Related expenses ..... **11** \_\_\_\_\_

12. Nonresident deduction (Subtract line 11 from line 10.) Enter on line 26 ..... **12** \_\_\_\_\_

**CREDIT FOR TAXES PAID TO OTHER STATES**

Complete this area if the fiduciary is a resident and is liable for income tax to another state. Attach a copy of the return filed with the other state.

13. Net taxable income (from line 29) ..... **13** \_\_\_\_\_

14. Net taxable income of fiduciary in other state ..... **14** \_\_\_\_\_

15. Revised net income (Subtract line 14 from line 13. If less than 0, write 0) ..... **15** \_\_\_\_\_

16. Maryland tax (from line 30) ..... **16** \_\_\_\_\_

17. Tax on amount on line 15 (Use rate schedule.) ..... **17** \_\_\_\_\_

18. Tentative tax credit (Line 16 less line 17) ..... **18** \_\_\_\_\_

19. State tax shown on return filed with the state of \_\_\_\_\_  
(Attach copy of return filed with the other state.) ..... **19** \_\_\_\_\_

20. Credit for tax paid to the other state (Enter the lesser of line 18 or 19 here and on line 39) ..... **20** \_\_\_\_\_

**AMENDED RETURNS**

If you are filing an amended fiduciary income tax return, check the box and draw a line through any barcodes on the front. Explain the changes you are making in the space below. Attach a copy of the amended federal Form 1041 if the federal return is being amended.

**EXPLANATION OF CHANGES**

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 preparer to discuss this return with us.

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

Signature of fiduciary or officer representing fiduciary \_\_\_\_\_ Date \_\_\_\_\_

Signature of preparer other than fiduciary \_\_\_\_\_ Date \_\_\_\_\_

Address and telephone of preparer \_\_\_\_\_

MARYLAND  
APPLICATION FOR  
EXTENSION TO FILE  
**FIDUCIARY**  
INCOME TAX RETURN



OR FISCAL YEAR BEGINNING 2004, ENDING

Federal Employer Identification Number (9 digits)		
Name of Estate or Trust		
Name and Title of Fiduciary		
Number and Street		
City or Town	State	Zip Code

For Office Use Only			
ME	YE	EC	EC

IF NO TAX IS DUE WITH THIS EXTENSION, FILE THE EXTENSION ON OUR WEBSITE AT: [www.marylandtaxes.com](http://www.marylandtaxes.com)  
OR CALL 410-260-7829 FROM CENTRAL MARYLAND OR 1-800-260-3664 FROM ELSEWHERE TO TELEFILE THIS FORM.

**Tax Payment Worksheet**

1. Total income tax liability for 2004 (You may estimate this amount) . . . . . 1		
Note: You must enter an amount on line 1. If you do not expect to owe tax, enter zero (0).		
2. Maryland income tax withheld. . . . . 2		
3. 2004 estimated tax payments . . . . . 3		
4. Other payments and credits . . . . . 4		
5. Add lines 2, 3 and 4 . . . . . 5		
6. Income tax balance due (Subtract line 5 from line 1). Enter this amount here and in the box below. If line 5 is more than line 1, enter zero (0) . . . . . 6		
<b>TOTAL TAX PAID WITH THIS EXTENSION</b> . . . . . ▶	\$	

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete, and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.

Signature of fiduciary \_\_\_\_\_ Date \_\_\_\_\_  
or  
Signature of preparer \_\_\_\_\_ Date \_\_\_\_\_  
other than taxpayer \_\_\_\_\_

Make checks payable to and mail to:  
COMPTROLLER OF MARYLAND  
REVENUE ADMINISTRATION DIVISION.  
Annapolis, Maryland 21411-0001  
(Write federal employer identification  
number of check)

MARYLAND  
APPLICATION FOR  
EXTENSION TO FILE  
**FIDUCIARY**  
INCOME TAX RETURN



## GENERAL INSTRUCTIONS

### Purpose of Form

Use Form 504E to receive four more months to file Form 504. You do not have to explain why you are asking for the extension unless you are not requesting a federal extension. We will contact you only if your request is denied.

To get extra time you MUST:

1. fill in Form 504E correctly AND
2. file it by the due date of your return AND
3. pay ALL of the amount shown on line 6.

Fiduciaries requesting an extension of more than four months must enter on this application the reason for the request. No extension request will be granted for more than six months, except in the case of individuals who are out of the United States. In no case will an extension be granted for more than one year from the due date for submitting the fiduciary tax return.

### When to File Form 504E

File Form 504E by April 15, 2005. If you are filing on a fiscal year basis, file by the regular due date of your return.

### Where to File

Mail this form to the Maryland Revenue Administration Division, Annapolis, MD 21411-0001.

### Filing Your Tax Return

You may file Form 504 at any time before the end of the extension period. Remember, Form 504E does not extend the time to pay taxes. If you do not pay the amount due by the regular due date, you will owe interest and be subject to a penalty.

### Interest

You will owe interest on tax not paid by the regular due date of your return. The interest will accrue until you pay the tax. Even if you had a good reason not to pay on time, you will still owe interest.

### Penalty

If tax and interest is not paid promptly, a penalty will be assessed on the tax.

### How to Claim Credit for Payment Made with This Form

When you file your return, show the amount of any payment (line 6) sent with Form 504E on line 38 of your return.

### Your Signature

This form must be signed by the fiduciary or officer representing the fiduciary.

### Others Who Can Sign For You

Anyone with a power of attorney can sign. But the following can sign for you without a power of attorney:

- Attorneys and CPAs.
- A person in close personal or business relationship to you who is signing because you cannot. There must be a good reason why you cannot sign (such as illness or absence). Attach an explanation to the form.



OR FISCAL YEAR BEGINNING 2005, ENDING

CHECK HERE IF THIS IS A CHANGE OF ADDRESS

CHECK HERE IF YOU NEED VOUCHERS FOR REMAINING PAYMENTS

Form fields for Federal Employer Identification Number, Name of Estate or Trust, Name and Title of Fiduciary, Number and Street, City or Town, State, State, Zip Code.

For Office Use Only: ME, YE, EC, EC

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

IF YOU DID NOT RECEIVE THE PACKET, USE THIS FORM TO REMIT ANY PAYMENT DUE AT THIS TIME. CHECK THE APPLICABLE BOX ON FORM 504D IF REPLACEMENT VOUCHERS ARE NEEDED FOR REMAINING INSTALLMENTS OF THE CURRENT TAX YEAR.

IMPORTANT: Please review the instructions before completing this form.

ESTIMATED TAX WORKSHEET

- 1. Total income expected in 2005 (federal taxable income)
2. Federal exemption amount
3. Add lines 1 and 2
4. Net modifications (See instructions)
5. Line 3 above plus or minus line 4
6. Nonresident deduction (See instructions)
7. Balance (Subtract line 6 from line 5)
8. Maryland exemption (Personal representatives use \$600; other fiduciaries use \$200)
9. Maryland taxable income of fiduciary
10. Maryland income tax (See instructions)
11. Local income tax or special nonresident tax. Multiply the taxable income from line 9 by .0
12. Total Maryland and local income tax (Add lines 10 and 11)
13. Credit for income tax paid to another state (resident fiduciaries only) or from Form 500CR, 502H and/or worksheet in Instruction 17
14. Total estimated tax (Subtract line 13 from line 12)
15. Amount to be submitted with each declaration (Divide line 14 by four)

ESTIMATED TAX PAID FOR 2005 WITH THIS DECLARATION \$

Who must file a declaration You must file a declaration of estimated tax if you are required to file a Maryland fiduciary income tax return and your taxable income would be expected to develop a tax of more than \$500.

A personal representative of an estate is not required to remit estimated tax payments for the first two tax years of the estate.

When to file a declaration You must pay at least one-fourth of the total estimated tax on or before April 15, 2005. The remaining quarterly payments are due June 15, 2005, September 15, 2005, and January 17, 2006.

