

2009

MARYLAND

FORM

MW506AE

Application for Certificate of Full or Partial Exemption

DO NOT WRITE OR STAPLE IN THIS SPACE**For Calendar Year 2009 or other tax year****Beginning _____, 2009 and Ending _____**

NOTE: This form is to be used only to request a Certificate of Full or Partial Exemption from the withholding requirements on the proceeds of the sale of real property and associated personal property in Maryland by nonresident individuals and nonresident entities. This form must be RECEIVED by the Comptroller of Maryland, Revenue Administration Division, NRS Exemption Requests, P.O. Box 2031, Annapolis, MD 21404-2031 no later than 21 days before the closing date.

Transferor/Seller's Information

Name (If joint, give first names and initials of both)	Last Name	Your Social Security Number
Name (Corporation, Partnership, Trust, Estate, etc.)		Spouse's Social Security Number
T/A or C/O or Fiduciary		Federal Employer I.D. Number
Address (Number and street)		
City, State and Zip Code (province, postal code and country)		
Transferor/Seller's Entity Type <input type="checkbox"/> Individual <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Trust <input type="checkbox"/> C Corporation <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Other: <input type="checkbox"/> S Corporation <input type="checkbox"/> Business Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Estate		Ownership Percentage _____ %

Property Information

Description of Property (Include address, or district, subdistrict and lot numbers if no address is available)	Date of Closing
	Contract Sales Price
	Property Account ID Number
Transferor/Seller's Acquired Property By <input type="checkbox"/> Purchase <input type="checkbox"/> 1031 Exchange <input type="checkbox"/> Gift <input type="checkbox"/> Foreclosure/Repossession <input type="checkbox"/> Inheritance <input type="checkbox"/> Other: _____	Transferor/Seller's Adjusted Basis: Purchase price \$ _____ Add: capital improvements and settlement costs _____ Less: depreciation (if any) _____ Adjusted basis: \$ _____
Use of Property at Time of Sale: <input type="checkbox"/> Rental/Commercial <input type="checkbox"/> Vacant land <input type="checkbox"/> Secondary/Vacation <input type="checkbox"/> Other: _____ Length of time used for this purpose: Years _____ Months _____	

Transferee/Buyer's Information

Name (If joint, give first names and initials of both)	
Name (Corporation, Partnership, Trust, Estate, etc.)	
Address (Number and street)	
City, State and Zip Code (province, postal code, and country)	
Transferee/Buyer's Entity Type <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Business Trust <input type="checkbox"/> Trust <input type="checkbox"/> C Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Estate <input type="checkbox"/> Other: <input type="checkbox"/> S Corporation <input type="checkbox"/> Limited Liability Partnership	

Transfer/Sellers Name	Your Social Security Number/FEIN
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Reason for Full or Partial Exemption from Withholding
(Attach documentation and calculation)

Reason for Exemption	Amount of Total Payment Subject to Tax is:	
	None (totally Exempt)	Only a portion
1. <input type="checkbox"/> Transfer is to a corporation controlled by transferor for purposes of IRC §351:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
2. <input type="checkbox"/> Transfer is pursuant to a tax-free reorganization for purposes of IRC §351:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
3. <input type="checkbox"/> Transfer is pursuant to an installment sale under IRC §453 and the transferor/seller will receive less than the full purchase price during the taxable year.	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
4. <input type="checkbox"/> Transfer is by a tax-exempt entity for purposes of IRC §501(a) and transfer involves limited or no unrelated business taxable income under IRC §512:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
5. <input type="checkbox"/> Transfer is by transferor to a partnership, such that no gain or loss is recognized on the transfer under IRC §721:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
6. <input type="checkbox"/> Transfer is treated as a transfer by a partnership for purposes of IRC §731:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
7. <input type="checkbox"/> Transfer is treated as a transfer by a real estate investment trust for purposes of IRC §857:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
8. <input type="checkbox"/> Transfer is a tax-free exchange for purposes of IRC §1031 and is treated as: <input type="checkbox"/> simultaneous without boot, <input type="checkbox"/> simultaneous with boot, or <input type="checkbox"/> delayed, with funds in escrow for acquiring replacement property:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
9. <input type="checkbox"/> Transfer is pursuant to a condemnation and conversion into similar property for purposes of IRC §1033.	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
10. <input type="checkbox"/> Transfer is between spouses or incidents to divorce for purposes or IRC §1041:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
11. <input type="checkbox"/> Transfer is treated as a transfer by an S corporation for purposes of IRC §1368:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
12. <input type="checkbox"/> Transfer is by transferor to a disregarded entity, classified as such under 26 CFR §301.7701-3, that is solely owned by the transferor:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____
13. <input type="checkbox"/> Transfer is otherwise fully or partially exempt from the recognition of gain in accordance with the attached explanation:	<input type="checkbox"/>	<input type="checkbox"/> \$ _____

Provide Brief Explanation of Your Reason for Requesting Exemption

Calculation of Tax to be Withheld

1. Enter the amount subject to tax	1	
2. Enter tax rate, whichever applies. a. If you are a business entity, enter 8.25% <input type="checkbox"/> b. If you are an individual, enter 7.50% <input type="checkbox"/>	2	
3. Amount of tax to be withheld at closing. Line 1 multiplied by line 2. (This line MUST be completed.)	3	

Under the penalties of perjury, I declare that I have examined this application, including any schedules or statements attached, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

**Please
Sign
Here**

Signature	Applicants phone number	Date
Signature	Applicants phone number	Date
Signature	Applicants phone number	Date

INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF FULL OR PARTIAL EXEMPTION

2009

The Comptroller's decision to issue or deny a certificate and the amount of tax is final and not subject to appeal.

