

**UNDERPAYMENT OF ESTIMATED  
MARYLAND INCOME TAX  
BY CORPORATIONS AND PASS-THROUGH ENTITIES**  
ATTACH THIS FORM TO FORMS 500 OR 510.

**IMPORTANT: PLEASE REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM.**

**TAX YEAR BEGINNING** \_\_\_\_\_, 2009      **ENDING** \_\_\_\_\_

Name as shown on Forms 500 or 510	Federal employer identification number (9 digits)
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**SEE INSTRUCTIONS ON REVERSE SIDE**

**EXCEPTIONS WHICH AVOID INTEREST AND PENALTY**

NO INTEREST OR PENALTY IS DUE AND THIS FORM SHOULD NOT BE FILED IF:

- A. The tax developed for the current tax year is \$1,000 or less, or
- B. Four payments of not less than 25% of the required estimated tax were filed on or before the 15th day of the 4th, 6th, 9th and 12th months of the tax year and total either (1) 90% of the tax developed for the current tax year or (2) 110% of the tax that was developed for the prior tax year.
- C. If the entity has a short tax period of less than 4 months.

**CALCULATION OF INTEREST AND PENALTY**

1. Tax for current tax year (line 9 of Form 500 or line 15 of Form 510) less any Business or Heritage Structure Rehabilitation Tax Credits (or credit for tax paid on behalf of nonresident entities by a pass-through entity) .....	<b>1</b>		
2. Enter 90% of the amount on line 1 .....	<b>2</b>		
3a. Tax for prior tax year (line 9 of prior year Form 500 or line 15 of Form 510) less any Business or Heritage Structure Rehabilitation Tax Credits .....	<b>3a</b>		
3b. Multiply line 3a by 110% .....	<b>3b</b>		
4. Estimated tax required (Enter lesser of line 2 or line 3b) .....	<b>4</b>		

<b>DUE DATES OF INSTALLMENT PERIODS</b>				
	<b>15th day 4th month</b>	<b>15th day 6th month</b>	<b>15th day 9th month</b>	<b>15th day 12th month</b>
	<b>1st Period</b>	<b>2nd Period</b>	<b>3rd Period</b>	<b>4th Period</b>
5. Installment periods .....				
6. Estimated payments required per installment period (See instructions) .....				
7. Estimated tax paid per installment period on or before the due date indicated and prior year's overpayment applied to estimated tax .....				
8. Underpayment per installment period (Subtract line 7 from line 6) ...				
9. Interest factors (See instructions) .....				
10. Interest per installment period (Multiply line 8 by factors on line 9) .....				

11. Total interest (Add all amounts on line 10) .....	<b>11</b>		
12. Penalty (See instructions) .....	<b>12</b>		
13. Total interest and penalty (Add lines 11 and 12). Also enter this amount on line 13 of Form 500 or line 18 of Form 510. ....	<b>13</b>		

# UNDERPAYMENT OF ESTIMATED MARYLAND INCOME TAX BY CORPORATIONS AND PASS-THROUGH ENTITIES

## GENERAL INSTRUCTIONS

**Purpose of Form** Form 500UP is used by a corporation or a pass-through entity to calculate the amount of interest and penalty for failure to pay the required amount of estimated income tax when due.

**NOTE:** Form 500UP is not required. The Maryland Revenue Administration Division will calculate the interest and penalty and notify the entity of any balance due.

**General Requirements** Every corporation or pass-through entity that reasonably expects its Maryland taxable income to develop a tax in excess of \$1,000 for the tax year or period must make estimated income tax payments. The total estimated tax payments for the year must be at least 90% of the tax developed for the current tax year or 110% of the tax that was developed for the prior tax year. At least 25% of the total estimated tax must be remitted by each of the four installment due dates. **Corporations may not use the annualization method.**

In the case of a short tax period, the total estimated tax required is the same as for a regular tax year: 90% of the tax developed for the current (short) tax year or 110% of the tax that was developed for the prior tax year. The minimum estimated tax payment for each of the installment due dates is the total estimated tax required divided by the number of installment due dates occurring during the short tax year. However, if the entity has a short tax period of less than 4 months, it does not have to pay estimated tax nor file Form 500UP.

