COMPTROLLER of MARYLAND
Serving the People

MARYLAND 2010

Instructions for filing fiduciary income tax returns for calendar year or any other tax year or period beginning in 2010

Visite nuestro sitio Web en www.marylandtaxes.com para obtener formas e instrucciones en Español.

Peter Franchot, Comptroller

Please read this before filling out your forms!

- The top state income tax rate for resident fiduciaries is 6.25 percent for tax year 2010. For nonresident fiduciaries there is an additional income tax rate of 1.25 percent.
- Form 504NR is a required attachment for nonresident fiduciaries who have any modifications to the federal income, as well as to allow a nonresident fiduciary to adjust the Maryland tax based upon non-Maryland income received. See instructions relating to Form 504NR.
- Nonresident fiduciary members of a pass-through entity who have had tax paid for them may claim the credit on Form 504.
- Fiduciaries required to file federal Form 990-T are required to file and pay income tax to Maryland on their unrelated business incomes attributable to Maryland sources.
- A contribution can be made to three programs on your return: The Chesapeake Bay and Endangered Species Trust Fund, the Developmental Disabilities Waiting List Equity Fund and the Maryland Cancer Fund.

FORMS

By phone 410-260-7951
Place your order and we'll mail the forms.

Internet . . . . www.marylandtaxes.com
Tax forms, instructions, publications and e-mail access to taxpayer assistance.

FREE STATE TAX ASSISTANCE

By phone 1-800-MDTAXES
from Central Maryland 410-260-7980
February 1 - April 18, 2011, Monday - Friday, 8:00a.m. - 8:00p.m.

E-mail . . . . .taxhelp@comp.state.md.us
Email your tax questions any time.

Please use blue or black ink when completing your forms and checks. To avoid delays in the processing of your return: do not print returns on colored paper; do not write on, staple, or punch holes in the barcode.

Instruction — Page

FORM
504
MARYLAND FIDUCIARY TAX RETURN
INSTRUCTIONS
2010

GENERAL INSTRUCTIONS

Purpose of Form

Maryland follows the federal income tax treatment for fiduciaries of trusts and estates. Under the federal income tax rules, generally any income that is distributed by the fiduciary of the trust or estate during the tax year is not taxable to the trust or estate. Instead, that income is taxable to the beneficiary. Any income not distributed (no or partial distribution) by the fiduciary of the trust or estate during the tax year is taxable to the fiduciary of the trust or estate.

Due Date

Your return is due by April 15, 2011. If you are a fiscal year taxpayer, see Instruction 24.

If the due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day.

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.

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.

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 us at 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 or is exempt from tax under Sections 408 (e)(1) or 501 of the Internal Revenue Code (IRC), but is required to file federal Form 990-T to report unrelated business taxable income, 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 of a trust 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.

Instead, file the applicable income tax return of the principal or, in the case of guardian, the return of the minor or disabled person.

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 the decedent's 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.

A resident fiduciary is taxable on all its income from whatever source derived.

Who is a nonresident fiduciary?

A nonresident fiduciary is a fiduciary who is not included in the above definition of a resident fiduciary. See Administrative Release 16 at www.marylandtaxes.com

A nonresident fiduciary is taxable only on income from sources within Maryland. See Instruction 7, Maryland modifications, and complete Forms 504 and 504NR.

2 Use of federal return

You will need information from your federal fiduciary return 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 federal taxable income reported on your federal fiduciary return. All items reported on your Maryland return are subject to verification, audit, and revision by the Comptroller's Office.

3 Name, Address and Other Information

Print or type the required information in the designated areas. Enter the federal employer identification number of the estate or trust in the space provided.

4 Type of entity

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 not taxable income. A fiduciary is required to file a fiduciary return if the trust is a member of a pass-through entity (PTE) and nonresident PTE tax was paid on its behalf.

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.

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.