GENERAL INSTRUCTIONS

Purpose of Form

Use Form MW506AE to apply for a Certificate of Full or Partial Exemption from the withholding requirements on the proceeds of the sale of real property and associated personal property in Maryland by nonresident individuals and nonresident entities. A nonresident entity is defined to mean an entity that: (1) is not formed under the laws of Maryland; and (2) is not qualified by or registered with the Department of Assessments and Taxation to do business in Maryland.

Who May File an Application

An individual, fiduciary, C corporation, S corporation, limited liability company, or partnership transferor/seller may file Form MW506AE. Unless the transferors/sellers are a husband and wife filing a joint Maryland income tax return, a separate Form MW506AE is required for each transferor/seller.

IMPORTANT: The completed Form MW506AE must be received by the Comptroller of Maryland no later than 21 days before the closing date of the sale or transfer to ensure timely receipt of a Certificate of Full or Partial Exemption.

The Comptroller's decision to issue or deny a Certificate of Full or Partial Exemption and the determination of the amount of tax to be withheld if a partial exemption is granted are final and not subject to appeal.

SPECIFIC INSTRUCTIONS

Enter the tax year of the transferor/seller if other than a calendar year.

Transferor/Seller's Information

Enter the name, address and identification number (Social Security number or federal employer identification number) of the transferor/seller applying for the exemption. If the transferor/seller was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

Check the box indicating the transferor/seller's entity type.

Enter the transferor/seller's ownership percentage of the property.

Property Information

Enter the description of the property, including the street address(es) for the property as listed with the State Department of Assessments and Taxation

(SDAT). If the property does not have a street address, provide the full property account ID numbers used by SDAT to identify the property.

Enter the date of closing for the sale or transfer of the property.

Enter the contract sales price of the property being sold or transferred.

Enter the property account ID number. If the property is made up of more than one parcel and has more than one property tax account number, include all applicable property account ID numbers.

Check the box that describes the transferor/seller's acquisition of the property. Check the box that describes the transferor/seller's use of the property at the time of the current sale, and enter the length of time the property has been used for this purpose.

Complete the transferor/seller's adjusted basis section by entering the purchase price when the transferor/seller acquired the property, adding the cost of capital improvements (including acquisition costs such as commissions and state transfer taxes), and subtracting depreciation, if applicable.

Transferee/Buyer's Information

Enter the name and address.

Check the box indicating the transferee/buyer's entity type.

Attach schedule if there are multiple transferees/buyers.

Reason for Full or Partial Exemption from Withholding

Check the box in the "Reason for Exemption" column that indicates the reason you are requesting a full or partial exemption from the income tax withholding requirements.

Check one of the boxes in the "Amount of Total Payment Subject to Tax" column to indicate that you are: (1) claiming a total exemption, or (2) providing the dollar amount that you are claiming as subject to tax and upon which the income tax withholding should be calculated.

Specific Line Instructions for Reason for Full or Partial Exemption

Line 1. Transfer is to a corporation controlled by the transferor for purposes of §351 of the Internal Revenue Code.

Required documentation: Copy of the agreement of sale; Certificate of Good Standing of transferee issued by the state in which transferee is incorporated; notarized affidavit executed on behalf of transferee by its President and its Treasurer stating that immediately after the exchange the transferor(s) will own stock in the transferee possessing at least eighty percent (80%) of the total combined voting power of all classes of transferee's stock entitled to vote and at least eighty percent (80%) of the total number of shares of all other classes of stock of the transferee; and an appraisal establishing the fair market value, at the time of the exchange, of any property other than stock in the transferee which is part of the consideration for the exchange. The fair market value of any such other property and/or any money which is part of the consideration for the exchange must be stated on the application as the taxable amount.

Line 2. Transfer is pursuant to a tax-free reorganization as described in §361 of the Internal Revenue Code.

Required documentation: Copy of agreement governing the transfer between transferor and transferee; Certificates of Good Standing of transferor and transferee issued by the state(s) in which transferor and transferee are incorporated; copy of the plan or reorganization showing that transferor and transferee are parties to the reorganization; and an appraisal establishing the fair market value, at the time of the exchange, of any property other than stock or securities in the transferee which is part of the consideration for the exchange and will not be distributed by the transferor in pursuance of the plan of reorganization. The fair market value of any such other property and/or any money which is part of the consideration for the exchange and will not be distributed by the transferor in pursuance of the plan or reorganization must be stated on the application as the taxable amount.

Line 3. Transfer is pursuant to an installment sale under §453 of the Internal Revenue Code.

