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Revenue Administration Division
P.O. Box 828
Annapolis, MD 21404-0828

DO NOT WRITE IN THIS AREA
Reference Numbers
Comptroller: _____
Register: _____

MARYLAND ESTATE TAX RETURN

To be used for decedents dying after December 31, 2009 and before January 1, 2011

Please print or type

Attach the Federal Estate Tax Return, Form 706

Original return Amended return Alternate Valuation Federal estate tax return has been or will be filed with the IRS

SECTION I

Decedent information:

| | | | |
|--|--|--|------------------------|
| First name | Middle name | Last name | Social Security number |
| Address at date of death (number and street) | | | |
| City | County | State | Zip code |
| Date of death | Due date of return (nine months after date of death) | Extended due date of return (Attach copy of extension) | |

SECTION II

Person(s) responsible for filing the Maryland estate tax return:

Attach continuing schedule in same format, including signature, if there are more than three persons responsible for filing the return.

| | | |
|------|--------------------------|------------------------|
| Name | Complete mailing address | Social Security number |
| Name | Complete mailing address | Social Security number |
| Name | Complete mailing address | Social Security number |

Attorney or contact person where correspondence should be sent:

| | | | |
|----------------|--------------|-------|----------|
| Name | Phone number | | |
| Address line 1 | | | |
| Address line 2 | | | |
| City | County | State | Zip code |

Affidavit of person(s) responsible for filing the Maryland estate tax return:

Under the penalties of perjury, I certify that I have examined this return, including schedules and the federal Form 706, and that these documents are true, correct and complete to the best of my knowledge, information and belief.

| | | | |
|-----------|------|-----------|------|
| Signature | Date | Signature | Date |
| Signature | Date | | |

SECTION III

Certification of Register of Wills:

I, _____ Register of Wills for _____
 hereby certify that Maryland inheritance taxes totaling _____ have been paid as of _____
 _____ Signed _____
 Date Register of Wills

Decedent information:

| | | | |
|------------|-------------|-----------|------------------------|
| | | | |
| First name | Middle name | Last name | Social Security number |

COMPUTATION OF MARYLAND ESTATE TAX
for estates of decedents dying after December 31, 2009 and before January 1, 2011

Do not write in this area
Comptroller's use only

1. Federal total gross estate (from line 1, federal Form 706) _____
2. Property for which a QTIP election was previously made on a form MET 1 filed for the estate of the decedent's predeceased spouse (to the extent not included in line 1) (from line 1 of Schedule C) _____
3. Augmented gross estate (add lines 1 and 2) _____
4. Federal total allowable deductions (from line 2, federal Form 706) _____
5. Maryland QTIP election this return (from line 1 of Schedule D) _____
6. Total deductions (add lines 4 and 5) _____
7. Maryland estate tax base (subtract line 6 from line 3). Do not enter less than zero _____
8. Subtract \$1,000,000 from line 7 and enter here (Do not enter less than zero) If line 8 is zero, skip lines 9 through 14 and enter zero on line 15 _____
9. Multiply line 8 by 16% (.16) _____

COMPLETE AND ATTACH MARYLAND SCHEDULE B FOR LINE 10

10. Allowable maximum credit for state death taxes (from line 13 of Schedule B) _____

IF LINE 10 IS ZERO, OR IF ALL PROPERTY WITHIN THE AUGMENTED GROSS ESTATE HAS A MARYLAND TAX SITUS, SKIP TO LINE 13

11. Percentage of Maryland estate to augmented gross estate

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

 %

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|
12. Maryland apportioned credit (line 11 times line 10) _____

13. Gross Maryland estate tax liability (enter the lesser of lines 9, 10 and 12, whichever is applicable) _____
14.
 - a. Maryland inheritance tax paid _____
 - b. Death tax paid to another state on assets also included in the Maryland estate _____
 - c. Total (add lines 14a and 14b) _____
15. Net Maryland estate tax (line 13 minus line 14c) _____
16.
 - a. Estimated tax previously remitted _____
 - b. Maryland estate tax previously remitted (amended returns only) _____
 - c. Total (add lines 16a and 16b) _____
17. Maryland estate tax due or (overpayment)(line 15 minus line 16c) _____
18. Interest charges _____
19. Penalty charges _____
20. Total balance due or (overpayment)(add lines 17, 18, and 19) _____
21. Amount of overpayment to be refunded **REFUND** _____
22. Total balance due **Pay in full when filing this return** _____