Other

Check box 7 if you are the fiduciary filing for one of the following entities:

- **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.
- **Qualified Disabilities Trust Fund**
  A trust created solely for an individual under 65 years of age who is disabled.
- **Alaskan Native Settlement Trust**
  A settlement trust created within the meaning of the Alaska Native Claims Settlement Act.
- **Tax-Exempt Trust with Unrelated Business Taxable Income required to file federal Form 990-T**
  If the fiduciaries for the following entity types are required to file federal Form 990-T, they are required to file and pay income tax to Maryland on their unrelated business taxable income attributable to Maryland sources:
  - Tax-exempt charitable trusts
  - Individual Retirement Accounts (IRAs)
  - Simplified Employee Pensions (SEPs)
  - Simple Retirement Accounts (SIMPLE)
  - Roth IRAs
  - Coverdell Education Savings Accounts (ESAs)
  - Archer Medical Savings Accounts
  - Qualified tuition programs (Section 529 Plans)

5 Decedent's estate information

If the fiduciary return is for a decedent's estate, enter the following in the appropriate sections for 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's beginning and ending dates at the top of the form.

6 Resident status

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

If the return is for a resident fiduciary, provide the entity's subdivision code, county, and city, town or taxing area.

If you are a personal representative of an estate enter the county (or Baltimore City) in which the decedent was domiciled on the decedent's 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. See the list of incorporated cities, towns and taxing areas below to determine the subdivision code.

7 Maryland modifications

Fiduciary's Maryland modifications

Generally, certain items must be added to and subtracted from federal taxable income to determine the Maryland adjusted gross income of a fiduciary. Lines 1 through 8 should not be completed if the trust has distributed all of its distributable net income during the year.

Fiduciaries are permitted those additions and subtractions allowed individuals.

Lines 1 through 8: For resident fiduciaries, the addition and subtraction modifications to income provided in Form 502 instruction booklet for resident individuals apply. For nonresident fiduciaries, the addition and subtraction modifications to income provided in Form 505 instruction booklet for nonresident individuals apply.

For a nonresident fiduciary, any income derived from real property or tangible personal property located in Maryland; income derived from a business wholly or partially carried on in Maryland and in which the trust or estate is a partner, member, or shareholder of the pass-through entity (a business entity taxable at the federal level as partnership or S corporation); income from an occupation, profession or trade wholly or partially carried on in Maryland; and income from Maryland State Lottery prizes or winnings from any other wagering is taxable in Maryland. In addition, a nonresident fiduciary can only claim losses generated in Maryland.

Addition Modifications include but are not limited to the following:

LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

	Code No.		Code No.		Code No.		Code No.		Code No.
ALLEGANY COUNTY	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	**GARRETT COUNTY**	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	**ST. MARY'S COUNTY**	1900
Cumberland	0102	**CECIL COUNTY**	0800	Grantsville	1205	Washington Grove	1612	Leonardtown	1902
Ellerslie	0113	Cecilton	0801	Kitzmiller	1206	**PRINCE GEORGE'S**		**SOMERSET COUNTY**	2000
Frostburg	0103	Charlestown	0802	Loch Lynn Heights	1207	**COUNTY**	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	**TALBOT COUNTY**	2100
Luke	0105	North East	0805	**HARFORD COUNTY**	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	Cheverly	1707	St. Michael's	2103
Potomac Park Addition	0109	**CHARLES COUNTY**	0900	**HOWARD COUNTY**	1400	College Park	1725	Trappe	2104
Westernport	0107	Indian Head	0901	No incorporated cities or towns		Colmar Manor	1708	**WASHINGTON COUNTY**	2200
ANNE ARUNDEL COUNTY	0200	La Plata	0902	**KENT COUNTY**	1500	Cottage City	1709	Boonsboro	2201
Annapolis	0201	Port Tobacco	0903	Betterton	1501	District Heights	1710	Clearspring	2202
Highland Beach	0203	**DORCHESTER COUNTY**	1000	Chestertown	1502	Eagle Harbor	1711	Funkstown	2203
BALTIMORE COUNTY	0300	Brookview	1008	Galena	1503	Edmonston	1712	Hagerstown	2204
No incorporated cities or towns		Cambridge	1001	Millington	1504	Fairmount Heights	1713	Hancock	2205
BALTIMORE CITY	0400	Church Creek	1002	Rock Hall	1505	Forest Heights	1728	Keedysville	2206
CALVERT COUNTY	0500	East New Market	1003	**MONTGOMERY COUNTY**	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
CAROLINE COUNTY	0600	Hurlock	1004	Chevy Chase Sec. 3	1614	Landover Hills	1726	**WICOMICO COUNTY**	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	**FREDERICK COUNTY**	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
Marydel	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	**WORCESTER COUNTY**	2400
Templeville	0610	Myersville	1107	Glen Echo	1605	**QUEEN ANNE'S COUNTY**	1800	Berlin	2401
CARROLL COUNTY	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

Interest on state and local obligations other than Maryland. Resident fiduciaries must enter on line 1 the total amount of interest received (less related expenses) on obligations of any state or political subdivision thereof (except the State of Maryland and its political subdivisions).