Required documentation: Copy of contract of sale or copy of HUD-1 settlement sheet; copy of promissory note to transferor which will be executed by transferee at settlement. That portion of the total payment that the transferor receives at or within sixty (60) days of settlement must be stated on the application as the taxable amount.

INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF FULL OR PARTIAL EXEMPTION

2009

Line 4. Transfer is by a tax-exempt entity for purposes of §501(a) of the Internal Revenue Code and transfer involves limited or no unrelated business taxable income under §512 of the Internal Revenue Code.

Required documentation: Copy of determination by the Internal Revenue Service that transferor is a tax-exempt entity for purpose of §501(a) of the Internal Revenue Code; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated; notarized affidavit executed on behalf of transferor by its President and by its Treasurer stating that the transfer involves limited or no unrelated business income under §512 of the Internal Revenue Code.

Line 5. Transfer is to a partnership in exchange for an interest in the partnership such that no gain or loss is recognized under §721 of the Internal Revenue Code.

Required documentation. Copy of agreement governing transfer between transferor and transferee; copy of the partnership agreement of the transferee.

Line 6. Transfer is by a partnership to a partner of the partnership in accordance with §731 of the Internal Revenue Code.

Required documentation: Copy of agreement governing transfer between transferor and transferee; copy of the partnership agreement of the transferor.

Line 7. Transfer is treated as a transfer by a real estate investment trust for purposes of §857 of the Internal Revenue Code.

Required documentation: Copy of agreement governing transfer between transferor and transferee; certified copy of Articles of Incorporation of transferor; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated.

Line 8. Transfer is a tax-free exchange for purposes of §1031 of the Internal Revenue Code.

Required documentation: Letter signed by the qualified intermediary, or by the person authorized to sign on behalf of a business entity acting as the qualified intermediary, which states the name(s) of the transferor(s), the property description, that the individual or business will be acting as the qualified intermediary for the transferor(s) as part of a 1031 exchange of the property, whether there will be any boot, and if so, the amount of boot. The amount of any boot must be stated on the application as the taxable amount.

Line 9. Transfer is pursuant to a condemnation and conversion into a similar property for purposes of §1033 of the Internal Revenue Code.

Required documentation: Copy of agreement governing transfer between transferor and government body or authority condemning the property; notarized affidavit executed by transferor stating that transferor will identify and purchase replacement property within the time limits required by §1033 of the Internal Revenue Code, or copy of contract of sale if transferor has already identified replacement property. If proceeds from condemnation exceed price of replacement property, the excess must be stated on the application as the taxable amount.

Line 10. Transfer is between spouses or incident to divorce for purposes of §1041 of the Internal Revenue Code.

Required documentation: Copy of marriage license or divorce decree; copy of deed which will be recorded to accomplish the transfer; if incident to divorce, copy of section of court order or separation agreement governing transfer of the property.

Line 11. Transfer is treated as a transfer by an S-corporation for purposes of §1368 of the Internal Revenue Code.

Required documentation: Copy of agreement governing transfer between transferor and transferee; copy of approval by the Internal Revenue Service of transferor's S-corporation election; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated.

Line 12. Transfer is to a disregarded entity, classified as such under 26 CFR §301.7701-3, that is solely owned by the transferor.

Required documentation: Copy of agreement governing transfer from transferor to transferee; certified copy of transferee's Articles of Organization; Certificate of Good Standing of transferee issued by state in which transferee is organized; copy of transferee's Operating Agreement.

Line 13. The transfer is otherwise fully or partially exempt from the recognition of gain in accordance with attached explanation.

Required documentation: Attach any and all documents necessary to show that the transfer is fully or partially exempt from tax.

Provide Brief Explanation of Your Reason for Requesting Exemption

Provide a brief explanation of why the sale or transfer of the property qualifies for a full or partial exemption from the income tax withholding requirement. If necessary, attach additional documentation to support your request for a full or partial exemption, and to support your calculation of the dollar amount subject to tax, if the request is for partial exemption.

Calculation of Tax to be Withheld

Complete this section if you are requesting a partial exemption. This section must be completed or the application for partial exemption will be denied.

Signature(s)

Form MW506AE must be signed by an individual (both taxpayer and spouse, if filing a joint Maryland income tax return), or a responsible corporate officer.

Please include a daytime telephone number where you can be reached between 8:00 AM and 5:00 PM.

Your signature(s) signifies that your application, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under the penalties of perjury.

If a power of attorney is necessary, complete federal Form 2848 and attach to your application.

Where to File

Mail the completed form and all attachments to:

Comptroller of Maryland
Revenue Administration Division
Attn: NRS Exemption Requests
P.O. Box 2031
Annapolis, MD 21404-2031

Additional Information

For additional information, please call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 from Central Maryland.

