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

DO NOT WRITE IN THIS AREA
Reference Numbers
Comptroller: _____
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**MARYLAND ESTATE TAX
APPLICATION FOR PAYMENT DEFERRAL FOR MARYLAND
QUALIFIED AGRICULTURAL PROPERTY**

To be used for decedents dying after December 31, 2010 and before January 1, 2012

Please print or type

Attach the MET-1 and Federal Estate Tax Return, Form 706

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	

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

Authorized Agent 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 application, including schedule, and that these documents are true, correct and complete to the best of my knowledge, information and belief.

Signature	Date	Signature	Date
Signature	Date		

PART 1

Decedent information:

First name	Middle name	Last name	Social Security number
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SCHEDULE A

Use this Schedule to identify and report the value and acreage of Maryland qualified agricultural property.

Real Property

Description of property in reasonable detail, including address, liber and folio numbers recorded on the deed by Land Records of the Circuit Court and the number of acres. Date of death value must be supported by certified fair market value appraisal.

Item Number	Property description and location	Number of Acres	Value used in augmented gross estate

1. Total Qualified Agricultural Real Property _____

Personal Property

Report the value of personal property, including cash reserves, needed for farmland operation. Personal property must be designated for use as qualified agricultural property and cannot be distributed to beneficiaries of the estate other than to a qualified recipient for use in farmland operation.

Item Number	Property description and location	Value used in augmented gross estate

2. Total Value of Qualified Agricultural Personal Property..... _____

3. TOTAL VALUE OF QUALIFIED AGRICULTURAL PROPERTY _____
(Combined real and personal property)

PART 2

Decedent information:

_____	_____	_____	_____
First name	Middle name	Last name	Social Security number

WORKSHEET AND TAX COMPUTATION

Use this worksheet to report the percentage of Maryland Qualified Agricultural Property to augmented gross estate, and to compute taxes due under deferral plan.

PART 3

- 1. Value of Augmented Gross Estate (from line 3 of MET 1) _____
- 2. Value of Qualified Agricultural Property (from line 3 of Schedule A) _____
- 3. Percentage of Maryland qualified agricultural property to augmented gross estate.
(line 2 divided by line 1) rounded to two decimal places. _____
- 4. Tentative Maryland estate tax (from line 17 of MET 1) _____
- 5. Amount of tax eligible for deferral (line 3 times line 4). Cannot exceed \$375,000.00 _____
- 6. Maryland estate tax due by statutory due date of nine months after death
(line 4 minus line 5)
- 7. Interest charges on late payment of Maryland Estate tax due by statutory due date. _____
- 8. Penalty charges on late payment of Maryland Estate Tax due by statutory due date. _____
- 9. Balance due Now **Pay in full when filing this Application.** _____
- 10. Amount of Maryland estate tax deferred. _____
(Subtract line 6 from line 4.)

**AGREEMENT TO DEFERRED PAYMENT OF MARYLAND ESTATE TAX ON
MARYLAND QUALIFIED AGRICULTURAL PROPERTY**

Estate of:

Decedent's Social Security Number

There cannot be an approved qualified agricultural property payment deferral unless:

- The agreement is executed by each one of the qualified recipients and
- The agreement is included with the estate tax return when the estate tax return is filed.

We (list all qualified recipients, including address, social security number, and percentage interest in the property, and other persons having an interest in the property required to sign this agreement)

being all the qualified recipients and _____

being all other parties having interests in the property which is Maryland qualified agricultural property, do hereby approve of the application made by

Personal Representative of the estate of _____

with respect to all the property described on Schedule A in the application for payment deferral for Maryland qualified agricultural property attached to this agreement, and do hereby enter into this agreement pursuant to Tax-General Article §7-307 of the Maryland Code.

The undersigned agree and consent to the application of subsection (e) of Tax-General Article §7-307 of the Maryland Code with respect to all the property described on Schedule A attached to this agreement. More specifically, the undersigned qualified recipients expressly agree and consent to personal liability under §7-307 for deferred Maryland estate tax on qualified agricultural property due with respect to their respective interests in the above-described property. It is understood that if a qualified recipient disposes of any interest in qualified agricultural property to any member of his or her family, such member may thereafter be treated as the qualified recipient with respect to such interest upon filing a new application and a new agreement.

