

FIDUCIARY TAX RETURN



(OR FISCAL YEAR BEGINNING , 1999, ENDING )

Please Print Blue or Black Ink Only

Name of estate or trust, Name and title of fiduciary, Address of fiduciary (number and street), City or town, State, Zip code, Federal Employer Identification No. (9 digits)

DO NOT WRITE IN THIS SPACE

EC ▶

▶

▶

CHECK BOX IF: NAME OR ADDRESS HAS CHANGED THIS IS AN AMENDED RETURN (ATTACH EXPLANATION) AMENDED RETURN

TYPE OF ENTITY, DECEDENT'S ESTATE INFORMATION, RESIDENT STATUS, County, City, town or taxing area

COMPUTATION OF TAXABLE INCOME AND TAX OF FIDUCIARY

Table with 5 columns: Line number, Description, Amount, and two empty columns for tax calculations.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete.

Make checks payable to: Comptroller of the Treasury

Signature of preparer other than fiduciary Date

Address

Signature of fiduciary or officer representing fiduciary Date

Daytime telephone no. (Fiduciary)

(Preparer)

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**FIDUCIARY'S SHARE OF MARYLAND MODIFICATIONS**

- (a) Do not complete lines 1 through 9 if the fiduciary distributes all of the income during the taxable year.
  - (b) Complete lines 1 through 8 and enter on line 24 if the fiduciary retains 100% of the income for the taxable year.
  - (c) Complete lines 1 through 9 if a partial distribution of income is made by the fiduciary during the taxable year.
- Write a minus sign (-) in front of any negative numbers.

**ADDITIONS**

1. Interest on state and local obligations other than Maryland .....			
2. Income taxes deducted on federal return .....			
3. Other additions to income (Specify) .....			
4. Total additions (Add lines 1 through 3) .....			

**SUBTRACTIONS**

5. Income from U.S. obligations .....			
6. Other subtractions (Specify) .....			
7. Total subtractions (Add lines 5 and 6) .....			
8. Net Maryland modifications (Line 4 less line 7) .....			

9. Fiduciary's share of net Maryland modifications. Divide the total distribution from federal form 1041 by the distributable net income, expressing the answer in decimal form. Subtract the decimal from 1 and multiply the difference by line 8.

$$1 - \left( \frac{\text{Total distribution Line 11, Schedule B, Federal Form 1041}}{\text{Distributable net income Line 7, Schedule B, Federal Form 1041}} \right) = \text{Undistributed income factor}$$

$$\text{Undistributed income factor} \times \text{Line 8} =$$

Enter here and on line 24	

**NONRESIDENT DEDUCTION**

Complete this area only if any beneficiaries are nonresidents of Maryland

10. Income from intangible personal property (See instructions) .....		
11. Related expenses .....		
12. Nonresident deduction (Subtract line 11 from line 10.) Enter on line 26 .....		

**CREDIT FOR TAXES PAID TO OTHER STATES**

Complete this area if the fiduciary is a resident and is liable for income tax to another state. Attach a copy of the return filed with the other state.

13. Taxable net income (from line 29) .....		
14. Taxable net income of fiduciary in other state .....		
15. Revised net income (Subtract line 14 from line 13. If less than 0, write 0) .....		
16. Maryland tax (from line 30) .....		
17. Tax on amount on line 15 (Use rate schedule.) .....		
18. Tentative tax credit (Line 16 less line 17) .....		
19. State tax shown on return filed with the state of _____ (Attach copy of return filed with the other state.) .....		
20. Credit for tax paid to the other state (Enter the lesser of line 18 or 19 here and on line 38) .....		

**AMENDED RETURNS**

If you are filing an amended fiduciary income tax return, check the box on the front and explain the changes you are making in the space below. Attach a copy of the amended federal Form 1041 if the federal return is being amended.

<p><b>EXPLANATION OF CHANGES</b></p>
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INSTRUCTIONS FOR  
FORM  
**504**  
**1999**

**MARYLAND**  
**FIDUCIARY TAX**  
**RETURN**

**GENERAL INSTRUCTIONS**

**Who must file Form 504**

Each fiduciary who has Maryland taxable income and is required to file a federal income tax return shall file a state income tax return.

**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 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 any one of the following:

1. An agent holding custody or possession of property owned by your principal.
2. A guardian.

**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 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 **nonresident** fiduciary is a fiduciary who is not included in the above definition of a resident fiduciary.