Overpayment of tax If you overpaid your 2004 income tax (Form 504) you may apply all or part of the overpayment to your 2005 estimated tax. If the overpayment applied equals or exceeds the estimated tax liability for the first quarterly payment, you are not required to file the declaration.

**MARYLAND**  
**FIDUCIARY**  
DECLARATION OF ESTIMATED INCOME TAX



**How to estimate your 2005 tax** The worksheet on page 1 is designed to develop an estimate of your 2005 Maryland and local income tax. Be as accurate as you can in forecasting your 2005 income. You may use your 2004 income and tax as a guide, but if you will receive more income in 2005, you must pay at least 110% of the prior year tax to avoid interest for underpayment of estimated tax. For the purpose of estimating, rounding all amounts to the nearest dollar is recommended.

The annualized income installment method used for federal estimated tax purposes may be used to compute Maryland estimated tax.

**Specific instructions:**

- Line 1.** Total income expected in 2005 is your estimated federal taxable income.
- Line 2.** Federal exemption amount. Enter the exemption amount you expect to claim on your federal fiduciary income tax return.
- Line 4.** Net modifications. Fiduciaries are permitted those additions and subtractions allowed individuals. For further information, see the instructions for Form 502 for resident individuals or Form 505 for nonresident individuals. Only the fiduciary's allocable portion should be used.
- Line 6.** Nonresident deduction. If any beneficiaries of the estate are nonresident individuals or corporations not doing business in this state, enter on this line the total income from intangible personal property less allocable expenses which you expect to accumulate (and not distribute) during the tax year for their benefit.
- Line 8.** Maryland exemption. The Maryland exemption allowed to a personal representative is \$600. A fiduciary other than a personal representative is allowed \$200.
- Line 10.** Maryland fiduciary income tax. Compute your tax on the amount on line 9 using the following tax rate schedule:

**Tax rate schedule**

If the amount on line 9 is:		Amount of tax
At least	but not over	(Enter on line 10)
\$ 0	- \$1,000	2% of the amount on line 9
1,000	- 2,000	\$20 plus 3% of the excess over \$1,000
2,000	- 3,000	\$50 plus 4% of the excess over \$2,000
3,000	- over	\$90 plus 4.75% of the excess over \$3,000

- Line 11.** Local or special nonresident tax. Maryland counties and Baltimore City levy an income tax on residents which is a percentage of taxable net income. Using the following criteria, determine to which city, county or local taxing jurisdiction the fiduciary must pay the local income tax.
  1. A personal representative should use the rate for the jurisdiction in which the decedent was domiciled on the date of death.
  2. Other fiduciaries should use the rate for the jurisdiction in which the trust was created or is principally administered.

The amount you entered on line 9 is your taxable net income. Multiply that by your local tax rate using the following chart and enter on line 11.

Subdivision	Rate	Subdivision	Rate
Baltimore City	.0305	Harford County	.0306
Allegany County	.0293	Howard County	.0320
Anne Arundel County	.0256	Kent County	.0285
Baltimore County	.0283	Montgomery County	.0320
Calvert County	.0280	Prince George's County	.0320
Caroline County	.0263	Queen Anne's County	.0285
Carroll County	.0305	St. Mary's County	.0305
Cecil County	.0280	Somerset County	.0315
Charles County	.0290	Talbot County	.0225
Dorchester County	.0262	Washington County	.0280
Frederick County	.0296	Wicomico County	.0310
Garrett County	.0265	Worcester County	.0125

**Nonresident Fiduciaries Use .0125**

**Changes in income** Your situation may not require you to file a declaration on April 15, 2005. However, a large increase in income after that date may require you to file a declaration. If at any time during the year you need to amend your original declaration, simply increase or decrease the remaining payments.

**Filing a return instead of the fourth payment** Instead of making the fourth declaration payment on or before January 17, 2006, you may file your 2005 fiduciary income tax return provided you file it on or before January 31, 2006, and pay in full with the return any balance of tax due.

**Forms and information** Declaration of estimated tax forms for fiduciaries and any additional information may be obtained from the Comptroller of Maryland, Revenue Administration Division, Annapolis, MD 21411-0001 (410-260-7980 or 1-800-MDTAXES) or from any of its branch offices.

**Payment instructions** Make your check or money order payable to the "Comptroller of Maryland." Put your federal employer identification number on your check. *Do not send cash.*

**Mailing instructions** Mail your declaration of estimated fiduciary income tax to:

Comptroller of Maryland  
Revenue Administration Division  
Annapolis, Maryland 21411-0001

**Penalties and interest** If you are required by law to file a declaration of estimated tax for any tax year and you either (1) fail to file on the date prescribed, (2) fail to pay the installment or installments when due or (3) estimate a tax less than ninety (90) percent of the developed tax shown on the return for the current tax year and which estimate was less than the 110% of tax paid for the prior year, you shall be subject to the penalties and interest as provided by law for failure to file a return and failure to pay tax when due.

**UNDERPAYMENT OF ESTIMATED  
MARYLAND INCOME TAX  
BY FIDUCIARIES**

**2004**

**SEE SEPARATE INSTRUCTIONS. ATTACH THIS FORM TO FORM 504.**

**IMPORTANT: PLEASE REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM.**

**IF YOUR INCOME IS TAXABLE BY ANOTHER STATE, SEE INSTRUCTIONS.**

Name of estate or trust	Federal employer identification number
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**EXCEPTIONS THAT AVOID THE UNDERPAYMENT PENALTY**

No interest is due and this form should not be filed if:

- A. the tax year ends less than 2 years after the decedent's date of death;
- B. the tax liability on gross income after deducting Maryland withholding is \$500 or less; or
- C. each current year payment, made quarterly as required, is equal to or more than one-fourth of 110% of last year's taxes.

**REQUIRED ANNUAL PAYMENT**

1. Total Maryland income (from line 27 of Form 504)	\$ _____
2. 2004 Maryland and local tax (from line 32 of Form 504)	_____
3. Credits (from lines 39 and 40 of Form 504)	_____
4. Total <u>tax</u> developed on tax preference items	_____
5. Total (Add lines 3 and 4.)	_____
6. Balance (Subtract line 5 from line 2.)	_____
7. Multiply line 6 by 90% (.90)	_____
8a. 2003 tax [Enter amount from line 32 (reduced by any credits on lines 38 and 39) of 2003 Form 504.]	_____
8b. Multiply line 8a by 110% (1.10)	_____
9. Minimum withholding and/or estimated tax required (Enter the lesser of line 7 or 8b.)	\$ _____

**COMPUTATION OF UNDERPAYMENT**

INSTALLMENT PERIODS	DUE DATES OF INSTALLMENTS			
	April 15, 2004	June 15, 2004	September 15, 2004	January 15, 2005
	Jan. 1 to Mar. 31	Jan. 1 to Jun. 30	Jan. 1 to Sept. 30	Jan. 1 to Dec. 31
10. Required payments. Enter the amount derived from line 9 or line 32, whichever is applicable. (See instructions.)				
11. Estimated tax paid and tax withheld per period (See instructions.)				
12. Underpayment per period (Subtract line 11 from line 10.) If less than zero, enter zero.				

**COMPUTATION OF INTEREST**

13. Interest factor (based on 13% annual rate)	.0217	.0325	.0433	.0325
14. Multiply underpayment on line 12 by the factor on line 13 for each period.				
15. Interest (Add amounts on line 14.) Place total on line 46 of Form 504 and include amount in your total payment with return.				