SECTION IV

INSTRUCTIONS - SECTIONS I - IV OF MET 1

For estates of decedents dying after December 31, 2009 and before January 1, 2011

Indicate whether the return is an "original" filing or an "amended" return and whether alternate valuation is elected. Also indicate in the check box if the federal return, Form 706, has been or will be filed with the Internal Revenue Service.

IMPORTANT NOTE: The federal estate tax does not apply to decedents dying after December 31, 2009 and before January 1, 2011. Under present federal estate tax law, any decedent dying after December 31, 2010 may again be subject to a federal estate tax.

The changes to the Maryland estate tax enacted by the General Assembly since 2002 anticipated periods of time when the federal estate tax would not be in effect. Thus, the Maryland estate tax remains in full force and effect. For decedents dying after December 31, 2009, estates with a gross estate plus adjusted taxable gifts valued at \$1,000,000 or more continue to be required to file a Maryland estate tax return. The provisions of the Maryland estate tax that became effective for decedents dying after December 31, 2005 continue to be applicable.

During 2010 when the federal estate tax does not apply, the Maryland estate tax is still equal to the federal allowable credit for state death taxes, without reduction by any Act of Congress enacted on or after January 1, 2001, and the Maryland estate tax is determined using the other provisions of federal estate tax law as in effect on December 31, 2009. A prepared pro forma federal Form 706 must be filed with the MET 1. If Congress does not act to retroactively re-instate the federal estate tax for decedents dying after December 31, 2009, you must use the 2009 federal Form 706 with the 2010 MET 1.

Section I Complete *all* of the information concerning the decedent.

Section II Enter the information concerning all person(s) responsible for filing the return.

Enter the information to indicate where correspondence should be sent. This is the individual the Comptroller will contact if additional information is required or if a deficiency/refund notice is necessary. The person(s) responsible for filing the return will be contacted in the event the contact person does not respond or if no contact person is listed. **All person(s) responsible for filing the return must sign and date the return.**

Section III This section will be completed by the Register of Wills if the Maryland estate tax return is filed with the Register of Wills. If return is filed directly with the Comptroller, the Certification of Inheritance Tax must be submitted by separate document provided by the Register of Wills.

Note: A Maryland estate tax return is not deemed complete for processing until the Certification of Inheritance Tax is received by the Comptroller. Failure to file the Certification of Inheritance Tax with the return will cause a delay in the processing of your return.

Section IV Computation of Maryland estate tax for estates of decedents dying after December 31, 2009. Complete the federal estate tax return, Form 706, for the year of the decedent's death, regardless of whether Form 706 is required to be filed with the Internal Revenue Service. If Congress does not act to retroactively re-instate the federal estate tax for decedents dying after December 31, 2009, you must use the 2009 federal Form 706 with the 2010 MET 1.

Include the federal return, complete with all schedules, attachments and supporting documents when filing the Maryland estate tax return. The value of the property of the estate must be based upon fair market value/appraisals from Certified Appraisers.

Line 2 Complete Schedule C and enter the value, as of the decedent's date of death (or alternate valuation date, if elected), of Maryland Qualified Terminable Interest Property (QTIP) for which an election was previously made on a Maryland estate tax return filed for the estate of the decedent's predeceased spouse. Do not include QTIP property that is already included in line 1.

Line 5 If an election for Maryland Qualified Terminable Interest Property (QTIP) is being made in the current return, complete Schedule D and enter the total amount of Maryland QTIP on line 5 of the Maryland estate tax return.

Note: Do not attempt to make a Maryland QTIP election on the pro forma Schedule M of federal Form 706; all Maryland QTIP elections must be made on Schedule D of the MET 1.