Income taxes deducted on federal return. All fiduciaries must 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.

Other additions. Include on line 3 any other Maryland additions that must be reported. Attach a statement explaining the additions that are included on this line.

Capital losses from sale of certain trust property. For a resident fiduciary, include on line 3 any capital loss derived from the sale or other disposition of intangible personal property that is held in trust, if the proceeds are added to the principal of the trust, and if all the remaindermen in being are nonresidents during the entire tax year or corporations not doing business in Maryland.

Non-Maryland loss. For a nonresident fiduciary, include on line 3 net non-Maryland loss.

Subtraction Modifications include but are not limited to the following:

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

Other subtractions. Include on line 6 any other Maryland subtractions that may be claimed. Attach a statement explaining the subtractions that are included on this line.

NOTE: Non-Maryland source income is not a subtraction modification. For a nonresident fiduciary, non-Maryland source income is excluded from the Maryland taxable income calculation on Form 504NR. See Instruction 8.

Fiduciary's share of net Maryland modifications

Only the fiduciary's allocable portion of the Maryland modifications should be used. Complete lines 1 through 8, and lines 9a through 9d or lines 10a through 10g to determine this amount. Note: You may choose either Method 1 or 2 – you may not use both methods.

Method 1, (Formula Method) line 9. Line 9a. Enter the federal distributable net income (DNI) from federal Form 1041.

Line 9b. Enter the fiduciary's share of DNI (that portion of the DNI that was not deducted or distributed to the beneficiaries).

Line 9c. Divide the fiduciary's share of the DNI (line 9b) by the DNI (line 9a) to determine the fiduciary's percentage of the DNI and enter the result on line 9c.

Line 9d. Multiply the fiduciary's percentage of DNI (line 9c) by the net Maryland modification on line 8 to compute the fiduciary's share of net Maryland modifications. Enter the result on line 9d and on Form 504, line 24.

Method 2, (Alternative Method) line 10. Lines 10a through 10e allocate the net Maryland modifications on line 8 to the beneficiaries. If the estate or trust has more than four (4) beneficiaries, attach an additional sheet providing the additional beneficiaries' allocations; the total from the allocations on the attached sheet is entered on line 10e.

Line 10f. Enter the net Maryland modifications on line 8 allocated to the fiduciary.

Line 10g. Enter the total from lines 10a through 10f, Column (C) on line 10g, This total must equal the net Maryland modifications reported on line 8.

8 Instructions for Maryland Form 504NR

Maryland Fiduciary Nonresident Income Tax Calculation. Form 504NR **must** be filed by all nonresident fiduciaries who have:

1. any modifications to their federal income, or
2. income from non-Maryland sources.

Form 504NR is a required attachment to Form 504 for all nonresident fiduciaries meeting the above criteria.

Part I – Reconciliation of Maryland and Federal Income (Loss)

Complete **lines 1 through 14** of the Federal Income (Loss) column (Column A) using the figures from your federal fiduciary income tax return. Enter in the Non-Maryland source columns (Columns B and C) all income or loss from non-Maryland sources. Enter in the Maryland source columns (Columns D and E) all income or loss from Maryland sources.

Line 15. Add the amounts of income(loss) in Column B, line 14 to the income (loss) in Column (C) to arrive at the total non-Maryland souce income(loss). Then, calculate an income factor by dividing the total non-Maryland source income (loss) by the federal income (loss); carried to four decimal places. This factor cannot exceed 1 (100%) and cannot be less than zero (0%); if greater than 1, enter 1; if less than zero (0), enter 0.

