

## Revised Worksheet for Form 510D Maryland Pass-Through Entity Declaration of Estimated Income Tax

Complete this worksheet to compute the estimated tax due.

1. Distributive or pro rata share allocable to Maryland for nonresident individual members expected for the tax year **BEGINNING** in 2005.....
2. Estimated income tax liability (4.75% of line 1) .....
3. Special nonresident tax (1.25% of line 1) .....
4. Distributive or pro rata share allocable to Maryland for nonresident entity members expected for the tax year **BEGINNING** in 2005.....
5. Estimated tax liability (7% of line 4) .....
6. Estimated tax due for the year (add lines 2, 3 and 5) .....
7. Estimated tax due per quarter (line 6 divided by four) .....

1.		
2.		
3.		
4.		
5.		
6.		
7.		

As a result of recent legislative changes, the new estimated tax worksheet must be used for pass-through entities with tax years beginning in 2005. Use the original Form 510D or 510DP to remit the tax due.

Amend the estimate by recalculating the amount of estimated tax required using the revised estimated tax worksheet above. 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.

The revised computation worksheet reflects the following changes:

- ▶ Pass-through entities must pay tax on behalf of its nonresident individual members. This consists of a tax of 4.75%, **in addition to a special nonresident tax of 1.25%** of the nonresident individual member's distributive or pro rata share of income allocable to Maryland,
- ▶ Pass-through entities are now to regard **nonresident fiduciaries** in the same manner as nonresident individuals and pay the nonresident tax on their behalves.
- ▶ Pass-through entities are now to pay a nonresident tax on behalf of any of its members that are **nonresident entities**. This consists of a tax of 7%. A nonresident entity is an entity that is not formed under the laws of Maryland; and is not qualified by, or registered with the Department of Assessments and Taxation to do business in Maryland.
- ▶ **Real Estate Investment Trusts (REITs)** are exempt from the nonresident tax and are not to be considered nonresident entities.
- ▶ **Publicly-traded pass-through entities (PTPs)** under IRC Section 7704 are exempt from the requirement to pay the nonresident tax on behalf of their nonresident members if they file Maryland Form 510 annually, and report the name, address, taxpayer identification number (SSN or FEIN) and other information requested for each nonresident member whose share of the pass-through entity's nonresident taxable income exceeds \$500 for the tax year. PTPs supplying the above information are also excluded from the definition of nonresident entities.

All other provisions for the payment of estimated tax are unchanged.

More information about pass-through entities will be available in the 2005 Pass-Through Entity Tax Booklet.