- Lines 11-12 Apportionment of state death tax credit.
- If the augmented gross estate on line 3 includes only Maryland property, skip to line 13. If the augmented gross estate on line 3 includes Maryland property and property located outside the state of Maryland, complete Maryland Schedule A first. Then enter on line 11, the percentage of the Maryland estate from line 27 on Schedule A. Multiply line 11 times line 10 and enter the result on line 12.
- Line 13 If the augmented gross estate includes only Maryland property, enter the lesser of line 9 or line 10. If the augmented gross estate includes property in Maryland and outside the state, enter the lesser of line 9 or 12. The amount reported on line 13 is the gross Maryland estate tax liability. This amount must be satisfied by the due date of the return shown on page 1 to avoid interest and penalty.
- Line 14b Enter the portion of any tax paid to another state or territory, on property included in the Maryland estate shown on line 26 of Schedule A. You must provide evidence of payment and attach your computation of this credit.
- Line 16a Enter the total of any payments remitted as estimated payments with a filing extension or payments remitted in advance of the filing of the return.
- Line 16b Enter the total Maryland estate tax paid with previously filed returns.
- Line 18 Interest is assessed on any portion of the Maryland estate tax liability (line 13) that is not satisfied by the statutory due date on page 1 of the return. Request Administrative Release #14 for the current interest rates. Interest is calculated from the due date to the date of payment.
- Line 19 Late payment penalty of up to 10 percent is assessable on any portion of the Maryland estate tax (line 15) that is not satisfied by the statutory due date on page 1 of the return. A 25 percent non-compliance penalty is assessed for failure to comply with a notice and demand for the filing of the return within the time prescribed. A penalty of 25 percent of the amount of the underpayment of tax is assessed where the underpayment is attributable to any substantial estate tax valuation understatement and where the underpayment is greater than \$5,000.
- Line 20-22 Add lines 17, 18 and 19 and enter the total on line 20. If the total is a balance due, enter on line 22 and remit to the Comptroller with the remittance advice form. If the total is an overpayment, enter on line 21 the amount refundable. This may not exceed the total amount previously paid to the Comptroller.

Decedent information:

| | | | |
|------------|-------------|-----------|------------------------|
| | | | |
| First name | Middle name | Last name | Social Security number |

SCHEDULE A

**Use this worksheet to report the portion of the estate not subject to Maryland estate tax
If the decedent died after December 31, 2009 and before January 1, 2011.**

Attach Schedule A to Form MET1, using additional pages if necessary.

For a Maryland decedent – Itemize the Real and Tangible Personal Property included in the augmented gross estate (line 3 of the Maryland Estate Tax Return), having situs outside of Maryland.

For a nonresident decedent – Itemize the Real and Tangible Personal Property included in the augmented gross estate (line 3 of the Maryland Estate Tax Return), having situs in Maryland.

| Item Number | Property description and location | Value used in augmented gross estate |
|-------------|-----------------------------------|--------------------------------------|
| | | |
| | Total from additional pages | |

23. Total

Computation of percentage of Maryland estate to augmented gross estate

24. Augmented gross estate (from line 3)

25. Portion of estate not subject to Maryland estate tax:

a. Maryland decedent (from line 23)

OR

b. Nonresident decedent (line 24 minus line 23)

26. Maryland estate (subtract line 25a or 25b from line 24)

27. Percentage of Maryland estate to augmented gross estate
(line 26 divided by line 24) rounded to two decimal places . % Enter on line 11 of return

SCHEDULE B

Use this schedule and worksheet to complete line 10, of the Maryland estate tax return if the decedent died after December 31, 2009 and before January 1, 2011

1. Maryland estate tax base (from line 7 Section IV of the Maryland Estate Tax Return) \$ _____
2. Less \$60,000 adjustment \$ (60,000.00)
3. Adjusted taxable estate (subtract line 2 from line 1) \$ _____

Complete lines 4-13 using tables A and B below to determine the allowable maximum credit for state death taxes for purpose of the Maryland estate tax.