Maryland law provides for the accrual of interest and imposition of penalty for failure to pay the required amount of estimated tax when due.

**When and Where to File** File Form 500UP by the original or extended due date for filing the Form 500 – Corporation Income Tax Return or Form 510 – Pass-Through Entity Income Tax Return. If used, Form 500UP must be attached to Form 500 or Form 510 and filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

## SPECIFIC INSTRUCTIONS

**Name and Other Information** Type or print the name as shown on Form 500 or Form 510 in the designated area. Enter the federal employer identification number (FEIN). If a FEIN has not been secured, enter “APPLIED FOR” followed by the date of application. If a FEIN has not been applied for, do so immediately.

**Tax Year or Period** Enter the beginning and ending dates in the space provided at the top of Form 500UP. The form used for filing must reflect the preprinted tax year in which the corporation’s tax year begins.

**Calculation of Interest and Penalty** Enter the amounts as required for lines 1 through 13.

**Instructions for Line 6:** The first period extends from the beginning of the entity’s fiscal year to the last day of the third month. The second period extends from the beginning of the fiscal year to the last day of the sixth month. The third period extends from the beginning of the

fiscal year to the last day of the ninth month. The fourth period extends from the beginning of the fiscal year to the last day of the twelfth month. Therefore, enter 1/4 of the estimated tax required on line 4 in the first column of line 6, 1/2 in the second column, 3/4 in the third column and an amount equal to line 4 in the fourth column. For Pass-Through Entities (PTE), see specific instructions below.

**Instructions for Line 7:** Enter all payments made by the due date of the fourth quarterly estimated tax payment in the appropriate column according to the instructions for line 6. That is, all payments made by the 15th day of the fourth month of the entity’s fiscal year should be entered in the first column. All payments made by the 15th day of the sixth month (including those shown in the first column) should be entered in the second column. All payments made by the 15th day of the ninth month should be entered in the third column and all payments made by the fourth quarter due date should be entered in the fourth column.

**Instructions for Line 9:** The interest factors for calendar year corporations or S corporations are: 1st period – .0217; 2nd period – .0325; 3rd period – .0325; 4th period – .0325. The interest factors for calendar year partnerships or limited liability companies are 1st period – .0217; 2nd period – .0325; 3rd period – .0433; 4th period – .0325.

The factors represent the interest rate for the portion of the year between the due date of each quarter and the due date of the next quarter. The rate is 1/12 of 13% for each month or part of a month from the due date. If your estimated tax payment was not timely, but was paid earlier than the due date of the next quarter, adjust the factor as follows: count the number of months from the due date that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 13% annual rate. Apply this adjusted factor to the underpaid amount on line 8.

**Instructions for Line 12:** Penalty for underpayment of estimated tax is due for any quarter where timely payments are less than 50% of one-quarter of the annual estimated tax required (line 4). Calculate the penalty by adding the underpayments in all applicable quarters (do not use cumulative amounts from line 8) and multiplying the total by 10%. Enter the result on line 12.

**Pass-Through Entities** The due dates of estimated payments and annual returns for S corporations are the same as the due dates for corporations. For other PTEs, the due date, for the fourth quarterly payment is the 15th day of the month following the close of the tax year (January 15 for calendar year filers) and the due date for the annual return is the 15th day of the fourth month following the close of the tax year (April 15 for calendar year filers). These differences will cause variations in the interest factors.

Partnerships and limited liability companies electing to annualize must allocate to each period (and enter on line 6) a payment amount based on the income received between the dates for each installment period. If the interest calculated on line 11 is zero because the income was not received evenly throughout the year, enter code number “301” in one of the boxes marked “code number” on the front of Form 510, and attach this form to the return.