**UNDERPAYMENT OF ESTIMATED  
MARYLAND INCOME TAX  
BY FIDUCIARIES**

**CAUTION: COMPLETE LINES 16-32 OF ONE COLUMN BEFORE GOING TO THE NEXT COLUMN**

**ANNUALIZED INCOME INSTALLMENT METHOD**

	<b>INCOME PERIODS</b>			
	Jan. 1 to Feb. 28	Jan. 1 to Apr. 30	Jan. 1 to July 31	Jan. 1 to Nov. 30
16. Taxable income without exemption for each period				
17. Annualization factor	<b>6</b>	<b>3</b>	<b>1.71429</b>	<b>1.09091</b>
18. Annualized income (Multiply line 16 by line 17)				
19. Exemption (Personal representative enter \$600 all other fiduciaries enter \$200)				
20. Annualized taxable income (Subtract line 19 from line 18)				
21. Compute the tax on the amount from line 20 (See instructions)				
22. Credits and tax developed on tax preference items (See instructions)				
23. Total tax after credits (Subtract line 22 from line 21). If less than zero, enter zero				
24. Applicable percentage	<b>22.5% (.225)</b>	<b>45% (.45)</b>	<b>67.5% (.675)</b>	<b>90% (.9)</b>
25. Annualized tax (year to date amount) (Multiply line 23 by line 24)				
26. Add the amounts from line 32 in all preceding columns				
27. Subtract line 26 from line 25. If less than zero, enter zero				
28. Enter 1/4 of line 9 from page 1 in each column				
29. Enter amount from line 31 of the preceding column				
30. Add line 28 and line 29 and enter total				
31. Subtract line 27 from line 30. If less than zero, enter zero				
32. Enter the smaller of line 27 or line 30 here and the cumulative amounts on line 10 of page 1. (See instructions)				

# Underpayment of Estimated Maryland Income Tax By Fiduciaries

## GENERAL INSTRUCTIONS

Section 10-815 of the Tax-General Article of the Annotated Code of Maryland requires every individual, including a fiduciary, who receives taxable income which is not subject to Maryland withholding or from which not enough Maryland tax is withheld to file a declaration of estimated tax if the income can be expected to develop a tax of more than \$500 in excess of the Maryland withholding. Furthermore, Sections 13-602 and 13-702 stipulate that any individual so required to file, who either (1) fails to file on the date or dates prescribed; (2) fails to pay the installment or installments when due; or (3) estimates a tax less than ninety (90) percent of the developed tax shown on the return for the current tax year and less than the tax paid for the prior year, shall be subject to interest and penalty.

## WHO MUST FILE

If you believe that you are liable for interest for one of the reasons outlined above, then please complete and submit this form with your tax return.

If you meet one of the following exceptions, then you are not required to file this form:

- (1) the tax year ends less than two years after the decedent's date of death;
- (2) the tax liability on gross income after deducting Maryland withholding is \$500 or less; or
- (3) each current year payment, made quarterly as required, is equal to or more than 1/4 of 110% of last year's tax.

If you want us to figure the interest for you, complete your return as usual. Do not file Form 504UP. You will be notified of any interest due.

**IMPORTANT:** If you complete Form 504UP and, because of the distribution of income, have no interest due, attach the form to your fiduciary return and write code number **301** in the box marked Code Number at the bottom of Form 504, above the signature area.

If you use the annualization method to calculate interest for underpayment of estimated tax, attach Form 504UP to your fiduciary return and write code number **301** in the box marked Code Number at the bottom of Form 504. **In order for the Revenue Administration Division to recognize your use of this calculation method, you must enter the code number and attach the form, even if there is no interest due.**

## SPECIFIC INSTRUCTIONS

**Lines 1 through 9** are used to determine the minimum amount required to be paid by estimated or withholding tax to avoid interest.

### Lines 1-3

Enter the amounts specified from your 2004 Form 504.

### Line 4

Multiply the amount on line 6 of the Form 502TP by 4.75% (.0475). Apply the local tax rate in effect for your return and enter the sum on this line. (nonresidents use .0125)

### Line 8

If your 2003 tax was corrected or amended, be sure to include any additional tax when calculating your total tax for the year.

**Lines 10 through 12** will determine which periods are underpaid and the amount of underpayment.

### Line 10

If you are utilizing the regular method of computing the underpayment of estimated income tax, then enter one-fourth of line 9 in column 1, one-half of line 9 in column 2, three-fourths of line 9 in column 3 and an amount equal to line 9 in column 4. If you are utilizing the annualized income installment method, enter the amounts from line 32 in the respective columns.

### Line 11

Enter in each column the sum of any estimated payments you have made and any Maryland tax withheld for the period covered by that column. NOTE: Just as in line 10, each successive entry will include the amount from the prior columns. For example, if you paid \$500 in estimated payments each quarter, the first column will contain \$500, the second \$1,000, the third \$1,500 and the fourth \$2,000.

**Lines 13 through 15** determine the amount of interest due for each underpaid quarter.

### Line 13

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. The rate is 1/12 of 13% for each month or part of a month from the due date. If your estimated tax payment was not timely, but was paid earlier than the due date of the next quarter, adjust the factor as follows: count the number of months from the due date that

the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 13% annual rate. Apply this adjusted factor to the underpaid amount on line 12.

#### **Line 14**

Using the factors on line 13 or the adjusted factor described above, determine the amount of interest due for each quarter and enter the amounts in the appropriate columns.

#### **Line 15**

Add all interest amounts in columns 1 through 4 on line 14. Enter the total interest on line 46 of your Form 504. Attach this form to your Form 504.

### **ANNUALIZED INCOME INSTALLMENT METHOD**

If your income varied during the year, you may be able to lower or eliminate the amount of one or more required installments by using the annualized income installment method. If you use this method for any payment due date, you must use it for all payment due dates. This method automatically selects the smaller of the annualized income installment or the regular installment.

You must complete lines 16-32 of one column before starting the next column.

#### **Line 16**

Enter in each column the income received for the period of the year covered by the column. NOTE: Each successive column will include the amount from the prior columns. See the example in the instructions for line 11.

#### **Line 19**

Personal representatives of a decedent's estate should enter \$600, all other fiduciaries enter \$200.

#### **Line 21**

Compute the state and local tax on the amount on line 20 using the tax rate schedules provided in the instructions for Form 504. Enter the total on line 21.

#### **Line 22**

Enter in the appropriate column the amount of any credits from line 39 and 40 of the Form 504 and tax developed on tax preference items.

#### **Line 32**

Enter the smaller of line 27 or line 30 in each respective column and the cumulative amounts on line 10 of page 1. This is the amount of the required payments for each period.

Follow the instructions for lines 11 through 15 to compute the amount of interest for the underpayment of estimated taxes, if any.

**IMPORTANT NOTES**

**Due Date**

Your return is due by April 15, 2005. If you are a fiscal year taxpayer, see Instruction 24.

**Completing the return**

You must use blue or black ink when completing your return. **DO NOT** use pencil or red ink. Submit the original form, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry.

You may round off all cents to the nearest whole dollar. Fifty cents and above should be rounded to the next higher dollar. State calculations are rounded to the nearest penny.

**Electronic filing instructions**

The instructions in this packet are designed specifically for filers of paper returns. If you are filing electronically and these instructions differ from the instructions for the electronic method being used, you should comply with the instructions appropriate for that method.

**Penalties**

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return, or making a false certification. The penalties include criminal fines, imprisonment, and a penalty on your taxes. In addition, interest is charged on amounts not paid when due.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

**Substitute forms**

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided the form is approved in advance by the Revenue Administration Division. The fact that a software package is available for retail purchase does not guarantee that it has been approved for use.

For additional information, see Administrative Release 26, Procedures for Computer-Printed Substitute Forms, which can be obtained from any office of the Comptroller.

You may also call the tax information number listed on the back cover to find out which computer-generated forms have been approved for use or visit our website at [www.marylandtaxes.com](http://www.marylandtaxes.com).

**1 Who must file Form 504**

A fiduciary must file a Maryland fiduciary tax return (Form 504) if the fiduciary:

1. Is required to file a federal fiduciary income tax return; and

2. Has Maryland taxable income.

Form 504 is used by both resident and nonresident fiduciaries.