Table A – Unified Rate Schedule

| Column A Taxable amount over | Column B Taxable amount not over | Column C Tax on amount in column A | Column D Rate of tax on excess over amount in column A |
|---------------------------------|-------------------------------------|---------------------------------------|---|
| | | | (Percent) |
| 0 | \$10,000 | 0 | 18 |
| \$10,000 | 20,000 | \$1,800 | 20 |
| 20,000 | 40,000 | 3,800 | 22 |
| 40,000 | 60,000 | 8,200 | 24 |
| 60,000 | 80,000 | 13,000 | 26 |
| 80,000 | 100,000 | 18,200 | 28 |
| 100,000 | 150,000 | 23,800 | 30 |
| 150,000 | 250,000 | 38,800 | 32 |
| 250,000 | 500,000 | 70,800 | 34 |
| 500,000 | | 155,800 | 35 |
| | | | |

Table B – Computation of Maximum Credit for State Death Taxes

| (1) Adjusted taxable estate equal to or more than – | (2) Adjusted taxable estate less than – | (3) Credit on amount in column (1) | (4) Rate of credit on excess over amount in column (1) | (1) Adjusted taxable estate equal to or more than | (2) Adjusted taxable estate less than | (3) Credit on amount in column (1) | (4) Rate of credit on excess over amount in column (1) |
|--|--|---------------------------------------|---|--|--|---------------------------------------|---|
| | | | (Percent) | | | | |
| 0 | \$40,000 | 0 | None | 2,040,000 | 2,540,000 | 106,800 | 8.0 |
| \$40,000 | 90,000 | 0 | 0.8 | 2,540,000 | 3,040,000 | 146,800 | 8.8 |
| 90,000 | 140,000 | \$400 | 1.6 | 3,040,000 | 3,540,000 | 190,800 | 9.6 |
| 140,000 | 240,000 | 1,200 | 2.4 | 3,540,000 | 4,040,000 | 238,800 | 10.4 |
| 240,000 | 440,000 | 3,600 | 3.2 | 4,040,000 | 5,040,000 | 290,800 | 11.2 |
| 440,000 | 640,000 | 10,000 | 4.0 | 5,040,000 | 6,040,000 | 402,800 | 12.0 |
| 640,000 | 840,000 | 18,000 | 4.8 | 6,040,000 | 7,040,000 | 522,800 | 12.8 |
| 840,000 | 1,040,000 | 27,600 | 5.6 | 7,040,000 | 8,040,000 | 650,800 | 13.6 |
| 1,040,000 | 1,540,000 | 38,800 | 6.4 | 8,040,000 | 9,040,000 | 786,800 | 14.4 |
| 1,540,000 | 2,040,000 | 70,800 | 7.2 | 9,040,000 | 10,040,000 | 930,800 | 15.2 |
| | | | | 10,040,000 | ----- | 1,082,800 | 16.0 |

4. Enter line 7, Section IV from the Maryland estate tax return \$ _____
5. Enter line 4 from the federal Form 706, adjusted taxable gifts \$ _____
6. Add lines 4 and 5 \$ _____
7. Tentative federal tax on the amount on line 6 using Table A. \$ _____
8. Total gift tax payable, from line 7 of the federal Form 706. \$ _____
9. Gross federal estate tax – subtract line 8 from line 7. \$ _____
10. Allowable unified credit of \$330,800 reduced by any adjustments reported on
line 10 of the federal Form 706. Do not use Unified Credit from federal
Form 706. \$ _____
11. Subtract line 10 from line 9 (do not enter less than zero) \$ _____
If line 11 is zero, STOP here and enter zero on line 10 of the Maryland estate tax return.
Otherwise, continue to line 12 of Schedule B.
12. Maximum credit for state death taxes. Calculate the credit using Table B above
and the **Adjusted Taxable Estate** on line 3 of Schedule B and enter here. \$ _____
13. Enter the lesser of line 11 or 12. This is the allowable maximum credit for state
death taxes. **Enter on line 10 of the Maryland Estate Tax Return** \$ _____