• ATTACH CHECK OR MONEY ORDER AND FILE WITH THE CLERK OF THE CIRCUIT COURT •

1. Description and address of property transferred (include property account ID number)		7. Transferor/Seller is:		<input type="checkbox"/> Business Trust
		<input type="checkbox"/> An individual or a Revocable Living Trust		<input type="checkbox"/> A Partnership
		<input type="checkbox"/> A Corporation		<input type="checkbox"/> An S Corporation
		<input type="checkbox"/> A Trust or Estate		<input type="checkbox"/> A Limited Liability Company
2. Date of transfer	3. Check box if the transferor/seller is reporting gain under the Installment method <input type="checkbox"/>	8. Computation of Total Payment and Tax to be Withheld (See Instructions)		
4. Transferor/Seller's Identification no. (SSN or FEIN) (Enter only one number)	5. Spouse's SSN	a. Total sales price	\$ _____	
		b. Less selling expenses	_____	
		c. Net sales price	_____	
		d. Less debts secured by mortgages or other liens on the property	_____	
		e. Total payment	_____	
		f. Transferor/seller's ownership percentage	_____	
		g. Transferor/seller's share of total payment	_____	
		h. Enter h(1) or h(2) whichever applies	_____	
		(1) If a business entity - 8.25%	}	
		(2) If an individual - 7.50%	_____	
		i. Maryland Income Tax withheld (Multiply Line g by Line h) (If certificate of partial exemption granted, enter amount from Line 3 of the Form MW506E)	\$ <input type="text"/>	
6. Transferor/Seller's name (Enter only one name, unless husband and wife filing a joint return. If more than one transferor/seller, use separate forms for each)				
Street address				
City, state, and ZIP code				
Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the transferor/seller, the declaration is based on all information to which the preparer has any knowledge.				
Signature		Date		

COM/RAD-308 (Rev. 06/08)

Copy A - For Comptroller of Maryland, Revenue Administration Division. (File with Clerk of the Circuit Court)

**INSTRUCTIONS FOR RETURN OF INCOME TAX WITHHOLDING FOR
NONRESIDENT SALE OF REAL PROPERTY (FORM MW506NRS)**

THERE ARE FOUR COPIES OF FORM MW506NRS.

General Instructions

Purpose of Form

Form MW506NRS is designed to assure the regular and timely collection of Maryland income tax due from nonresident sellers of real property located within the State. This form is used to determine the amount of income tax withholding due on the sale of property and provide for its collection at the time of the sale or transfer.

Who must file Form MW506NRS

If the transferor/seller is a nonresident individual or nonresident entity, and is transferring an interest in real property located within the State of Maryland, unless the transaction is otherwise exempt from the income tax withholding requirement, the person responsible for closing must file Form MW506NRS with the deed or other instrument of transfer that will be filed with the Clerk of the Circuit Court for recordation. If there are multiple transferors/sellers, a separate form must be completed for each nonresident individual or nonresident entity subject to the withholding requirements. The separate form requirement does not apply to a husband and wife filing a joint Maryland income tax return.

A "nonresident entity" is defined to mean an entity that: (1) is not formed under the laws of Maryland more than 90 days before the date of sale of the property, and (2) is not qualified by or registered with the Department of Assessments and Taxation to do business in Maryland more than 90 days before the date of sale of the property.

When to file Form MW506NRS

Unless the transaction is otherwise exempt from the income tax withholding requirement, the person responsible for closing must include with the deed or other instrument of transfer, a Form MW506NRS for each nonresident transferor/seller, when the deed or other instrument of transfer is presented to the Clerk of the Circuit Court for recordation.
(Rev. 06-08)

What to file

Copies A and B of each Form MW506NRS must be filed with the deed or other instrument of transfer when presented to the Clerk of the Circuit Court for recordation. A separate check or money order in the aggregate amount of the tax due for each nonresident transferor/seller with regard to a sale or transfer of real property must be paid to the Clerk.

Give Copy C to the transferor/seller at closing. The issuer retains Copy D.

Specific Instructions

Line 1. Enter the street address for the property as listed with the State Department of Assessments and Taxation (SDAT). If the property does not have a street address, provide such descriptive information as is used by SDAT to identify the property. Also include the SDAT property account ID number for the parcel being transferred. If the property is made up of more than one parcel and has more than one account number, include all applicable account numbers.

Line 2. Enter the date of transfer. The date of transfer is the effective date of the deed as defined in §3-201 of the Real Property Article, Annotated Code of Maryland. The effective date is the later of: (1) the date of the last acknowledgement; or (2) the date stated in the deed.

Line 3. Check the box if the transferor/seller is reporting the gain under the installment method.

Lines 4, 5 and 6. Unless transferors/sellers are husband and wife and filing a joint Maryland income tax return, a separate Form MW506NRS must be completed for each transferor/seller that is entitled to receive any part of the proceeds of the transfer. Enter the tax identification number or social security number for the nonresident transferor/seller and the social security number for the spouse, if applicable. (Do NOT enter the tax identification number on Copy B of Form MW506NRS.) Enter the name (or names, if husband and wife filing a joint return) of the

transferor/seller and the transferor/seller's address. Do not enter the street address of the property being transferred.

Line 7. Check the appropriate box for the transferor/seller.

Line 8. If a Certificate of Partial Exemption is issued by the Comptroller, do not complete lines 8a through 8h. Instead, enter the amount from Line 3 of the Form MW506E on Line 8i.