**Who is a fiduciary?**

"Fiduciary" means any person by whom the legal title to real or personal property is held for the use and benefit of another and includes a trustee and a personal representative of an estate.

Although you may be required to file a federal income tax return, you are not required to file the Maryland fiduciary return if you are:

1. An agent holding custody or possession of property owned by your principal; or
2. A guardian.

**Who is a resident fiduciary?**

A personal representative of an estate is considered a resident fiduciary if the decedent was domiciled in Maryland on the date of death.

Fiduciaries other than personal representatives are considered residents of Maryland if:

1. The trust was created by the will of a decedent who was domiciled in Maryland on the date of death;
2. The trust consists of property transferred by the will of a decedent who was domiciled in Maryland on the date of death;
3. The creator or grantor of the trust is a current resident of Maryland; or
4. The trust is principally administered in Maryland.

**Who is a nonresident fiduciary?**

A **nonresident** fiduciary is a fiduciary who is not included in the above definition of a resident fiduciary.

**2 Use of federal return**

You will need information from your federal fiduciary return in order to complete your Maryland return. Therefore, complete your federal fiduciary return **before** you continue beyond this point. Maryland law requires that you start with the taxable income reported on your federal fiduciary return. All items reported on your Maryland return are subject to verification, audit and revision by the Maryland State Comptroller's Office.

**3 Mailing label**

Remove the mailing label from the booklet and place it over the name and address blanks of your tax return.

**4 When Not To Use A Label**

If you do not have a label or if any of the information on the label is incorrect or if you are filing a computer generated form, print or type the required information in the

boxes at the top of page 1. Enter the federal employer identification number of the estate or trust in the space provided.

Check the appropriate box if your name or address has changed or if you are filing an amended return.

**Type of entity**

**5** Check the box on the return corresponding to your federal return. The types of entities are described below:

**Decedent's Estate**

An estate of a deceased person is a taxable entity separate from the decedent. It generally continues to exist until the final distribution of the assets of the estate is made to the heirs and other beneficiaries. The income earned from the property of the estate during the period of administration or settlement must be accounted for and reported by the estate.

**Simple Trust**

A trust may qualify as a simple trust if:

1. the trust instrument requires that all income must be distributed currently;
2. the trust instrument does not provide that any amounts are to be paid, permanently set aside, or used for charitable purposes; and
3. the trust does not distribute amounts allocated to the corpus of the trust.

Because the income is distributed each year, the fiduciary may be required to file a fiduciary return, but there is no taxable income.

**Complex Trust**

If some or none of the income is distributed, the trust is called a complex trust.

Because the trust is retaining all or part of the income, the fiduciary must file a fiduciary tax return to determine the taxable income from which to develop both State and local tax due.

**Grantor Trust**

Income earned by a grantor trust is taxable to the grantor, not the beneficiary, if the grantor keeps certain control over the trust. This rule applies if the property (or income from the property) put into the trust will or may revert (be returned) to the grantor or the grantor's spouse. The grantor is the one who transferred property to the trust.

Generally, a trust is a grantor trust if the grantor has a reversionary interest valued (on the date of transfer) at more than 5% of the value of the transferred property.

**Bankruptcy Estate**

The bankruptcy trustee or debtor-in-possession must file Form 504 for the estate of an individual involved in bankruptcy proceedings under Chapter 7 or 11 of Title 11 of the United States Code if the

estate was required to file federal Form 1041. See Instruction 26. For additional information, contact any office of the Revenue Administration Division.

### Qualified Funeral Trust

Maryland recognizes and follows federal law in the treatment of qualified funeral trusts. Maryland accepts the filing of composite returns for such trusts.

In most, if not all, cases, the income of each individual trust account does not exceed \$1,000. Therefore, the applicable state tax rate is 2%, and the applicable local tax rate is the rate for the situs of the fiduciary filing the composite return. For example, if the funeral home is located in Baltimore County, then the local rate for Baltimore County would apply to each trust included in the composite return. See Instruction 27.

### Pooled Income Fund

A pooled income fund is a split-interest trust with a remainder interest for a public charity and a life income interest retained by the donor or for another person. The property is held in a pool with other pooled income fund property and does not include any tax-exempt securities. The income for a retained life interest is figured using the yearly rate of return earned by the trust.

## 6 Decedent's estate information

If the fiduciary return is for a decedent's estate, enter the following in the appropriate section: Date of death, domicile state of decedent and decedent's social security number. Check the box if this is the final return. If the return is not for a calendar year, enter the fiscal year beginning and ending dates at the top of the form.

## 7 Resident status

If the return is for a resident fiduciary, provide the entity's subdivision code, county and city, town or taxing area in the appropriate boxes. See the list below to determine the subdivision code.

Read the instructions describing who is a resident fiduciary and then check the appropriate box.

**If you checked the box for resident, complete the county and city, town or taxing area boxes.**

If you are a personal representative of an estate enter the county (or Baltimore City) in which the decedent was domiciled on the date of death. Also complete the decedent's estate information.

If you are a fiduciary other than a personal representative, enter the county (or Baltimore City) in which the trust is principally administered.

If the trust is not principally administered in Maryland, enter the county (or

Baltimore City) in which the decedent was domiciled if the trust was created by the will of the decedent or the trust consists of property transferred by the will of the decedent.

If the trust is not principally administered in Maryland but the creator or grantor of the trust is a current resident of Maryland, enter the county (or Baltimore City) in which the creator or grantor resides.

## 8 Maryland modifications

**Fiduciary's share of Maryland modifications**  
Generally, certain items must be added to and subtracted from federal income to determine the Maryland income of a fiduciary. Lines 1 through 9 should not be completed if the trust is a complex trust that has distributed all of its distributable net income during the year or is a simple trust.

Fiduciaries are permitted those additions and subtractions allowed individuals. For further information see the instructions for Form 502 for resident individuals.

Only the fiduciary's allocable portion of the Maryland modifications should be used. Complete lines 1 through 9 to calculate this amount. See next page for primary modifications.

### LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

Code No.	Code No.	Code No.	Code No.	Code No.
<b>ALLEGANY COUNTY</b> . . . . .0100	Mt. Airy . . . . .0703	Walkersville . . . . .1111	North Chevy Chase . . . . .1618	Millington . . . . .1808
Barton . . . . .0101	New Windsor . . . . .0704	Woodsboro . . . . .1112	Oakmont . . . . .1619	Queen Anne . . . . .1807
Belair . . . . .0112	Sykesville . . . . .0705	<b>GARRETT COUNTY</b> . . . . .1200	Poolesville . . . . .1608	Queenstown . . . . .1803
Bowling Green-	Taneytown . . . . .0706	Accident . . . . .1201	Rockville . . . . .1609	Sudlersville . . . . .1804
Robert's Place . . . . .0115	Union Bridge . . . . .0707	Deer Park . . . . .1203	Somerset . . . . .1610	Templeville . . . . .1806
Cresaptown . . . . .0108	Westminster . . . . .0709	Friendsville . . . . .1204	Takoma Park . . . . .1611	<b>ST. MARY'S COUNTY</b> . . . . .1900
Cumberland . . . . .0102	<b>CECIL COUNTY</b> . . . . .0800	Grantsville . . . . .1205	Washington Grove . . . . .1612	Leonardtown . . . . .1902
Ellerslie . . . . .0113	Cecilton . . . . .0801	Kitzmilller . . . . .1206	<b>PRINCE GEORGE'S</b>	<b>SOMERSET COUNTY</b> . . . . .2000
Frostburg . . . . .0103	Charlestown . . . . .0802	Loch Lynn Heights . . . . .1207	<b>COUNTY</b> . . . . .1700	Crisfield . . . . .2001
Lavale . . . . .0110	Chesapeake City . . . . .0803	Mountain Lake Park . . . . .1208	Berwyn Heights . . . . .1701	Princess Anne . . . . .2002
Lonaconing . . . . .0104	Elkton . . . . .0804	Oakland . . . . .1209	Bladensburg . . . . .1702	<b>TALBOT COUNTY</b> . . . . .2100
Luke . . . . .0105	North East . . . . .0805	<b>HARFORD COUNTY</b> . . . . .1300	Bowie . . . . .1704	Easton . . . . .2101
McCoole . . . . .0114	Perryville . . . . .0806	Aberdeen . . . . .1301	Brentwood . . . . .1705	Oxford . . . . .2102
Midland . . . . .0106	Port Deposit . . . . .0807	Bel Air . . . . .1302	Capitol Heights . . . . .1706	Queen Anne . . . . .2105
Mt. Savage . . . . .0111	Rising Sun . . . . .0808	Havre de Grace . . . . .1303	Cheverley . . . . .1707	St. Michael's . . . . .2103
Potomac Park Addition . . . . .0109	<b>CHARLES COUNTY</b> . . . . .0900	<b>HOWARD COUNTY</b> . . . . .1400	College Park . . . . .1725	Trappe . . . . .2104
Westemport . . . . .0107	Indian Head . . . . .0901	No incorporated cities or towns	Colmar Manor . . . . .1708	<b>WASHINGTON COUNTY</b> . . . . .2200
<b>ANNE ARUNDEL COUNTY</b> . . . . .0200	La Plata . . . . .0902	<b>KENT COUNTY</b> . . . . .1500	Cottage City . . . . .1709	Boonsboro . . . . .2201
Annapolis . . . . .0201	Port Tobacco . . . . .0903	Betterton . . . . .1501	District Heights . . . . .1710	Clearspring . . . . .2202
Highland Beach . . . . .0203	<b>DORCHESTER COUNTY</b> . . . . .1000	Chestertown . . . . .1502	Eagle Harbor . . . . .1711	Funkstown . . . . .2203
<b>BALTIMORE COUNTY</b> . . . . .0300	Brookview . . . . .1008	Galena . . . . .1503	Edmonston . . . . .1712	Hagerstown . . . . .2204
No incorporated cities or towns	Cambridge . . . . .1001	Millington . . . . .1504	Fairmount Heights . . . . .1713	Hancock . . . . .2205
<b>BALTIMORE CITY</b> . . . . .0400	Church Creek . . . . .1002	Rock Hall . . . . .1505	Forest Heights . . . . .1728	Keedysville . . . . .2206
<b>CALVERT COUNTY</b> . . . . .0500	East New Market . . . . .1003	<b>MONTGOMERY COUNTY</b> . . . . .1600	Glenarden . . . . .1730	Sharpsburg . . . . .2207
Chesapeake Beach . . . . .0501	Eldorado . . . . .1007	Barnesville . . . . .1601	Greenbelt . . . . .1714	Smithsburg . . . . .2208
North Beach . . . . .0502	Galestown . . . . .1009	Brookeville . . . . .1602	Hyattsville . . . . .1715	Williamsport . . . . .2209
<b>CAROLINE COUNTY</b> . . . . .0600	Hurlock . . . . .1004	Chevy Chase Sec. 3 . . . . .1614	Landover Hills . . . . .1726	<b>WICOMICO COUNTY</b> . . . . .2300
Denton . . . . .0602	Secretary . . . . .1005	Town of Chevy Chase	Laurel . . . . .1716	Delmar . . . . .2301
Federalsburg . . . . .0603	Vienna . . . . .1006	(formerly Sec. 4) . . . . .1615	Morningside . . . . .1727	Fruitland . . . . .2308
Goldsboro . . . . .0604	<b>FREDERICK COUNTY</b> . . . . .1100	Chevy Chase Sec. 5 . . . . .1616	Mt. Rainier . . . . .1717	Hebron . . . . .2302
Greensboro . . . . .0605	Brunswick . . . . .1101	Chevy Chase View . . . . .1617	New Carrollton . . . . .1729	Mardela Springs . . . . .2303
Henderson . . . . .0611	Burkittsville . . . . .1102	Chevy Chase Village . . . . .1613	North Brentwood . . . . .1718	Pittsville . . . . .2307
Hillsboro . . . . .0606	Emmitsburg . . . . .1103	Drummond . . . . .1623	Riverdale Park . . . . .1720	Salisbury . . . . .2304
Maryland . . . . .0607	Frederick . . . . .1104	Friendship Heights . . . . .1621	Seat Pleasant . . . . .1721	Sharptown . . . . .2305
Preston . . . . .0608	Middletown . . . . .1106	Gaithersburg . . . . .1603	University Park . . . . .1723	Willards . . . . .2306
Ridgley . . . . .0609	Mt. Airy . . . . .1114	Garrett Park . . . . .1604	Upper Marlboro . . . . .1724	<b>WORCESTER COUNTY</b> . . . . .2400
Templeville . . . . .0610	Myersville . . . . .1107	Glen Echo . . . . .1605	<b>QUEEN ANNE'S COUNTY</b> . . . . .1800	Berlin . . . . .2401
<b>CARROLL COUNTY</b> . . . . .0700	New Market . . . . .1108	Kensington . . . . .1606	Barclay . . . . .1805	Ocean City . . . . .2402
Hampstead . . . . .0701	Rosemont . . . . .1113	Laytonsville . . . . .1607	Centreville . . . . .1801	Pocomoke City . . . . .2403
Manchester . . . . .0702	Thurmont . . . . .1110	Martin's Addition . . . . .1622	Church Hill . . . . .1802	Snow Hill . . . . .2404

Modifications include but are not limited to the following:

**Interest on state and local obligations other than Maryland.** Enter on line 1 the total amount of interest received by the fiduciary on obligations of any state or political subdivision thereof (except the State of Maryland and its political subdivisions).

**Income taxes deducted on federal return.** Enter on line 2 the total of income taxes imposed by the State of Maryland, any political subdivision thereof, any other state or subdivision of any other state, or the District of Columbia to the extent included on line 11 of the federal form.

**Income from U.S. government obligations.** Enter on line 5 interest on U.S. savings bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds that invest in U.S. government obligations are also exempt from state taxation. However, only that portion of the dividends attributable to interest from U.S. government obligations can be subtracted. You cannot subtract income from Government National Mortgage Association securities.

**Fiduciary's share of net Maryland modifications**

Divide the total distribution from federal Form 1041 by the distributable net income, expressing the answer in decimal form. Subtract the decimal from 1 and multiply the difference by line 8.

**9 Nonresident deduction**

Nonresident individuals who have intangible income from sources within Maryland are not subject to tax on such income in Maryland. There are some resident fiduciaries that accumulate intangible income in the trust to be distributed later to nonresident beneficiaries. Because this income is not taxable to a nonresident, there is a provision that permits the fiduciary to subtract intangible income accumulated for later distribution to a nonresident beneficiary.

The law provides that a fiduciary shall not be liable for any tax on income from intangible personal property held in this state, in trust, to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of this state, or any corporation not doing business in this state.

Accumulations of income for the benefit of an unborn or an unascertained person or persons with contingent interests are not exempt from taxation if accumulated for the benefit of an individual (natural person) who is a nonresident of this state, but such accumulations constitute taxable income to the fiduciary.

If any beneficiaries of the estate or trust are nonresident individuals or corporations not doing business in this state, enter on line 10 the total income from intangible personal property which was accumulated and not paid during the tax year for their benefit. Enter on line 11 expenses allocable to this income.

If all the remaindermen in being are nonresidents during the entire tax year, any capital loss derived from the sale or other disposition of intangible personal property that is held in trust is added to income and any capital gain derived from the sale or other disposition of intangible property is subtracted from income.

Do not enter on line 10 income that has been distributed. Line 10 is to be used only when income from intangible personal property is accumulated for a nonresident.