Part II-Calculation of Nonresident Maryland Income Tax

Line 16:

Line 16a. Enter the fiduciary's share of the net Maryland modifications from Form 504, line 24.

Line 16b. Multiply the fiduciary's share of the net Maryland modifications (line 16a) by the income factor on line 15 to arrive at the net modification amount attributable to non-Maryland sources. In the alternative, allocate the fiduciary's share of the net Maryland modifications based on the net applicable Maryland modifications attributable to non-Maryland sources.

Line 16c. The fiduciary's share of the net Maryland modifications attributable to Maryland sources is the difference between 16a and 16b. Enter this difference on line 16c.

Line 17:

*Line 17a***.** Enter the fiduciary's share of distributable Maryland source income or loss from line 14 Column D on line 17a.

Line 17b. Enter the fiduciary's share of non-distributable taxable net income from Maryland source from line 14 Column E on line 17b.

Line 17c. Add lines 16c, 17a, and 17b to arrive at the fiduciary's Maryland net taxable income before exemption deduction and enter on line 17c.

Line 17d. Enter the Maryland exemption amount from Form 504, line 28.

Line 17e. Subtract line 17d from line 17c. This is the fiduciary's Maryland net taxable income. Enter this amount on line 17e.

Line 18. Enter the taxable net income from Form 504, line 29.

Line 19. Calculate the tax on this amount using the tax rate schedule in Instruction 14.

Line 20. Calculate the Maryland Nonresident Factor by dividing the amount on line 17e by line 18. Carry to four decimal places.

Line 21. Multiply line 20 by the tax shown on line 19 to arrive at the Maryland tax. Also enter this tax amount on line 30 of Form 504.

Line 22. Multiply the taxable net income on line 17e by 1.25% (0.0125) to calculate the Special Nonresident tax; also enter this tax amount on line 31 of Form 504.

2010 LOCAL TAX RATE CHART

Subdivision	Rate	Subdivision	Rate	Subdivision	Rate
Baltimore City	.0305	Charles County	.0290	Prince George' s County	.0320
Allegany County	.0305	Dorchester County	.0262	Queen Anne's County	.0285
Anne Arundel County	.0256	Frederick County	.0296	St. Mary's County	.0300
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	.0285	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. . . . . $ ______________

After you enter the tax amounts from Form 504NR on lines 30 and 31 of Form 504, complete the remainder of Form 504 following the instructions in the booklet.

9 Nonresident beneficiary deduction

Nonresident individuals who have intangible income from sources within Maryland are not subject to tax on such income in Maryland. There are some 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.

A fiduciary with a nonresident beneficiary may enter such income on line 11, to the extent included in the federal taxable income of the fiduciary, if the income is derived from intangible personal property and if that income is held in trust for the benefit of and being accumulated for a nonresident individual or a corporation that is not doing business in Maryland.

A fiduciary with a nonresident beneficiary may also enter on line 11, to the extent included in the federal taxable income of the resident fiduciary, capital gain income derived from the sale or other disposition of intangible personal property if that income is held in trust; if the proceeds from that sale or other disposition of the intangible personal property are added to the principal of the trust; and if all of the remaindermen of the trust in being are nonresidents during the entire tax year or corporations not doing business in Maryland.

The amount that is included on line 11 must actually be for the benefit of and attributable exclusively to the nonresident beneficiary or corporation not doing business in Maryland for which the nonresident beneficiary subtraction is being claimed. Also, the remaindermen for which the nonresident beneficiary subtraction is being claimed cannot be unborn or unascertained persons or persons with contingent interests. In addition, the nonresident beneficiary cannot possess an inter vivos power of appointment over such income, nor can the fiduciary possess a discretionary power to distribute such income of the trust to himself or herself, unless such discretionary power is limited to ascertainable standards as defined by Section 2041(b)(1)(A) of the Internal Revenue Code.

Do not enter on line 11 income that has been distributed. Line 11 is to be used only when income from intangible personal property is accumulated for a nonresident beneficiary. If line 11 is not zero, attach to Form 504 a copy of the federal form 1041 and all schedules relating to the type(s) and source(s) of income included on line 11. Also, attach a separate document listing all beneficiaries, their domiciliary addresses and applicable tax identification numbers, whether they are income beneficiaries, remaindermen or both, and the amount of intangible income accumulated for each beneficiary. Identify all persons with a power of appointment over the trust property. See Administrative Release 16.

