

2011

MARYLAND FORM

MW506R

Application for Tentative Refund of Withholding on Sales of Real Property by Nonresidents

For Calendar Year 2011 or other tax year

Beginning \_\_\_\_\_, 2011 and Ending \_\_\_\_\_

DO NOT WRITE OR STAPLE IN THIS SPACE

THIS FORM IS OPTIONAL AND IS NOT REQUIRED TO BE FILED. The Comptroller's decision to issue or deny a refund and the determination of the amount of tax to be refunded is final and not subject to appeal. DO NOT file this form unless your only source of Maryland income is the sale of real property and associated personal property in Maryland. DO NOT file this form prior to 60 days after the effective date of transfer. DO NOT file this form if the transfer occurs after November 1, 2011.

Name (if joint return, give first names and initials of both) Last Name Your Social Security Number

Name (Corporation, Partnership, Trust, or Estate) Spouse's Social Security Number

T/A or C/O or Fiduciary Federal Employer I.D. No.

Current Address (number and street)

City, State, and ZIP code (province, postal code, and country)

Description of Maryland real property transaction: Check only ONE box: a. Date of closing (month, day, year) b. Property account ID number (if known) c. Description of property (Include street address, county, or district, subdistrict, and lot numbers if no address is available:)

d. Use of Property Length of time used for this purpose: Rental/Commercial Vacant Land Secondary/Vacation Other \_\_\_\_\_ Years \_\_\_\_\_ Months

Table with 6 rows and 2 columns for tax calculation. Row 1: Enter the amount withheld on Form MW506NRS. Row 2: Sales price. Row 3: Cost or other basis. Row 4: Gain. Row 5: Complete 5a or 5b whichever applies. Row 6: REFUND of amount withheld.

Schedule for Computation of Cost or Other Basis

a. Purchase price of property/Inherited value (see instructions) b. Add: Capital Improvements, Selling expenses, Other (list) c. Less: Depreciation, Other (list) d. Adjusted basis of Property. (Enter on Line 3 above)

Under the penalties of perjury, I declare that I have examined this application, including any schedules or statements attached, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, the declaration is based on all information of which the preparer has any knowledge

Please Sign Here Signature Applicant's phone number Date Signature (Spouse, if applicable) Applicant's phone number Date Signature of preparer other than taxpayer Address and telephone number of preparer Preparer's SSN or PTIN

The Comptroller's decision to deny or grant in part a tentative refund is final and not subject to appeal.

## GENERAL INSTRUCTIONS

THIS FORM IS OPTIONAL AND IS NOT REQUIRED TO BE FILED.

**IMPORTANT:** If Form MW506R is filed, the transferor/seller must still file a Maryland income tax return (Form 500, 504 or 505) after the end of the tax year, report the entire income for the year (from all sources, including the transfer), and pay any additional tax due on the income or request an additional refund.

### Purpose of Form

The income tax withheld at closing and paid to the Clerk is claimed on the Maryland income tax return filed by transferor for the tax year in which the transfer of the real property and associated personal property in Maryland is sold. You may elect to receive a refund of excess income tax withheld prior to filing the income tax return. Use Form MW506R to apply for a refund of the amount of tax withheld on the sale or transfer of Maryland real property interests by a nonresident individual or nonresident entity which is in excess of the transferor/seller's tax liability for the transaction. Form MW506R may be filed not less than 60 days after the date the tax withheld is paid to the Clerk of the Circuit Court. Form MW506R may NOT be filed if the transfer occurs after November 1, 2011. Any Form MW506R that is filed for a transfer occurring after November 1, 2011 will be rejected.

**IMPORTANT:** The tentative refund calculations is limited to the Schedule for Computation of Cost or Other Basis, without regard to the federal exclusion for a principal residence.

### Who May File an Application

An individual, fiduciary, or C corporation transferor/seller may file Form MW506R. A pass-through entity transferor/seller may not file Form MW506R.

**NOTE:** Generally, any claim for refund or credit for overpayment of taxes must be filed within three years from the date the return is filed or within two years from the date the tax is paid, whichever is later.

## SPECIFIC INSTRUCTIONS

At the top of Form MW506R, enter the tax year of the transferor/seller if other than a calendar year.

Enter the name, address and identification number (social security number or federal employer identification number) of the transferor/seller applying for a refund of the amount withheld. The name and identification number entered must be the same as the name and identification number entered for the transferor/seller on the Form MW506NRS. If the identification number on the MW506NRS is incorrect, enter the correct identification number and attach an explanation to the form. If the transferor/seller was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

Enter the information describing the Maryland real property transaction.

**Line a.** Enter the date of the closing.

**Line b.** Enter the Maryland property account ID number assigned by the State Department of Assessments and Taxation, if known.

**Line c.** Enter the description of the property. Include the street address, county, or district, subdistrict, and lot numbers if no address is available.

**Line d.** Enter use of property at the time of settlement and specify length of use.

Check the box applicable to the type of taxpayer.

**Line 1.** Enter the amount of tax withheld and reported on Line 8i of the Form MW506NRS. A photocopy of Copy C of the Form MW506NRS must be attached to the Form. Retain the original Copy C with your tax records.

**Line 2.** Enter the gross sales price from the sale. Attach a copy of the HUD-1 closing statement from the sale of this property.

**Line 3.** In general, the cost or adjusted basis is the cost of the property plus purchase commissions and improvements, minus depreciation (if applicable). Increase the cost or other basis by any expense of sale, such as commissions and state transfer taxes. Complete the Schedule for Computation of Cost or Other Basis on the bottom of Form MW506R and enter the amount from line d on line 3. Purchase price and improvement documentation is required.

If the property was inherited, enter the value of the property at the date of death. This figure is generally obtained through a certified appraisal done within 6 months of date of

death. A printout from the State Department of Assessments and Taxation, from that time frame, is also acceptable.

**Line 4.** Subtract the amount on line 3 from the amount on line 2. However, if you are reporting a gain under the installment method for federal income tax purposes, attach a separate sheet that lists the payments received during the tax year and the gross profit percentage. Multiply the amount of the payments by the gross profit percentage and enter the result on line 4.

**Line 4a.** If there were multiple owners, enter your percentage of ownership of the property. If you were the only owner, enter 100%.

**Line 4b.** Multiply line 4 by line 4a to determine your share of the capital gain.

**Line 5a.** If you are a C corporation, or an entity that is taxed for federal purposes as a C corporation, multiply the amount on line 4 by 8.25% and enter this amount on line 5.

**Line 5b.** If you are an individual, multiply the amount on line 4 by 6.75% and enter this amount on line 5.

**Line 6.** Subtract the amount on line 5 from the amount on line 1. If an overpayment is shown on line 6, the Revenue Administration Division will refund any amount of \$1.00 or more.

### Signature(s)

Form MW506R must be signed by an individual (both taxpayer and spouse, if filing a joint income tax return), or a responsible officer of the company or corporation.

Your signature(s) signifies that your application, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under the penalties of perjury.

If a power of attorney is necessary, complete federal Form 2848 and attach to your application.

### Where to File

File the completed Form MW506R with the:

Comptroller of Maryland  
Revenue Administration Division  
Attn: NRS Special Refunds  
P.O. Box 2031  
Annapolis, MD 21404-2031

### Additional Information

For additional information, please call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 from Central Maryland. [www.marylandtaxes.com](http://www.marylandtaxes.com)