**10 Income**

Copy the figure for federal taxable income from your federal return onto line 21 of Form 504.

Nonresidents will modify the federal taxable income using the additions and subtractions provided in Maryland law for nonresident individuals.

All items reported on the Maryland return are subject to verification, audit and revision by the Comptroller's Office.

**11 Exemptions**

A Maryland exemption of \$600 is allowed for a personal representative filing for a decedent's estate (entity type 1). A fiduciary other than a personal representative (entity types 2 through 7) may deduct \$200 as an exemption.

**12 Standard and itemized deductions**

The fiduciary is NOT allowed a standard deduction or itemized deductions.

**13 Figure your Maryland and local net taxable income.**

**What is Maryland and local net taxable income?**

For a resident fiduciary, Maryland and local net taxable income is federal taxable income increased by the amount allowed the fiduciary as a deduction for a personal exemption under the Internal Revenue Code and the additions for an individual and decreased by the sum of the Maryland exemption amount and the subtractions for an individual.

For a nonresident fiduciary, taxable income is the amount of the personal exemption allowed under the Internal Revenue Code plus that part of federal taxable income derived from real or tangible personal property located in Maryland and business carried on in Maryland (and additions applicable to that income) less the Maryland personal exemption amount

**Maryland Tax Rate Schedule**

If the taxable income on line 29 is:

At least	But not over	Enter on line 30
\$ 0	\$1,000	2% of the amount on line 29
1,000	2,000	\$20 plus 3% of the excess over \$1,000
2,000	3,000	\$50 plus 4% of the excess over \$2,000
3,000	—	\$90 plus 4.75% of the excess over \$3,000

**2004 LOCAL TAX RATE CHART**

Subdivision	Rate	Subdivision	Rate	Subdivision	Rate
Baltimore City	.0305	Charles County	.0290	Prince George's County	.0320
Allegany County	.0293	Dorchester County	.0262	Queen Anne's County	.0285
Anne Arundel County	.0256	Frederick County	.0296	St. Mary's County	.0310
Baltimore County	.0283	Garrett County	.0265	Somerset County	.0315
Calvert County	.0280	Harford County	.0306	Talbot County	.0225
Caroline County	.0263	Howard County	.0320	Washington County	.0280
Carroll County	.0305	Kent County	.0258	Wicomico County	.0310
Cecil County	.0280	Montgomery County	.0320	Worcester County	.0125

**LOCAL TAX WORKSHEET**

Multiply the taxable net income by the tax rate from the LOCAL TAX RATE CHART for the county in which the fiduciary was a resident on the last day of the taxable period. Enter the result on line 31 of Form 504. This is the fiduciary local income tax.

1. Taxable net income from line 29 of Form 504 .....\$ \_\_\_\_\_
2. Local tax rate from Local Tax Rate Chart above ..... **.0** \_\_\_\_\_
3. Local income tax (Multiply line 1 by line 2.) Enter this amount on line 31 of Form 504 rounded to the nearest cent or whole dollar. ....\$ \_\_\_\_\_

(and subtractions applicable to the Maryland income).

Complete lines 21-29 using the amounts from lines 9 and 12, if applicable. Line 29 is your Maryland and local net taxable income.

**14 Maryland tax**

Compute the tax in accordance with the rate schedule on page 3 and enter the tax on line 30.

**15 Local income tax and special nonresident tax**

The counties of Maryland and Baltimore City are empowered to levy a local income tax that is collected by the Comptroller with the state tax. You must use the local tax rate in effect for the county that you entered on the front of the form. See the local tax rate chart and worksheet on page 3.

Nonresident fiduciaries enter **.0125** on line 31. Multiply line 29 (taxable net income) by the rate entered on line 31.

**16 Total Maryland tax, local tax and contributions.**

Add line 30 and line 31 and enter on line 32. Add to your tax any contribution amounts from line 33, line 34 and line 35. Enter the total on line 36.

**Chesapeake Bay and Endangered Species Fund**

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

**Fair Campaign Financing Fund**

You may contribute any amount you wish up to \$500. The amount contributed will reduce your refund or increase your balance due.

**Maryland Cancer Fund**

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

**IMPORTANT:** If there are not sufficient credits or other payments to satisfy your tax and the contribution you have designated, the contribution amounts will be reduced. If you have entered amounts for contribution to multiple funds, any reduction will be applied proportionately.

**17 Taxes paid and credits**

Write your taxes paid and credits on lines 37-40 of Form 504. Add lines 37 through 40 and enter the total on line 41.

**Taxes paid**

If Maryland tax was withheld from wages paid to a decedent's estate, enter the amount on line 37 and attach the wage and tax statement.

If you participated in a nonresident real estate transaction, you must report any income tax withheld on your behalf as an estimated payment.

Enter on line 38 the total of Maryland estimated tax payments, any taxes withheld from a nonresident real estate transaction and any payment made with a request for an extension of time to file the return. See instructions on Form 504E.

**Credits**

If the fiduciary is a resident and must pay income tax to another state, complete lines 13-20 and enter the result on line 39. Note: You must attach a copy of the tax return filed in the other state. If this is not attached, no credit will be allowed. If any credit is being claimed for Preservation and Conservation Easements, complete the worksheet below and enter the result on line 39. If both credits are applicable, enter the sum on line 39.

Enter on line 40 any tax credits from Form 500CR and/or Form 502H.

**18 Overpayment or balance due.**

Calculate the Balance Due (line 42 of Form 504) or Overpayment (line 43 of Form 504).

Part or all of any overpayment may be applied to 2005 estimated tax by completing line 44. Subtract line 44 from the overpayment (line 43). This is the amount of the refund.

**Underpayment of Estimated Tax**

All taxpayers should refer to Form 504UP (in this booklet) to determine if they owe interest because they paid too little estimated tax during the year.

If you owe interest, complete Form 504UP and write the amount of interest (line 15 of Form 504UP) in the appropriate box on line 46 of Form 504. Attach Form 504UP.

Generally, you do not owe interest if:

- a. you owe less than \$500 tax on income which is not subject to Maryland withholding, OR
- b. each current year payment, made quarterly as required, is equal to or more than, one-fourth of 110% of last year's taxes, OR
- c. you made quarterly payments during the year which equal 90% of this year's tax, OR
- d. the year ends less than two years after the decedent's date of death.

If after completing Form 504UP there is no interest due or you meet exception "d", see Instruction 19 for additional information regarding code numbers.

**Interest for Late Filing**

Interest is due at an annual rate of 13% or 1.08% per month for any month or part of a month that tax is paid after the due date of the return. Enter any interest due in the appropriate box on line 46.

**Total Interest**

Enter the total interest for underpayment of estimated tax and interest for late filing on line 46.

**Direct Deposit of Refund**

Complete lines 48a, b and c if you want us to deposit your refund directly into your account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

**Line 48a**

Check the appropriate box to identify the type of account that will be used (checking or savings). You must check one box only or a refund check will be mailed.

**Line 48b**

The routing number must be nine digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. If you are not sure of the correct routing number, contact your financial institution.

**Line 48c**

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank.

**PRESERVATION AND CONSERVATION EASEMENTS WORKSHEET**

Complete this area if the fiduciary is claiming a credit for the contribution of Preservation and Conservation Easements.

**NOTE:** For line 1, enter the amount by which the fair market value of the property before the conveyance of the easement exceeds the fair market value after the conveyance as substantiated by a certified real estate appraiser. The carryover amount can be found on the 2003 worksheet.

- 1. Enter the total of the current year donation amount and any carryover from prior year(s) .....
- 2. Enter the amount of any payment received for the easement during 2004 .....
- 3. Subtract line 2 from line 1 .....
- 4. Enter the amount from line 30 (including any special nonresident tax) of Form 504 or \$5,000, whichever is less ..
- 5. Enter the lesser of lines 3 or 4 here and on line 39 of Form 504 .....
- 6. Excess credit carryover. Subtract line 5 from line 3 .....

