

MARYLAND FIDUCIARY INCOME TAX

2009

Alternative Method of Allocating Net Maryland Modifications
If this alternative method is elected, this schedule must be attached to Form 504

DO NOT SUBMIT THIS SCHEDULE IF YOU ARE USING THE FORMULA METHOD PROVIDED FOR IN THE FIDUCIARY INSTRUCTION BOOKLET.

Name of estate or trust	FEIN
Name and title of fiduciary	

Maryland Modification Schedule - Do not complete this schedule if the trust has distributed all of its income.

(A) Name of Beneficiary	(B) Social Security # (last 4-digit) & domicile state code	(C) Share of Net MD Modifications	(D) Share of federal total income (before deduction)	(E) Columns (C) + (D)
If there are more than 8 beneficiaries, use and attach a separate statement				
0	Beneficiary Name	4321 MD	\$ 0	\$ 0
1			\$	\$
2			\$	\$
3			\$	\$
4			\$	\$
5			\$	\$
6			\$	\$
7			\$	\$
8			\$	\$
9	Subtotal from separate attached statement (if any)		\$	\$
10	Fiduciary		\$	\$
11	Total:		\$	\$

**Enter the amount shown on line 10 of Column C on line 24 of Form 504.
RESIDENT FIDUCIARIES STOP HERE. Nonresident fiduciaries continue to line 12.**

NONRESIDENTS ONLY					
	line 10, column (E)	÷	line 11, column (E)	=	UIF (Enter on line 9a of Form 504)
12	Undistributed income factor =	\$	÷	\$	=

General Instructions

Certain items must be added to and subtracted from federal taxable income to determine the Maryland adjusted gross income of a fiduciary.

Maryland Form 504, as well as Instruction 7 in the Maryland Fiduciary instruction booklet, provide for a calculation of the Undistributed Income Factor on line 9a of Form 504:

Divide the Distribution Deduction from line 18 of federal Form 1041 by the total income from line 9 of the federal Form 1041, expressing the result in a decimal form. Subtract the decimal from 1.

Note: Lines 1 through 9b of Form 504 should not be completed if the trust has distributed all of its income during the year, or has no Maryland modifications.

This schedule is designed to provide an alternative method of allocating the fiduciary's and beneficiary's share of net Maryland modifications when this method more adequately reflects the allocation of the net modifications than the formula method existing on Form 504.

When completing this schedule, keep in mind that a nonresident fiduciary may not claim a subtraction modification for income from a non-Maryland source on Form 504. Nonresident fiduciaries may subtract income from non-Maryland sources on Form 504NR. See Instruction 8.

Specific Instructions

Complete the header of the Schedule AM, providing the name of the estate or trust, the federal employer identification number (FEIN), and the name and title of the fiduciary.

Lines 1 through 8: List the name of each beneficiary in Column A. In Column B list the last four digits of the Social Security Number and the standard two letter code representing the state of domicile. In Column C, list the share of net Maryland modifications that are allocable to the beneficiaries. Display net subtraction modifications with parentheses. In Column D, list the beneficiary's allocable share of the federal total income.

If there are more than eight beneficiaries, reflect their information on a separate sheet and attach it to this schedule.

Line 9: If there were more than eight beneficiaries for which you

attached other sheets, enter the subtotal of the beneficiaries' shares of net Maryland modifications in Column C; and enter the subtotal of the beneficiaries' shares of federal total income (before deductions) as reflected on the other sheets.

Each beneficiary's addition modification must be identified separately in box 3 of Form 504 Schedule K-1; and each beneficiary's subtraction modification must be identified separately in box 4 of Form 504 Schedule K-1 that is attached to the Maryland Form 504.

Line 10: The fiduciary will enter the fiduciary's share of net modifications in Column C and the fiduciary's share of the federal total income (before deductions) in Column D. Add the amount in Column C to the amount in Column D and enter the total in Column E. Any negative amounts (subtraction modifications) should be displayed in parentheses.

Line 11: In Column C enter the sum of line 1 through line 10. In Column D, enter the sum of lines 1 through 10. In Column E, add amounts from Columns C and D.

If the schedule has been completed properly, line 11 of Column C should agree with line 8 of Maryland Form 504 and line 11 of Column D should agree with line 9 of federal Form 1041.

Resident fiduciaries should not complete the calculation of the UIF, but should use the net modification shown on line 10 of Column C to enter on line 24 of Form 504.

Line 12: For nonresident fiduciaries the Undistributed Income Factor is calculated by dividing line 10 of Column E by line 11 of Column E and is carried over to line 17a of Form 504NR when using this alternative method. This factor is carried to four decimal places and may not be less than 0.0000 or greater than 1.0000.

Nonresident fiduciaries should also use the net modification shown on line 10 of Column C to enter on line 24 of Form 504.