It is understood that notwithstanding a payment deferral under this subsection, the Maryland estate tax on qualified agricultural property that passes from the decedent to or for the use of a qualified recipient deferred under this section shall become due immediately if the qualified recipient ceases to use the qualified agricultural property for farming purposes before the tax is paid.

The undersigned interested parties who are not qualified recipients consent to collection of unpaid Maryland estate tax on qualified agricultural property from the property designated as Maryland qualified agricultural property.

If there is a disposition of any interest which passes to a qualified recipient, or if there is a cessation of the (qualified use) use of the property for farming purposes as defined in §2032A(e)(5) of the Internal Revenue Code, each of the undersigned qualified recipients agrees to pay Maryland estate taxes due within 6 months of the disposition or cessation. The undersigned qualified recipients agree to file periodic reports and/or allow periodic inspections as required by the Comptroller.

It is understood by all interested parties that this agreement is a condition precedent to the approval of payment deferral for qualified agricultural property under Tax-Gen. Art. §7-307(e) of the Maryland Code and must be executed by every interested party even though that person may not have received the estate tax benefits or be in possession of such property.

Each of the undersigned understands that upon approval of this application, a lien will be created and recorded pursuant to Tax General Article §13-805(e) of the Maryland Code on the property referred to in this agreement for the amount of unpaid Maryland estate tax, including interest and penalties if any.

As the interested parties, the undersigned designate the following individual as their agent for all dealings with the Comptroller of Maryland concerning the continued qualification of the designated property under Tax General Article §7-307(e) of the Maryland Code and on all issues regarding the lien and payment deferral of Maryland estate tax. The agent is authorized to act for the parties with respect to all dealings with the Comptroller on matters affecting the qualified agricultural property. This includes the authorization:

- To receive confidential information on all matters relating to continued qualification under Tax-Gen Art §7-307(e) of the Maryland Code and on all matters relating to the lien for unpaid Maryland estate tax;
- To furnish the Comptroller with any requested information concerning the property;
- To notify the Comptroller of any disposition or cessation of qualified use of any part of the property;
- To receive, but not to endorse and collect, checks in payment of any refund of Maryland estate taxes, penalties, or interest;
- To execute waivers (including offers of waivers) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of allowance of a claim for credit or refund; and
- To execute closing agreements.
- Other acts (specify) _____

By signing this agreement, the agent agrees to provide the Comptroller with any requested information concerning this property and to notify the Comptroller of any disposition or cessation of the qualified use of any part of this property.

Name of Agent

Signature

Address

GENERAL INFORMATION

Use this form, attached schedule, worksheet and completed agreement to make application for payment deferral of Maryland estate tax for Maryland qualified agricultural property if the decedent died after December 31, 2010 and before January 1, 2012. Complete the MET-1, including the federal estate tax return, Form 706, for the year of the decedent's death, complete with all schedules, attachments and supporting documents.

Under Tax-General Article §7-307 of the Maryland Code, on application of the person responsible for paying the Maryland estate tax, the Comptroller shall allow a payment deferral for up to 3 years from the due date specified in Tax-General Article §7-306 of the Maryland Code for the Maryland estate tax imposed on qualified agricultural property that passes from the decedent to or for the use of a qualified recipient.

- a. "Qualified agricultural property" means real or personal property that is used primarily for farming purposes.
- b. "Farming purposes has the meaning stated in §2032A(e)(5) of the Internal Revenue Code.
- c. "Qualified recipient" means an individual who enters into an agreement to use qualified agricultural property for farming purposes after the decedent's death.

The amount of tax eligible for a payment deferral is the amount determined by multiplying the Maryland estate tax by a fraction:

1. the numerator of which is the value of qualified agricultural property that passes from the decedent to or for the use of a qualified recipient; and
2. the denominator of which is the value of the gross estate of the decedent.

The amount of tax deferred may not exceed \$375,000 as to any decedent.

Notwithstanding a payment deferral under this application, the Maryland estate tax on qualified agricultural property that passes from the decedent to or for the use of a qualified recipient shall become due immediately if the qualified recipient ceases to use the qualified agricultural property for farming purposes before the tax is paid.

Interest does not begin on unpaid Maryland estate tax that is allowed under this application until the tax is due. If a payment deferral is allowed pursuant to this application, a qualified recipient shall pay the deferred Maryland estate tax, without interest, in accordance with a payment schedule prescribed by the Comptroller over a 3-year period beginning in the 4th year after the due date.