1		
2		
3		
4		
5		
6		

If we are notified by the financial institution that the direct deposit is not successful, a refund check will be mailed to you.

Please have a bank statement for the account available if you contact us concerning the direct deposit of your refund.

#### Disclosure

Entering your bank account routing number, account number and account type in the area provided on your Maryland income tax return to effect a direct deposit of your income tax refund authorizes the Comptroller's Office to disclose this information and your refund amount to the Maryland State Treasurer's Office which performs banking services for the Comptroller's Office.

#### 19 Telephone number, code number, signatures and attachments.

Enter your telephone number and sign and date your return. Be sure to attach all required forms, schedules and statements.

#### Code Numbers

**IMPORTANT:** If you complete Form 504UP and, because of the timing of the distributions of income, have no interest due, attach the form to your fiduciary return and write code number **301** in the box marked CODE NUMBER at the bottom of Form 504.

If you use the annualization method to calculate interest for underpayment of estimated tax, attach Form 504UP to your fiduciary return and write code number **301** in the box marked CODE NUMBER at the bottom of Form 504. In order for the Revenue Administration Division to recognize your use of this calculation method, you must enter the code number and attach the form, even if there is no interest due.

If the return is for a decedent's estate within two years of the date of death, enter **301** in the CODE NUMBER box. Do not attach Form 504UP.

#### Tax Preparers

If another person prepared your return, that person must also sign the return and enter their social security number or preparer's tax identification number (PTIN). The preparer declares that the return is based on all information required to be reported of which the preparer has knowledge, under the penalties of perjury.

#### Signature and verification

This return must be verified and signed by the individual fiduciary or an authorized officer of a corporate fiduciary. If two or more individuals act jointly as fiduciaries, the return may be verified and signed by either.

#### Attachments

Be sure to attach wage and tax statements (Form W-2, W-2G and 1099) to the front of your return if Maryland tax is

withheld. Also attach all forms, schedules and statements required by these instructions. Place your check or money order on top of the wage and tax statements and fasten with one staple on the front of your tax return.

#### 20 Electronically filing your return

The fastest way to file your return and receive your refund is to file electronically and request direct deposit. If you request direct deposit on your electronic return your refund should be in your bank account within 72 hours of acknowledgement from the Revenue Administration Division. For more information please see our website at:

[www.marylandtaxes.com](http://www.marylandtaxes.com)

Additionally, a return can be electronically filed by most professional tax return preparers. Please ask your preparer about this option.

#### 21 Mailing your return

Mail your return to:

**Comptroller of Maryland  
Revenue Administration Division  
Annapolis, Maryland 21411-0001**

#### 22 Payment Instructions & Deadlines

##### Payment by Check or Money Order

Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink. Put your federal I.D. number, type of tax and year of tax being paid, on your check. **DO NOT SEND CASH.**

**Electronic funds withdrawal (direct debit) payments are available only if you file electronically.**

##### Due Date

Returns must be mailed by April 15, 2005, for calendar year taxpayers. Fiduciaries filing on a fiscal-year basis should see Instruction 24.

#### 23 Extension of time to file

Follow the instructions on Form 504E to request an automatic extension of the time to file your 2004 return. Filing this form extends the time to file your return, but does not extend the time to pay your taxes. Payment of the expected tax due is required with Form 504E by April 15, 2005.

#### 24 Fiscal year

You must file your Maryland return using the same tax year and the same basis (cash or accrual) as you used on your federal return.

To file a fiscal-year return, complete the Fiscal Year information at the top of Form 504 and print "FY" in bold letters in the upper left corner of the form. Whenever the term "tax year" appears in these instructions, fiscal year taxpayers should understand the term to mean "fiscal year." Use the 2004 forms in this package for fiscal years that begin during cal-

endar year 2004. If you are filing on a fiscal year basis, file Form 504E by the regular due date of your return.

#### Amended returns

If you need to change a return that you have already filed, or if the Internal Revenue Service changes your return, you must file an amended return.

**25** Note: Changes made as part of an amended return are subject to audit for up to three years from the date the amended return is filed.

**Use Form 504 to file an amended return and check the AMENDED RETURN box and draw a line through any barcode on the front of the return. An explanation must be provided on page two (2) of the amended Form 504. Include a copy of the amended federal return.**

#### Changes in Your Federal Tax

If the Internal Revenue Service makes any changes on your federal return, you must notify the State of Maryland. Send notification to the Maryland Revenue Administration Division within 90 days of the final determination of the changes by the IRS.

If you file an amended federal fiduciary return that changes your Maryland fiduciary return, you must file an amended Maryland return.

#### If Your Original Return Showed a Refund

If you expect a refund from your original return, do not file an amended return until you have received your refund check. Then cash the check; do not return it. If your amended return shows a smaller refund, send a check for the difference with the amended return. If your amended return shows a larger refund, the Revenue Administration Division will issue an additional refund check.

#### Additional Information

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks.

Generally, you must file your claim for refund within three years from the date your original return was filed or within two years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due.

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

If the claim for refund resulted from a federal adjustment or final decision of a federal court that is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund must be filed within one year from the date of the adjustment or final decision.

If the claim for refund resulted from a notification received from another state for income taxes due that is more than three

years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund resulting from a credit for taxes paid to that state must be filed within one year of the date of the notification that the other state's tax was due.

If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than three years from the date of filing the return or more than two years from the time the tax was paid, the claim for refund must be filed within one year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.

No refund for less than \$1.00 will be issued. No payment of less than \$1.00 is required.

## **26** Special instructions for bankruptcy estates

A bankruptcy estate is created for an individual under Chapter 7 (a liquidation) or Chapter 11 (a reorganization) under Title 11 of the United States Code. The bankruptcy estate is treated as a separate taxable entity. A separate taxable entity is not created when an individual is in a state receivership.

The fiduciary of a Chapter 7 or a Chapter 11 bankruptcy estate is required to file the estate's return and must file a Maryland return if the fiduciary or trustee is required to file a federal return and has Maryland taxable income. The fiduciary

must use the Maryland Fiduciary Return, Form 504.

For an individual, the fiduciary return is the mechanism for paying the tax. The calculation is done on the individual income tax return, Form 502, and the tax is carried to the fiduciary return. The fiduciary of an individual bankrupt debtor should attach the completed Form 502 to the Form 504.

A trustee of a corporate debtor or other bankrupt entity, who has possession of the bankrupt estate by court order or who holds title to all or substantially all of the property of a bankrupt entity, must file the income tax return for the entity. The fiduciary would be required to file a Maryland income tax return, if the fiduciary is obligated to file a federal return on behalf of the bankrupt entity and also has Maryland taxable income.

The fiduciary should attach a notice of the filing of the bankruptcy estate, which is issued by the applicable bankruptcy court, to the return.

## **27** Qualified funeral trusts

A fiduciary may file a composite fiduciary income tax return reporting the income of the funeral trusts administered by that fiduciary instead of one fiduciary return for each trust. Check Entity Type Box 6. Attach a schedule showing the name, income, state tax and local tax of each individual trust. Add the state tax amounts and enter on line 30. Add the local tax amounts and enter on line 31. Complete Form 504 according to Instructions 16 through 19.

## **28** Privacy act information

The Tax-General Article of the Annotated Code of Maryland authorizes the Revenue Administration Division to request information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. Code Section 10-804 provides that you must include your federal identification number on the return you file. This is so we know who you are and can process your return and documents.

If you fail to provide all or part of the requested information, then exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Revenue Administration Division which contain personal information about you. You may inspect such records, and you have certain rights to amend or correct them.

As authorized by law, information furnished to the Revenue Administration Division may be given to the United States 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. The information may be obtained in accordance with a proper legislative or judicial order.