Complete this section to determine the total payment allocable to the transferor/seller that is subject to the income tax withholding requirements and the amount of tax required to be withheld. The total payment is computed by deducting from the total sales price (including the fair market value of any property or other nonmonetary consideration paid to or otherwise transferred to the transferor/seller) the amount of any mortgages or other liens, the commission payable on account of the sale, and any other expenses due from the seller in connection with the sale.

Line f. If there are multiple owners, enter the percentage of ownership of the transferor/seller for whom this form is being filed.

Line g. Multiply line e by line f to determine the transferor/seller's share of the total payment.

Line h. Enter the applicable rate for the transferor/seller.

Payment of Tax

Make check or money order payable to the Clerk of the Circuit Court for the county or Baltimore City in which the deed or other instrument of transfer will be presented for recordation.

Signature

Copy A of this return must be verified and signed by the individual transferor/seller, an authorized person or officer of a business entity, or the person responsible for closing.

**Return of Income Tax Withholding for
Nonresident Sale of Real Property**

2009

Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001

• ATTACH CHECK OR MONEY ORDER AND FILE WITH THE CLERK OF THE CIRCUIT COURT •

1. Description and address of property transferred <i>(include property account ID number)</i>		7. Transferor/Seller is:		<input type="checkbox"/> Business Trust
		<input type="checkbox"/> An individual or a Revocable Living Trust		<input type="checkbox"/> A Partnership
		<input type="checkbox"/> A Corporation		<input type="checkbox"/> An S Corporation
		<input type="checkbox"/> A Trust or Estate		<input type="checkbox"/> A Limited Liability Company
2. Date of transfer	3. Check box if the transferor/seller is reporting gain under the Installment method <input type="checkbox"/>	8. Computation of Total Payment and Tax to be Withheld (See Instructions)		
4. Transferor/Seller's Identification no. (SSN or FEIN) <i>(Enter only one number)</i>	5. Spouse's SSN	a. Total sales price	\$	_____
		b. Less selling expenses		_____
		c. Net sales price		_____
		d. Less debts secured by mortgages or other liens on the property		_____
		e. Total payment		_____
		f. Transferor/seller's ownership percentage		_____
		g. Transferor/seller's share of total payment		_____
		h. Enter h(1) or h(2) whichever applies		_____
		(1) If a business entity - 8.25%	}	_____
		(2) If an individual - 7.50%		_____
6. Transferor/Seller's name <i>(Enter only one name, unless husband and wife filing a joint return. If more than one transferor/seller, use separate forms for each)</i>		i. Maryland Income Tax withheld (Multiply Line g by Line h) (If certificate of partial exemption granted, enter amount from Line 3 of the Form MW506E)	\$	<input type="text"/>
Street address				
City, state, and ZIP code				

COM/RAD-308 (Rev. 06/08)

Copy B - For Clerk of the Court

**INSTRUCTIONS FOR RETURN OF INCOME TAX WITHHOLDING FOR
NONRESIDENT SALE OF REAL PROPERTY (FORM MW506NRS)**

THERE ARE FOUR COPIES OF FORM MW506NRS.

General Instructions

Purpose of Form

Form MW506NRS is designed to assure the regular and timely collection of Maryland income tax due from nonresident sellers of real property located within the State. This form is used to determine the amount of income tax withholding due on the sale of property and provide for its collection at the time of the sale or transfer.

What to file

A copy of each Copy A will be filed with Form MW508NRS on or before the 21st day of the month following the month in which the Form MW506NRS is filed with the Clerk of the Circuit Court. The Clerk of the Circuit Court shall remit the forms to the Comptroller of Maryland in accordance with the instructions for Form MW508NRS.

**Return of Income Tax Withholding for
Nonresident Sale of Real Property**
Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001

2009

• TRANSFERS OR/SELLERS COPY •

1. Description and address of property transferred (include property account ID number)		7. Transferor/Seller is: <input type="checkbox"/> An individual or a Revocable Living Trust <input type="checkbox"/> A Corporation <input type="checkbox"/> A Trust or Estate <input type="checkbox"/> Business Trust <input type="checkbox"/> A Partnership <input type="checkbox"/> An S Corporation <input type="checkbox"/> A Limited Liability Company		
2. Date of transfer	3. Check box if the transferor/seller is reporting gain under the Installment method <input type="checkbox"/>	8. Computation of Total Payment and Tax to be Withheld (See Instructions)		
4. Transferor/Seller's Identification no. (SSN or FEIN) (Enter only one number)	5. Spouse's SSN	a. Total sales price \$ _____ b. Less selling expenses _____ c. Net sales price _____ d. Less debts secured by mortgages or other liens on the property _____ e. Total payment _____ f. Transferor/seller's ownership percentage _____ g. Transferor/seller's share of total payment _____ h. Enter h(1) or h(2) whichever applies (1) If a business entity - 8.25% (2) If an individual - 7.50%		
6. Transferor/Seller's name (Enter only one name, unless husband and wife filing a joint return. If more than one transferor/seller, use separate forms for each)		i. Maryland Income Tax withheld (Multiply Line g by Line h) (If certificate of partial exemption granted, enter amount from Line 3 of the Form MW506E) <table border="1" style="float: right; width: 150px; height: 30px;"> <tr> <td style="text-align: right;">\$</td> </tr> </table>		\$
\$				
Street address				
City, state, and ZIP code				

COM/RAD-308 (Rev. 06/08)

Copy C - For Transferor/Seller (Records Copy).