**Period to be covered by return**

This return is to be filed for the calendar year 1999 or a fiscal year ending in 2000.

**When and where to file return**

Returns must be filed with the Comptroller of the Treasury, Revenue Administration Division, Annapolis, Maryland 21411 on or before the 15th day of the fourth month following the close of the taxable year.

An automatic extension of time to file may be requested by submitting a copy of Form 504E. The length of time will be the same as the automatic extension period allowed under federal law depending on the type of entity.

For reasonable cause, an additional ex-

ension of time to file may be granted upon receipt of your written request. If an extension is granted, interest will be charged on the tax ultimately due from the original due date to the date of actual payment.

**Substitute forms**

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided that it is approved in advance by the Revenue Administration Division.

For additional information, see Administrative Release No. 26, Procedures for Computer-Printed Substitute Forms, which can be obtained from any office of the Maryland Revenue Administration Division.

**What is taxable income**

For a resident fiduciary, taxable income is federal taxable income increased by the amount allowed the fiduciary as a deduction for a personal exemption under the Internal Revenue Code and the additions for an individual and decreased by the sum of the Maryland exemption amount and the subtractions for an individual.

For a nonresident fiduciary, taxable income is the amount of the personal exemption allowed under the Internal Revenue Code plus that part of federal taxable income derived from real or tangible personal property located in Maryland and business carried on in Maryland (and additions applicable to that income) less the Maryland personal exemption amount (and subtractions applicable to the Maryland income).

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

**Payment of the tax**

Quarterly estimated tax payments are required of all fiduciaries except for certain personal representatives. A personal representative of a decedent's estate is exempt from the estimated tax requirement during the first two taxable years of the estate. The balance of the tax is due with the filing of the return.

**Penalties, interest and liens**

The law provides for the following penalties:

1. For failure to file a return on time - up to 25% of the tax found to be due.
2. For making a fraudulent return - up to 100% of the tax found to be due and punishment as in the case of perjury.
3. For failure to pay tax when due - up to 25% of the tax plus interest for each month the tax remains unpaid.

If the tax is not paid, the full amount, including penalties and interest becomes a lien in favor of the state upon all property and rights to property belonging to the taxpayer.

**Reporting of adjustments**

If at any time the federal net taxable income is increased by the Internal Revenue Service, the taxpayer must report such increase to the Comptroller within 90 days after the Internal Revenue Service has made a final determination.

**Privacy notification**

By Executive Order of the governor, the Revenue Administration Division is required to provide the following information to taxpayers who are asked to supply information.

The principal purpose for requesting tax return information is to administer the Income Tax Laws of the State of Maryland including the determination and collection of the correct amount of tax. Failure to provide all or part of the requested information may result in the disallowance of claimed exemptions, exclusions, credits, deductions, or adjustments and may result in increased tax liability. In addition, the law provides penalties for failure to supply information required by law or regulations.

Taxpayers have a right of access to records containing their personal information that are maintained by the Revenue Administration Division and may inspect, amend, or correct such records.

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 other state that exchanges tax information with this state and to an officer of this state having a right to the information in his official capacity. In addition, the information furnished may be obtained in accordance with a proper legislative or judicial order.

**SPECIFIC INSTRUCTIONS**

**Information**

Remove the mailing label from the envelope and place it over the name and address blanks of your tax return. If you do not have a label or if any of the information on the label is incorrect, print or type the required information in the boxes at the top of page 1. If the estate or trust has a Federal Employer Identification Number, enter it in the space provided.

Check the appropriate box if your name or address has changed or if you are filing an amended return.

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

If you checked the box for resident, complete the county and city, town or taxing area boxes.

If you are a personal representative of an estate enter the county or Baltimore City in which the decedent was domiciled on the 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.

### Fiduciary's share of Maryland modifications

Generally, certain items must be added to and subtracted from federal income to determine the Maryland income of a fiduciary. Lines 1 through 9 should not be completed if the trust is a complex trust which has distributed all of its distributable net income during the year or is a simple trust.

Fiduciaries are permitted those additions and subtractions allowed individuals. For further information see the instructions for Form 502 for resident individuals.

Only the fiduciary's allocable portion of the Maryland modifications should be used. Complete lines 1 through 9 to calculate this amount.

**Interest on state and local obligations other than Maryland.** Enter on line 1 the total amount of interest received by the fiduciary on obligations of any state or political subdivision thereof (except the State of Maryland and its political subdivisions).