Enter on line 12, expenses allocable to this income. Subtract line 12 from line 11 to arrive at the amount of the nonresident beneficiary subtraction.

10 Income

Enter the figure for federal taxable income from your federal fiduciary income tax return on line 21 of Form 504. For a fiduciary exempt from taxation under IRC Sections 408(e)(1) or 501, enter on line 21 of Form 504, the fiduciary's unrelated business taxable income (as defined under IRC Section 512.)

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

11 Exemption

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 net taxable income

For all fiduciaries, complete lines 21 through 29. Line 29 is your Maryland net taxable income. For a nonresident fiduciary, the Maryland net taxable income from Maryland sources is calculated on Form 504NR, line 17e.

14 Maryland tax

Compute the tax in accordance with the rate schedule below and enter the tax on line 30. Nonresident fiduciaries should read and refer to Instructions 7 and 8 for information on Form 504NR before continuing; for Form 504 line 30, enter the Maryland tax from Form 504NR line 21.

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 page of the form. See the local tax rate chart and worksheet.

Nonresident fiduciaries enter .0125 on Form 504, line 31 and, enter the amount from Form 504NR line 22.

16 Total Maryland tax, local tax and contributions.

Add lines 30 and 31, and enter the result on line 32. Add to your tax any contributions from lines 33, 34, and 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.

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.

Developmental Disabilities Waiting List Equity 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

Fiduciary Tax rate schedule

If the Taxable Net Income is: Over	But Not Over	Maryland Tax is:
$ 0	$ 1,000	2% of the amount
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	150,000	$90 plus 4.75% of the excess over $3,000
150,000	300,000	$7,072.50 plus 5% of the excess over $150,000
300,000	500,000	$14,572.50 plus 5.25% of the excess over $300,000
500,000	1,000,000	$25,072.50 plus 5.5% of the excess over $500,000
1,000,000	-------	$52,572.50 plus 6.25% of the excess over $1,000,000

funds, any reduction will be applied proportionately.

17 Taxes paid and credits

Write your taxes paid and credits on lines 37-41 of Form 504. Add lines 37 through 41 and enter the total on line 42.

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 Form 502CR, Part A and Part G and enter the result on line 39. Note: You must attach Form 502CR and 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 Form 502CR, Parts F and G and enter the result on line 39. If both credits are applicable, enter the sum on line 39.

If the estate or trust was a member of a pass-through entity (PTE) doing business in Maryland and the PTE paid nonresident tax on its behalf, enter the amount on line 40. You must attach a Schedule K-1 or other statement from the PTE showing the amount of tax paid on behalf of the estate or trust.

This credit may be passed through the nonresident fiduciary and claimed by the beneficiary on its applicable Maryland income tax return in an amount proportionate to the distribution of income by the nonresident fiduciary to that beneficiary. DO NOT include the amount on line 40 if the nonresident fiduciary elects to pass this credit through to the beneficiaries.

Include the Maryland Modified Schedule K-1 (Form 504), federal Schedule K-1 (Form 1041), or other statements to the beneficiaries showing the amount of tax paid by the PTE on behalf of the estate or trust being passed through to the beneficiary. The statement must also include the names and FEINs of PTEs paying tax.

If the estate or trust participated in a nonresident real estate transaction as a member of a PTE that paid taxes on its behalf using Form MW506NRS, report this payment here.

Enter on line 41 any tax credits from Form 500CR, Form 502H, and/or Form 502S.

18 Overpayment or balance due.

Calculate the Balance Due (line 43 of Form 504) or Overpayment (line 44 of Form 504).

Part or all of any overpayment may be applied to 2011 estimated tax by completing line 45. Subtract line 45 from the overpayment (line 44). This is the amount of the refund.

Underpayment of Estimated Tax

All taxpayers should refer to Form 504UP 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 47 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 that were developed, 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 original due date of the return. Enter any interest due in the appropriate box on line 47.

Total Interest

Enter the total interest for underpayment of estimated tax and interest for late filing on line 47.