**INSTRUCTIONS FOR RETURN OF INCOME TAX WITHHOLDING FOR
NONRESIDENT SALE OF REAL PROPERTY (FORM MW506NRS)**

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General Instructions

Purpose of Form

Form MW506NRS is designed to assure the regular and timely collection of Maryland income tax due from nonresident sellers of real property located within the State. This form is used to determine the amount of income tax withholding due on the sale of property and provide for its collection at the time of the sale or transfer.

Who must file

A nonresident individual or nonresident entity that sells real property located in Maryland must file a Maryland income tax return. The appropriate income tax return must be filed for the year in which the transfer of the real property occurred. The due date for each income tax return type can be found in the instructions to the specific income tax return.

What to file

The nonresident individual or nonresident entity must file the appropriate Maryland income tax return for the year in which the transfer of the property occurred. Do NOT submit Copy C of the Form MW506NRS with the return filed with the Comptroller of Maryland. See the specific instructions for the tax return being filed.

Specific Instructions for Transferor/Seller

How to claim the tax withheld

The manner in which the income tax withheld is claimed by the nonresident individual or nonresident entity depends on the type of Maryland income tax return you are required to file. Follow the specific instructions below. Claiming the income tax withheld on a line other than as described below may result in the withholding being denied.

Individuals and Revocable Living Trusts

Nonresident individuals are required to file a Nonresident Maryland Income Tax Return (Form 505). The income tax withheld and reported on Line 8 of the Form MW506NRS must be claimed as an estimated income tax payment.

C Corporations

C Corporations are required to file a Maryland Corporation Income Tax Return (Form 500). The income tax withheld and reported on Line 8 of the Form MW506NRS must be claimed as an estimated income tax payment.

S Corporations, Partnerships and Limited Liability Companies and Business Trusts

S corporations, partnerships and limited liability companies and business trusts that elect to be treated as pass-through entities must file a Maryland Pass-through Entity Income Tax Return (Form 510). The income tax withheld and reported on Line 8 of the Form MW506NRS must be claimed as an estimated income tax payment.

This tax, and any other tax paid with the Form 510 must be allocated to the nonresident shareholders, partners or members and reported on a modified federal Schedule K-1 or Maryland statement. All tax allocated to a nonresident shareholder, partner or member must be claimed as a nonresident tax paid by S corporations, or other unincorporated business entities.

Trusts and Estates

Trustees of trusts and personal representatives of estates are required to file a Maryland Fiduciary Income Tax Return (Form 504). The income tax withheld and reported on Line 8 of the Form MW506NRS must be claimed as an estimated tax payment.

**Return of Income Tax Withholding for
Nonresident Sale of Real Property**
Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001

2009

• RETAIN WITH SETTLEMENT FILE •

1. Description and address of property transferred (include property account ID number)		7. Transferor/Seller is: <input type="checkbox"/> An individual or a Revocable Living Trust <input type="checkbox"/> A Corporation <input type="checkbox"/> A Trust or Estate <input type="checkbox"/> Business Trust <input type="checkbox"/> A Partnership <input type="checkbox"/> An S Corporation <input type="checkbox"/> A Limited Liability Company	
2. Date of transfer	3. Check box if the transferor/seller is reporting gain under the Installment method <input type="checkbox"/>	8. Computation of Total Payment and Tax to be Withheld (See Instructions)	
4. Transferor/Seller's Identification no. (SSN or FEIN) (Enter only one number)	5. Spouse's SSN	a. Total sales price \$ _____ b. Less selling expenses _____ c. Net sales price _____ d. Less debts secured by mortgages or other liens on the property _____ e. Total payment _____ f. Transferor/seller's ownership percentage _____ g. Transferor/seller's share of total payment _____ h. Enter h(1) or h(2) whichever applies (1) If a business entity - 8.25% (2) If an individual - 7.50%	
6. Transferor/Seller's name (Enter only one name, unless husband and wife filing a joint return. If more than one transferor/seller, use separate forms for each)		i. Maryland Income Tax withheld (Multiply Line g by Line h) (If certificate of partial exemption granted, enter amount from Line 3 of the Form MW506E)	
Street address		<input type="text"/> \$	
City, state, and ZIP code			

COM/RAD-308 (Rev. 06/08)

Copy D - For Issuer

**INSTRUCTIONS FOR RETURN OF INCOME TAX WITHHOLDING FOR
NONRESIDENT SALE OF REAL PROPERTY (FORM MW506NRS)**

THERE ARE FOUR COPIES OF FORM MW506NRS.

General Instructions

Purpose of Form

Form MW506NRS is designed to assure the regular and timely collection of Maryland income tax due from nonresident sellers of real property located within the State. This form is used to determine the amount of income tax withholding due on the sale of property and provide for its collection at the time of the sale or transfer.