**Income taxes deducted on federal return.** 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.

**Income from U.S. government obligations.** Enter on line 5 interest on U.S. savings bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds which invest in U.S. government obligations are also exempt from state taxation. However, only that portion of the dividends attributable to interest from U.S. government obligations can be subtracted. You cannot subtract income from Government National Mortgage Association securities.

**Nonresident deduction.** The law provides that a fiduciary shall not be liable for any tax on  
RAD/COT-021b (Instructions)

income from intangible personal property held in this state, in trust, to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of this state, or any corporation not doing business in this state.

Accumulations of income for the benefit of an unborn or an unascertained person or persons with contingent interests are not exempt from taxation if accumulated for the benefit of an individual (natural person) who is a nonresident of this state, but such accumulations constitute taxable income to the fiduciary.

If any beneficiaries of the estate or trust are nonresident individuals or corporations not doing business in this state, enter on line 10 the total income from intangible personal property which was accumulated and not paid during the taxable year for their benefit. Enter on line 11 expenses allocable to this income.

If all the remaindermen in being are nonresidents during the entire taxable year, any capital loss derived from the sale or other disposition of intangible personal property that is held in trust is added to income and any capital gain derived from the sale or other disposition of intangible property is subtracted from income.

Do not enter on line 10 income which has been distributed. Line 10 is to be used only when income from intangible personal property is accumulated for a nonresident.

### Federal taxable income and exemption

Enter the federal taxable income and exemption from federal Form 1041 on lines 21 and 22 on the front of this return. Nonresidents will modify the federal taxable income on line 24 using the additions and subtractions provided in Maryland law for nonresident individuals.

### Maryland taxable income

Complete lines 23 through 27 using the amounts from lines 9 and 12, if applicable.

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. Enter the amount on line 28. Subtract line 28 from line 27 to compute the Maryland and local net taxable income.

### Maryland tax

Compute the tax in accordance with the following rate schedule. Enter the tax on line 30.

#### Maryland Tax Rate Schedule

If the taxable income on line 29 is:

At least	But not over	Enter on line 30
\$ 0	\$1,000	2% of the amount on line 29
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	—	\$90 plus 4.85% of the excess over \$3,000

### Local income tax

The counties of Maryland and Baltimore City are empowered to levy a local income tax which is collected by the Comptroller with the state tax. You must use the local tax rate in effect for the county which you entered on the front of the form.

Nonresident fiduciaries are not subject to the local tax and should not complete line 31.

### 1999 local tax rate chart

Subdivision	Rate
Baltimore City .....	.0250
Allegany County .....	.0283
Anne Arundel County .....	.0251
Baltimore County .....	.0277
Calvert County .....	.0252
Caroline County .....	.0304
Carroll County .....	.0277
Cecil County .....	.0252
Charles County .....	.0252
Dorchester County .....	.0252
Frederick County .....	.0252
Garrett County .....	.0254
Harford County .....	.0252
Howard County .....	.0241
Kent County .....	.0252
Montgomery County .....	.0301
Prince George's County .....	.0301
Queen Anne's County .....	.0277
St. Mary's County .....	.0292
Somerset County .....	.0303
Talbot County .....	.0176
Washington County .....	.0252
Wicomico County .....	.0302
Worcester County .....	.0101

### Taxes paid and credits

If Maryland tax was withheld from wages paid to a decedent's estate, enter the amount on line 36 and attach the wage and tax statement.

Enter on line 37 the total of Maryland estimated tax payments and any payment made with a request for an extension of time to file the return.

If the fiduciary is a resident and must pay income tax to another state, complete lines 13 through 20 on the back of the form and enter the result on line 38.

Add lines 36 through 38 and enter the total on line 39.

### Overpayment or balance due

Calculate the balance due (line 40) or overpayment (line 41).

Part or all of any overpayment may be applied to 2000 estimated tax by completing line 42. Subtract line 42 from the overpayment (line 41). This is the amount of the refund.

If you have a balance due, you may owe interest for underpayment of estimated tax. Refer to Form 504UP to determine if you owe interest and enter the amount on line 44 together with any interest for late payment of the tax due. Interest for late payment of tax is calculated at an annual rate of 13%.

### 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.

### Payment of the tax

Make your check or money order payable to "Comptroller of the Treasury." Put the federal identification number on your check. DO NOT SEND CASH.