## *You Too Can Help the Bay.*



*Check Line 33\* and join us  
in protecting Maryland's  
most treasured resource.*



Your contribution supports on-the-ground projects that:

- restore wetlands,
- plant trees and Bay grasses,
- reintroduce oyster and fish populations,
- and actively protect threatened plants and animals.

### *It's this easy:*

1. Enter the amount you wish to donate on Line 33\*.
2. That amount will be deducted from your refund or added to your tax payment.
3. The donation is tax deductible in the following year.



Donations are divided evenly between the Chesapeake Bay Trust and the Wildlife and Heritage Division of the Maryland Department of Natural Resources. For more information call the Trust at 410-974-2941 or the Department of Natural Resources at 410-260-8540.

[www.chesapeakebaytrust.org](http://www.chesapeakebaytrust.org)

## **Maryland Cancer Fund**

***Use Line 35 and join the fight against  
cancer in Maryland.***

Your contribution supports grants for  
cancer research, prevention  
and treatment.

It's easy:

1. Enter the amount you wish to donate on Line 35.
2. That amount will be deducted from your refund or will be added to your tax payment.

For more information, call the Maryland  
Department of Health and Mental Hygiene  
at 1-800-477-9774.

[www.mdccancerfund.org](http://www.mdccancerfund.org)

# **You can make a contribution...**

...on line 34 to the **Maryland Fair Campaign Financing Fund**.  
Your contribution helps to provide a funding alternative to  
large private contributions in elections for governor/lieutenant  
governor when candidates accept a spending limit.

- **Enter the amount you choose to donate on Line 34 of your Maryland income tax form.**
- **You can donate up to \$500.**
- **The amount will be deducted from your refund or added to your tax payment.**

# NOTES

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# MARYLAND BUSINESS REGISTRATION & TAXATION

## COMPTROLLER OF MARYLAND REGISTRATION & TAXES

**Registration and Licensing** All new businesses (corporations, S corporations, partnerships, limited liability companies, business trusts, 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. Register online at [www.marylandtaxes.com](http://www.marylandtaxes.com)

**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 multistate 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 1/1/96.

**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 \$1.00 per pack of 20 cigarettes.

**Admissions and 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 on behalf of 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 Surcharges** These surcharges are collected by electric companies that deliver electricity in Maryland and by telephone companies doing business in Maryland. The electricity surcharges are then paid to the Comptroller for deposit in the Environmental Trust and Universal Service Program Funds. The telecommunications surcharges are paid to the Comptroller for deposit in the 911 Emergency Telephone System and Communications Access of Maryland Funds.

The utility surcharges are collected by the Revenue Administration 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.

**Bay Restoration Fee** Effective 1/1/05 this fee is collected by all non-exempt local governmental entities, billing authorities, drinking water and sewage water treatment plant owners, who provide water or sewage services to residential, multi-residential, and non-residential users. Effective 10/1/05, county governments will be responsible for collecting a \$30 septic fee from owners of private wells and septic systems. The fees are remitted by these

entities quarterly to the Comptroller for deposit to the Bay Restoration Fund.

**Public Service Company Franchise Tax** In addition to corporation income tax, public service companies are subject to the franchise tax on gross receipts. This tax is administered by the Department of Assessments and Taxation.

**Insurance Company Premium Tax** Insurance companies are exempt from the corporation income tax but are subject to the premium tax that is administered by the Maryland Insurance Administration.

**Unemployment Insurance** Employers are subject to the Department of Labor, Licensing and Regulation unemployment insurance requirements and must file a combined 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 Maryland county (or Baltimore City) where the business operates. A circuit court is located in each of those jurisdictions.

## 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 Compliance Division of the Comptroller's Office.

**Dissolution of Corporation** Articles of Dissolution must be filed with the Department of Assessments and Taxation for the dissolution of a corporation. As of 10/1/99, 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 three years. This property must be reported to the 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 7/1/04. 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 MARYLAND

[www.marylandtaxes.com](http://www.marylandtaxes.com)

#### Online business registration

[www.marylandtaxes.com](http://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](http://www.blis.state.md.us).*

**Alcohol & Tobacco Tax Division** ..... 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  
or 800-648-9638

*Business tax collections* ..... 410-767-1655  
or 888-614-6337

*Sales & use, admissions & amusement  
tax and tire fee refunds* ..... 410-767-1538

*State License Bureau* ..... 866-239-9359  
or 410-260-6240

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

*Utility surcharges*

*911 Telephone System Surcharge* ..... 410-585-3015

*Environmental Surcharge on Electricity* ..... 410-767-8025

*Telecommunications Access Surcharge* ..... 410-767-6962

*Electric Universal Service Surcharge* ..... 410-767-7415

**General Accounting Division**  
Goldstein Treasury Building — Room 200  
Annapolis, MD 21404-0746

*Tax clearances* ..... 410-260-7813  
or 888-784-0144

**Motor Fuel Tax Division**  
Goldstein Treasury Building — Room 315  
Annapolis, MD 21404-1751

*Motor Fuel Licensing & Registration* ..... 410-260-7127  
Room 317 or 888-784-0142

*Motor Carrier & IFTA Licensing* ..... 410-260-7138  
Room 317 or 888-784-0141

**Revenue Administration Division**  
Revenue Administration Center  
Annapolis, MD 21411-0001

*Facsimile transmittal* ..... 410-974-2967

*Forms (all income tax and  
employer withholding)* ..... 410-260-7951

*Substitute/computer-generated* ..... 410-260-7442

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

*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*

*Employer withholding tax*

*Sales and use tax*

*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  
[www.mda.state.md.us](http://www.mda.state.md.us)

**Department of Assessments & Taxation**  
301 W. Preston Street — Room 806  
Baltimore, MD 21201-2395

*Charter/incorporation information* ..... 410-767-1350

*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  
[www.dat.state.md.us](http://www.dat.state.md.us) or 800-944-7403

**Office of Business and Economic Research** ..... 410-767-6300  
217 E. Redwood Street — 23rd Floor or 800-CHOOSEMD  
Baltimore, MD 21202

*Office of Regional Response* ..... 410-767-0523

*Enterprise Zones — Economically  
disadvantaged employee certification* ..... 410-767-6438  
[www.dbed.state.md.us](http://www.dbed.state.md.us)

**Department of Labor, Licensing  
& Regulation** ..... 410-767-2000  
1100 N. Eutaw Street — Room 414  
Baltimore, MD 21201

*Unemployment insurance* ..... 410-767-3246  
or 800-492-5524

*Job services* ..... 410-767-2148  
[www.dllr.state.md.us](http://www.dllr.state.md.us)

**Department of the Environment** ..... 410-537-3000  
1800 Washington Blvd. or 800-633-6101  
Baltimore, MD 21230

*Air management and radiation  
(oil furnace conversion)* ..... 410-537-3265

*Asbestos* ..... 410-537-3801  
[www.mde.state.md.us](http://www.mde.state.md.us)

**Injured Workers' Insurance Fund** ..... 410-494-2000  
8722 Loch Raven Boulevard or 800-264-4943  
Towson, MD 21286-2235  
[www.iwif.state.md.us](http://www.iwif.state.md.us)

**Maryland Insurance Administration**  
525 St. Paul Place  
Baltimore, MD 21202

*Insurance company premium tax* ..... 410-468-2000  
[www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us) or 800-492-6116

**Department of Natural Resources**  
Tawes State Office Building — 580 Taylor Avenue  
Annapolis, MD 21401-2397

*Reforestation & timber stand  
improvement information* ..... 410-260-8507  
[www.dnr.state.md.us](http://www.dnr.state.md.us)

**Workers' Compensation Commission** ..... 410-864-5100  
6 N. Liberty Street — Room 940 or 800-492-0479  
Baltimore, MD 21201-3785  
[www.wcc.state.md.us](http://www.wcc.state.md.us)