Who must file Form MW506NRS

If the transferor/seller is a nonresident individual or entity, and is transferring an interest in real property located within the State of Maryland, unless the transaction is otherwise exempt from the income tax withholding requirement, the person responsible for closing must file Form MW506NRS with the deed or other instrument of transfer that will be filed with the Clerk of the Circuit Court for recordation. If there are multiple transferors/sellers, a separate form must be completed for each nonresident individual or nonresident entity subject to the withholding requirements. The separate form requirement does not apply to a husband and wife filing a joint Maryland income tax return.

When to file Form MW506NRS

Unless the transaction is otherwise exempt from the income tax withholding requirement, the person responsible for closing must include with the deed or other instrument of transfer, a Form MW506NRS for each nonresident transferor/seller, when the deed or other instrument of transfer is presented to the Clerk of the Circuit Court for recordation.

What to file

Copies A and B of each Form MW506NRS must be filed with the deed or other instrument of transfer when presented to the Clerk of the Circuit Court for recordation. A separate check or money order in the aggregate amount of the tax due for each nonresident transferor/seller with regard to a sale or transfer of real property must be paid to the Clerk.

Give Copy C to the transferor/seller at closing. The issuer retains Copy D.

Specific Instructions

Line 1. Enter the street address for the property as listed with the State Department of Assessments and Taxation (SDAT). If the property does not have a street address, provide such descriptive information as is used by SDAT to identify the property. Also include the SDAT property account ID number for the parcel being transferred. If the property is made up of more than one parcel and has more than one account number, include all applicable account numbers.

Line 2. Enter the date of transfer. The date of transfer is the effective date of the deed as defined in §3-201 of the Real Property Article, Annotated Code of Maryland. The effective date is the later of: (1) the date of the last acknowledgement; or (2) the date stated in the deed.

Line 3. Check the box if the transferor/seller is reporting the gain under the installment method.

Lines 4, 5 and 6. Unless transferors/sellers are husband and wife and filing a joint Maryland income tax return, a separate Form MW506NRS must be completed for each transferor/seller that is entitled to receive any part of the proceeds of the transfer. Enter the tax identification number or social security number for the nonresident transferor/seller and the social security number for the

spouse, if applicable. (Do NOT enter the tax identification number on Copy B of Form MW506NRS.) Enter the name (or names, if husband and wife filing a joint return) of the transferor/seller and the transferor/seller's address. Do not enter the street address of the property being transferred.

Line 7. Check the appropriate box for the transferor/seller.

Line 8. If a Certificate of Partial Exemption is issued by the Comptroller, do not complete lines 8a through 8h. Instead, enter the amount from Line 3 of the Form MW506E on Line 8i.

Complete this section to determine the total payment allocable to the transferor/seller that is subject to the income tax withholding requirements and the amount of tax required to be withheld. The total payment is computed by deducting from the total sales price (including the fair market value of any property or other nonmonetary consideration paid to or otherwise transferred to the transferor/seller) the amount of any mortgages or other liens, the commission payable on account of the sale, and any other expenses due from the seller in connection with the sale.

Line f. If there are multiple owners, enter the percentage of ownership of the transferor/seller for whom this form is being filed.

Line g. Multiply line e by line f to determine the transferor/seller's share of the total payment.

Line h. Enter the applicable rate for the transferor/seller.

Payment of Tax

Make check or money order payable to the Clerk of the Circuit Court for the county or Baltimore City in which the deed or other instrument of transfer will be presented for recordation.

2009

MARYLAND FORM

MW506R

Application for Tentative Refund of Withholding on Sales of Real Property by Nonresidents

For Calendar Year 2009 or other tax year

Beginning _____, 2009 and Ending _____

DO NOT WRITE OR STAPLE IN THIS SPACE

THIS FORM IS OPTIONAL AND IS NOT REQUIRED TO BE FILED. The Comptroller's decision to issue or deny a refund and the determination of the amount of tax to be refunded is final and not subject to appeal. DO NOT file this form unless your only source of Maryland income is the sale of real property and associated personal property in Maryland. DO NOT file this form prior to 60 days of the effective date of transfer or after November 1 of the tax year in which the property is sold.

Name (if joint return, give first names and initials of both) Last Name Your Social Security Number
Name (Corporation, Partnership, Trust, or Estate) Spouse's Social Security Number
T/A or C/O or Fiduciary Federal Employer I.D. No.
Address (Number and street)
City, State, and ZIP code (province, postal code, and country)

Description of Maryland real property transaction: Check only ONE box:
a. Date of transfer (month, day, year)
b. Property account ID number
c. Location and general description of property:
d. Use of Property
Individual
Business Entity

Table with 6 rows and 2 columns. Row 1: Enter the amount withheld on Form MW506NRS. (Attach a photocopy of Copy C of MW506NRS) 1. Row 2: Sales price 2. Row 3: Cost or other basis (see Instructions) 3. Row 4: Gain. Subtract line 3 from line 2 (for installment sales see instructions) 4. Row 5: Complete 5a or 5b whichever applies a. If you are a business entity, multiply line 4b by 8.25% b. If you are an individual, multiply line 4b by 7.50% 5. Row 6: REFUND of amount withheld. Subtract line 5 from line 1. (This line MUST be completed.) 6.