Direct Deposit of Refund

Complete lines 49a, 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) in the United States. In order to comply with new banking rules, we ask you to indicate on your return if the state refund is going to an account outside the United States. If you indicate that this is the case, do not enter your routing and account number, as the direct deposit option is not available to you. We will send you a paper check.

CAUTION *Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The State of Maryland is not responsible for a lost refund if you enter the wrong account information.*

Splitting Your Direct Deposit

NEW If you would like to deposit portions of your refund to multiple accounts, do not complete any direct deposit information on your return. Instead, you must enter code number 588 in one of the code number boxes located to the right of the telephone number area on your return, and complete and attach Form 588. NOTE: You may not use Form 588 if you are filing Form 502INJ, Maryland Injured Spouse Claim Form, or if you plan to deposit your refund in a bank outside the United States.

Line 49a

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 49b

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.

If you are not sure of the correct routing number or if your check states that it is payable through a financial institution different from the one at which you have your checking account, contact your financial institution for the correct routing number.

Line 49c

The account number can be up to 17 characters (both numbers and letters). Omit spaces, hyphens and special symbols. Enter the number from left to right.

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 one of the boxes 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 one of the boxes 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 one of the CODE NUMBER boxes. 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. Penalties may be imposed for tax preparers who fail to sign the tax return and provide their Social Security number or preparer's tax identification number.

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 (Forms W-2, W-2G and 1099) to the front of your return if Maryland tax is withheld. Complete and attach Maryland Modified Schedule K-1 (Form 504) for each beneficiary. See Administrative Release 16. 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 Mailing your return

Mail your return to:

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21411-0001

21 Payment Instructions

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 FEIN, type of tax and year of tax being paid, on your check. DO NOT SEND CASH.

22 Due Date

Returns must be mailed by April 15, 2011, 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 2010 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, 2011.

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 2010 forms for fiscal years that begin during calendar year 2010. Fiscal year returns are due on the 15th day of the 4th month following the close of the fiscal year. If you are filing on a fiscal year basis, file Form 504E by the regular due date of your return.

25 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.

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 and Form 504NR, if applicable, to file an amended return. Be sure to 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 of the amended Form 504. A copy of the amended federal return must be attached.

Changes to Your Federal Return

If the Internal Revenue Service makes any changes to 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. Draw a line through any barcodes on the Form 502 and write "Bankruptcy Estate" in the name and address area.

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.

END THE WAIT. CHECK LINE 38!

Right now, the lives of thousands of children, youth and adults with developmental disabilities like autism, Down syndrome and cerebral palsy are on hold. They are counting on concerned citizens like you to help the Maryland Waiting List Fund provide:

- services for children
- job training and employment
- opportunities to live in the community
- crisis intervention

ELIMINATE WAITS!

- Enter the amount you want to donate. Every dollar helps.
- Your gift will be deducted from your tax refund or added to your tax payment.
- You can deduct the gift next year.

(Use Line 38 on Form 502 or Line 14 on Form 503, Line 34 on Fiduciary Form 504 or Line 40 on NonResident Form 505.)

For more information, call the
Maryland Department of Disabilities at 800-637-4113
or visit **www.mdod.maryland.gov**

Maryland Cancer Fund

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

Contributions to the Maryland Cancer Fund can support cancer:

- Prevention
- Screening and Education
- Treatment
- Research

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

Maryland CANCER FUND

www.mdcancerfund.org

SUPPORT THE BAY

CHECK LINE 33 on your tax form.

Acres of wetlands restored, thousands of trees planted, dozens of endangered animals and plants protected.

Give $1 or $1,000 to keep the Bay healthy.

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 split evenly between the Chesapeake Bay Trust and the Wildlife and Heritage Division of the Department of Natural Resources. For more information, call the Chesapeake Bay Trust at 410.974.2941.

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**

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 8.25% 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.

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 6%. 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 and other tobacco products 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 $2.00 per pack of 20 cigarettes, the rate is 15% of the wholesale price for other tobacco products.

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. When the gross receipts are also subject to the sales and use tax, the combined tax rate may not exceed 11%.

A separate State admissions and amusement tax of 30% is imposed on the net proceeds from electronic bingo or electronic tip jars. When the net proceeds are also subject to a local tax, the combined tax rate may not exceed 35%.