GENERAL INSTRUCTIONS

For estates of decedents dying after December 31, 2009 and before January 1, 2011

When the Form MET 1 must be filed: A Maryland estate tax return (Form MET 1) must be filed where the federal gross estate plus adjusted taxable gifts plus, property for which a Maryland QTIP election was previously made on a Form MET 1 filed for the estate of the decedent's predeceased spouse equals or exceeds \$1,000,000, and the decedent at the date of death was:

1. A resident of the State of Maryland or
2. A nonresident of the State of Maryland whose estate includes any interest in real property permanently located in this State; or tangible personal property that has a taxable situs in this State.

The Maryland estate tax return must be filed within nine months after the date of death of the decedent, even if the federal estate tax return (IRS Form 706) is not required to be filed with the Internal Revenue Service.

Who must file Form MET 1: The duly appointed personal representative shall file the return. If there is more than one personal representative, the return must be made jointly by all. If there is no personal representative appointed, every person in actual or constructive possession of any property of the decedent is required to make and file a return.

Where to file return: The Maryland estate tax return is filed with the Register of Wills of Baltimore City or the county in which the Maryland estate is being administered, or where the property is located in the case of a nonresident decedent. The Register of Wills shall certify the amount of inheritance tax paid and forward the return to the Comptroller. The Maryland tax return may also be filed directly with the Comptroller in which case the Certification of Inheritance Tax must be submitted on a separate document provided by the Register of Wills. **Note: The Maryland estate tax return is not deemed complete for processing until the Certification of Inheritance Tax is received by the Comptroller.**

Failure to file the Certification of Inheritance Tax will result in a delay in the processing of your return.

What to include with the return: When filing the Maryland estate tax return, include Maryland Schedule A if applicable, Maryland Schedule B, Maryland Schedule C if applicable, Maryland Schedule D if applicable, and the federal estate tax return, Form 706, including schedules, attachments and supporting documents. The value of the property of the estate must be based upon fair market value appraisals from Certified Appraisers.

Note: If you are not required to file a federal estate tax return but are required to file a Maryland estate tax return, attach a copy of the pro forma federal Form 706 prepared, with schedules and supporting documentation, as though a federal return was required. If Congress does not act to retroactively re-instate the federal estate tax for decedents dying after December 31, 2009, you must use the 2009 federal Form 706 with the 2010 MET 1.

Alternate Valuation: With regard to an election to value property as provided in §2032 of the Internal Revenue Code, if a federal estate tax return is not required to be filed with the Internal Revenue Service, an irrevocable election made on a timely filed Maryland estate tax return shall be deemed to be an election as required by §2032(d) of the Internal Revenue Code. In such cases, the provisions of §2032(c) of the Internal Revenue Code do not apply. An election may not be made unless that election will decrease the value of the gross estate, and the Maryland estate tax due with regard to the transfer of a decedent's Maryland estate. Report an election for alternate valuation of property by entering a check mark in the appropriate box on the front page of the Maryland estate tax return, and by reporting the same on the pro forma Form 706 filed with the MET 1. You must attach all of the required statements and appraisals. In cases in which a federal estate tax return is filed with the Internal Revenue Service, an election for alternate valuation of property for Maryland estate tax purposes must be the same as the election made for federal estate tax purposes.

Extension of time to file: The Comptroller may extend the time to file an estate tax return up to 6 months, or if the person required to file the estate tax return is out of the United States, up to 1 year.

An application form, MET 1E must be filed with the Comptroller on or before the statutory due date and should include: a copy of the federal extension request, Form 4768, if applicable; remittance of the estimated Maryland estate tax; or a request for an alternative payment schedule. See Administrative Releases #4 and #30 for additional instructions.

When and Where to pay the tax: The Maryland estate tax is payable to the Comptroller of Maryland nine months from the date of death. The check should be mailed directly to the Comptroller of Maryland, Revenue Administration Division, P.O. Box 828, Annapolis, Maryland 21404-0828 with the remittance form MET 3 that is included in the return package. The Comptroller may allow an alternative payment schedule for the Maryland estate tax in the form of a payment deferral or installment payment plan. See Administrative Release #30 for specific procedures.