Any request for payment deferral for qualified agricultural property which is approved by the Comptroller of Maryland shall be deemed to include consent on behalf of the applicant to the filing of a tax lien against the estate in any Maryland jurisdiction where there may be real or personal property and where the decedent resided. The Comptroller may require additional security from the person(s) responsible for filing the return and paying the tax or beneficiaries in the form of a bond with a surety approved by the Comptroller's office. Failure to provide adequate security will be grounds for rejecting any deferred payment plan.

INSTRUCTIONS

The MET-1 and the federal Form 706 must be completed and submitted along with this application.

PART 1 Complete *all* of the information concerning the decedent.

Enter the information concerning all person(s) responsible for filing the Maryland estate tax return.

Enter the information to indicate where correspondence should be sent. This is the individual authorized by the interested parties to act agent for the parties with respect to all dealings with the Comptroller on matters affecting the qualified agricultural property.

PART 2 Complete Schedule A and enter the value, as of the decedent's date of death (or alternate valuation, if elected) of Maryland Qualified Agricultural Property.

PART 3 Worksheet and Tax Computation Under Deferral Application.

Line 1 Enter the value of the augmented gross estate. (From line 3 of the MET-1)

Line 2 Enter the value of Qualified Agricultural Property. (From line 3 of Schedule A)

Line 3 Qualified Agricultural Property Apportionment.

Divide the value of the qualified agricultural property (Line 1) by the value of the augmented gross estate (Line 2) and round to two decimal decimal places to determine the percentage of Maryland qualified agricultural property to the augmented gross estate. Enter on Line 3.

Line 4 Enter the amount of tentative Maryland estate tax. (From line 17 of the MET-1)

Line 5 Multiply line 3 times line 4 to determine the amount of tax eligible for deferral and enter on Line 5. (Cannot exceed \$375,000)

Line 6 Subtract line 5 from line 4 to determine the amount of Maryland estate tax due by the 9 month statutory due date and enter on line 6. Do not enter less than zero.

Line 7 Interest is assessed on any portion of Maryland estate tax liability that is not satisfied by the 9 month statutory due date. Request Administrative Release #14 for the current interest rates. Interest is calculated from the due date to the date of payment.

Line 8 Late payment penalty of up to 10 percent is assessable on any portion of the Maryland estate tax (line 6) that is not satisfied by the statutory due date. 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.

Line 9 Add lines 6, 7, and 8 and enter the total on Line 9. This is the amount of Maryland estate tax due by the 9 month statutory due date. Remit to the Comptroller with the remittance advice form.

Line 10 Subtract line 6 from line 4 to determine the amount of tax eligible for deferral.

PART 4

Agreement to Deferred Payment of Maryland Estate Tax on Maryland Qualified Agricultural Property.

The agreement for deferred payment of Maryland estate tax on Maryland Agricultural property by persons with an interest in the estate is required under Tax-Gen. Art. §7-307(e) of the Maryland Code and must be signed by all parties who have any interest in the estate.

An interest in the estate is an interest that, as of the date of the decedent's death, can be asserted under applicable local law so as to affect the disposition of the property of the estate. Any person who at the decedent's death has any such interest in the property, whether present or future, or vested or contingent, must enter into the agreement. Included are owners of remainder and executory interests; the holders of general or special powers of appointment; beneficiaries of a gift over in default of exercise of any such power; joint tenants and holders of similar undivided interests when the decedent held only a joint or undivided interest in the property or when only an undivided interest is specially valued; and trustees of trusts and representatives of other entities holding title to, or holding any interests in the property. An heir who has the power under local law to caveat (challenge) a will and thereby affect disposition of the property is not, however, considered to be a person with an interest in the property under this deferral application solely by reason of that right. Likewise, creditors of an estate are not such persons solely by reason of their status as creditors.

If any person required to enter into the agreement either desires that an agent act for him or her or cannot legally bind himself or herself due to infancy or other incompetency, or due to death before the application is timely exercise, a representative authorized by local law to bind the person in an agreement of the nature may sign the agreement on his or her behalf.

The Comptroller will contact the agent designated in the agreement on all matters relating to continued qualification under Tax-Gen. Art. §7-307(e) of the qualified agricultural property and on all matters relating to the lien arising under Tax-Gen. Art §12-805(c). It is the duty of the agent as attorney-in-fact for the parties with interests in the property to furnish the Comptroller with any requested information and to notify the Comptroller of any disposition or cessation of qualified use of any part of the property.