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 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. County governments are responsible for collecting a 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 6% 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. 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 on this page is a brief summary of the various Maryland business requirements and is based on the law in effect as of 7/1/10. 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

COMPTROLLER OF MARYLAND . . . . .www.marylandtaxes.com
Online business registration . . . . .www.marylandtaxes.com
New businesses can register online and set up tax accounts any time 24 hours a day.

For other new business information, visit the Business License Information System at **www.blis.state.md.us**

Compliance Division
301 W. Preston Street
Baltimore, MD 21201-2383
- Bulk sales 410-767-1579
- Business tax collections 410-649-0633
  . . . . or 888-614-6337
- Sales & use, admissions & amusement 410-767-1538
- Tax and tire fee refunds . . . . or 800-492-1751
- Unclaimed property 410-767-1700
  . . . . or 800-782-7383

General Accounting Division
Goldstein Treasury Building, Room 200
Annapolis, MD 21404-0746
- Tax clearances. 410-260-7813
  . . . . or 888-784-0144

Field Enforcement Division
Goldstein Treasury Building, Room 310
Annapolis, MD 21404-2397
- Enforcement & Inspections 410-260-7388
  . . . . or 888-674-0017
- State License Bureau 410-260-6240
  . . . . or 866-239-9359
- Motor Fuel Testing Laboratory. 410-799-7777

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

Motor-fuel, Alcohol & Tobacco Tax Unit
P.O. Box 2229
Annapolis, MD 21404-2229
- Motor-fuel Licensing & Registration 410-260-7131
  . . . . or 888-784-0142
- Motor Carrier & IFTA Licensing 410-260-7215
  . . . . or 888-784-0141
- Alcohol & Tobacco Licenses & Permits 410-260-7314
  . . . . or 888-784-0145

Baltimore area office. 410-767-1300
301 W. Preston Street, Room 206. . . . . or 800-492-1751
Baltimore, MD 21201-2383
- Admissions and amusement tax
- Bay Restoration Fee
- Central registration
- Employer withholding tax
- Sales and use tax
- Tire recycling fee

OTHER AGENCIES

Department of Agriculture. . . . . www.mda.state.md.us
50 Harry S. Truman Parkway, Annapolis, MD 21401 . . . . **410-841-5700**
. . . . .or 800-492-5590
- Conservation tillage equipment certification. 410-841-5863

Department of Assessments & Taxation . . . . www.dat.state.md.us
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

Department of Business and Economic Development
. . . . . www.dbed.maryland.gov
401 E. Pratt St. 410-767-6300
Baltimore, MD 21202 .or 800-CHOOSEMD
- Office of Regional Response 410-767-6438
  . . . . www.choosemaryland.org

Department of Labor, Licensing & Regulation
. . . . . www.dllr.state.md.us
1100 N. Eutaw Street, Room 414
Baltimore, MD 21201 410-767-2000
- Contributions 410-767-2412
- Unemployment insurance 410-767-3246
  . . . . .or 800-492-5524
- Enterprise Zones - Economically disadvantaged
  employee certification 410-767-2080
- Job services 410-767-2148

Department of the Environment. . . . . www.mde.state.md.us
1800 Washington Blvd. 410-537-3000
Baltimore, MD 21230 . . . . .or 800-633-6100
- Air management and radiation (oil furnace conversion). 410-537-3260
- Asbestos. 410-537-3200

Injured Workers' Insurance Fund . . . . www.iwif.com
8722 Loch Raven Boulevard 410-494-2000
Towson, MD 21286-2235 .or 800-264-4943

Maryland Insurance Administration . . . . www.mdinsurance.state.md.us
525 St. Paul Place
Baltimore, MD 21202 . . . .
- Insurance company premium tax 410-468-2000
  . . . . .or 800-492-6116

Department of Natural Resources . . . . www.dnr.state.md.us
Tawes State Office Building, 580 Taylor Avenue
Annapolis, MD 21401-2397
- Reforestation & timber stand
  improvement information 410-260-8531

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

Workers' Compensation Commission . . . . www.wcc.state.md.us
6 N. Liberty Street, Room 940
Baltimore, MD 21201-3785 410-864-5100
. . . . .or 800-492-0479