Interest, Penalties and Liens: Interest will accrue at the statutory rate on unpaid Maryland estate tax from the due date of the return to the date of actual payment. See Administrative Release #14 for current rates. Penalties are provided by statute for:

1. failure to pay the tax when due - up to 10 percent; and
2. failure to comply with Notice and Demand - 25 percent; and
3. substantial estate tax valuation understatement - a 25 percent penalty applies to any underpayment of Maryland estate tax if the underpayment exceeds \$5,000 and is attributable to a "substantial estate tax valuation understatement," which is defined as a valuation at 60 percent or less of the amount determined to be the correct value.

Unpaid tax, interest and penalties, become subject to lien in favor of the state upon all property and rights to the property belonging to the estate.

Reporting of Adjustments: After a Maryland estate tax return has been filed, an amended Maryland estate tax return (Form MET 1) shall be filed if the Maryland estate tax liability is increased because of:

1. a change in the federal gross estate, federal taxable estate, federal estate tax, or other change as determined under the Internal Revenue Code;
2. after-discovered property;
3. a correction to the value of previously reported property;
4. a correction to the amount of previously claimed deductions; or
5. any other correction to a previously filed return.

The amended return shall be filed within 90 days **after the later to occur of the date of the event** that caused the increase in the Maryland estate tax liability or the date on which the person required to file an amended Maryland estate tax return learned or reasonably should have learned of the increase in the Maryland estate tax liability. Any additional tax, interest and penalties determined to be due shall be paid to the Comptroller of Maryland at the same time the amended return is filed.

An amended Maryland estate tax return is not deemed complete for processing until the Certification of Inheritance Tax is received by the Comptroller. Failure to file the Certification of Inheritance Tax will result in a delay in the processing of your return.

Refund of Excess Payment: If an adjustment results in a decrease in the Maryland estate tax, the person responsible for filing the Maryland estate tax return shall file an amended return (Form MET 1) to claim a refund of previously paid Maryland estate tax. Claims shall be supported with documents required by the Comptroller. Refunds found to be due shall be paid by the Comptroller as provided for in Section 13-901, Tax-General Article, Annotated Code of Maryland.

Forms Request: For forms, instructions and Administrative Releases #4, #14 or #30, contact:

Comptroller of Maryland
 Revenue Administration Division - Estate Tax Section
 P.O. Box 828 • Annapolis, MD 21404-0828
 Phone: (410) 260-7850
 E-mail: taxhelp@comp.state.md.us • Web site: www.marylandtaxes.com

**FORM
MET 3**



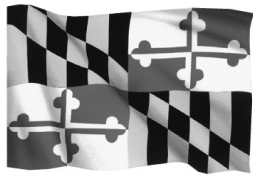
**MARYLAND ESTATE TAX
REMITTANCE FORM**

Rev. 06/10
COM/RAD-101D

Mail this form and the tax due to: Comptroller of Maryland, P.O. Box 828, Annapolis, MD 21404-0828

| | |
|---|---------------------------|
| Decedent's name | Social Security number |
| Maryland estate tax return will be filed with the Register of Wills for: <i>(name of county or Baltimore City)</i> | Date of death |
| Name and address of contact person | Amount remitted \$ |

The tax due must be remitted with this form.



COMPTROLLER
of MARYLAND
Serving the People

FOR ADDITIONAL INFORMATION:

call the Comptroller of Maryland at

410-260-7850 (Central Maryland)

1-800-MD TAXES (from elsewhere in Maryland)

from 8:00 a.m. to 5:00 p.m. eastern time.

E-mail: **taxhelp@comp.state.md.us**

WORLD WIDE WEB:

www.marylandtaxes.com

- forms and publications
- fill out the interactive Combined Registration Application online to register new business tax accounts
- see if you are among the owners of millions in unclaimed funds
 - tax regulations

If you need a reasonable accommodation for a disability,
please contact us before your visit.