Schedule for Computation of Cost or Other Basis

a. Purchase price of property a
b. Add: Capital Improvements Selling expenses Other (list) b +
c. Less: Depreciation Other (list) c -
d. Adjusted basis of Property. (Enter on Line 3 above) d

Under the penalties of perjury, I declare that I have examined this application, including any schedules or statements attached, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, the declaration is based on all information of which the preparer has any knowledge

Please Sign Here

Signature Applicants phone number Date
Signature (Spouse, if applicable) Applicants phone number Date
Signature of preparer other than taxpayer Address and telephone number of preparer Preparer's SSN or PTIN

GENERAL INSTRUCTIONS

THIS FORM IS OPTIONAL AND IS NOT REQUIRED TO BE FILED.

Purpose of Form

The income tax withheld at closing and paid to the Clerk is claimed on the Maryland income tax return filed by transferor for the tax year in which the transfer of the real property and associated personal property in Maryland is sold. You may elect to receive a refund of excess income tax withheld prior to filing the income tax return. Use Form MW506R to apply for a refund of the amount of tax withheld on the sale or transfer of Maryland real property interests by a nonresident individual or nonresident entity which is in excess of the transferor/seller's tax liability for the transaction. Form MW506R may be filed not less than 60 days after the date the tax withheld is paid to the Clerk of the Circuit Court, but may not be filed after November 1 of the tax year which the property is sold. Form MW506R will be rejected if it is filed after November 1 of the tax year in which the transfer occurs.

IMPORTANT: If Form MW506R is filed, the transferor/seller must still file a Maryland income tax return (Form 500, 504 or 505) after the end of the tax year, report the entire income for the year (from all sources, including the transfer), and pay any additional tax due on the income or request an additional refund.

Who May File an Application

An individual, fiduciary, or C corporation transferor/seller may file Form MW506R. A pass-through entity transferor/seller may not file Form MW506R.

NOTE: Generally, any claim for refund or credit for overpayment of taxes must be filed within three years from the date the return is filed or within two years from the date the tax is paid, whichever is later.

SPECIFIC INSTRUCTIONS

At the top of Form MW506R, enter the tax year of the transferor/seller if other than a calendar year.

Enter the name, address and identification number (social security number or federal employer identification number) of the transferor/seller applying for a refund of the amount withheld. The name and identification number entered must be the same as the name and identification number entered for the transferor/seller on the Form MW506NRS. If the identification number on the MW506NRS is incorrect, enter the correct identification number and attach an explanation to the form. If the transferor/seller was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

Enter the information describing the Maryland real property transaction.

Line a. Enter the date of the transfer.

Line b. Enter the Maryland property account ID number assigned by the State Department of Assessments and Taxation.

Line c. Enter the location and general description of the property.

Line d. Enter above

Check the box applicable to the type of taxpayer.

Line 1. Enter the amount of tax withheld and reported on Line 8i of the Form MW506NRS. A photocopy of Copy C of the Form MW506NRS must be attached to the Form. Retain the original Copy C with your tax records.

Line 2. Enter the gross sales price from the sale. Attach a copy of the HUD-1 closing statement from the sale of this property.

Line 3. In general, the cost or adjusted basis is the cost of the property plus purchase commissions and improvements, minus depreciation (if applicable). Increase the cost or other basis by any expense of sale, such as commissions and state transfer taxes. Complete the Schedule for Computation of Cost or Other Basis on the bottom of Form MW506R and enter the amount from line d on line 3. Purchase price and improvement documentation is required.

Line 4. Subtract the amount on line 3 from the amount on line 2. However, if you are reporting a gain under the installment method for federal income tax purposes, attach a separate sheet that lists the payments received during the tax year and the gross profit percentage. Multiply the amount of the payments by the gross profit percentage and enter the result on line 4.

Line 4a. If there were multiple owners, enter your percentage of ownership of the property. If you were the only owner, enter 100%.

Line 4b. Multiply line 4 by line 4a to determine your share of the capital gain.

Line 5a. If you are a C corporation, or an entity that is taxed for federal purposes as a C corporation, multiply the amount on line 4 by 8.25% and enter this amount on line 5.

Line 5b. If you are an individual, multiply the amount on line 4 by 7.50% and enter this amount on line 5.

Line 6. Subtract the amount on line 5 from the amount on line 1. If an overpayment is shown on line 6, the Revenue Administration Division will refund any amount of \$1.00 or more.

Signature(s)

Form MW506R must be signed by an individual (both taxpayer and spouse, if filing a joint income tax return), or a responsible officer of the company or corporation.

Your signature(s) signifies that your application, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under the penalties of perjury.

If a power of attorney is necessary, complete federal Form 2848 and attach to your application.

Where to File

File the completed Form MW506R with the:

Comptroller of Maryland
Revenue Administration Division
Attn: NRS Special Refunds
P.O. Box 2031
Annapolis, MD 21404-2031

Additional Information

For additional information, please call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 from Central Maryland.