



TAXATION IN MARYLAND

Corporate Income Tax (1/2)

In Maryland, there is a corporate income tax that applies to every Maryland corporation, even if it has no taxable income or the corporation is inactive. The tax is imposed at an 8.25% rate on the Maryland taxable income.



- **Due Date** - Form 500 must be filed by the 15th day of the 4th month following the close of the tax year or period or by the original due date required for filing the federal return.
- **Filing Requirement** - Every corporation that is subject to Maryland income tax law and has income or losses attributable to sources within Maryland and , even if it has no taxable income or if the corporation is inactive must file Form 500.
- **Extension to File** - If unable to file Form 500 by the due date, a corporation must submit Form 500E – Maryland Application for Extension to File Corporation Income Tax Return. Maryland law provides for an extension of time to file, but in no case can an extension be granted for more than seven months beyond the original due date.

Corporate Income Tax (2/2)

Estimated Tax Payments: Every corporation that reasonably expects its Maryland taxable income to develop a tax more than **USD 1,000** for the tax year or period must make an estimated income tax payments with **Form 500D - Maryland Declaration of Estimated Corporation Income Tax**.

Declaration of estimated income tax payments are due by the **15th day of the 4th, 6th, 9th and 12th months** following the beginning of the tax year or period. 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.

Interest and Penalties: The current interest rate is 9.5% and Interest will be calculated from the date the return was originally due. Penalty charges for late payments can be up to 25 percent of the amount of tax you owe.



Pass through Entity Tax

The term “passthrough entity” includes partnerships, S corporations, limited liability companies (LLC) and business trusts. A LLC is treated as a partnership for Maryland income tax purposes, unless it is treated as a corporation at the federal level. Every Maryland PTE must file a return, even if it has no income or the entity is inactive. Form 510 is used by a pass-through entity (PTE) to file an information income tax return for a specific tax year or period and to remit PTE nonresident.

- **Due date** - File Form 510 by the 15th day of the 4th month following the close of the tax year or period.
- **Estimated Tax Payment** - Every PTE that reasonably expects Maryland taxable income to develop a tax in excess of USD 1,000 for the tax year or period must make quarterly estimated payments with Form 510/511D - Declaration of Estimated Pass- Through Entity Income Tax.
- **Extension** - If unable to file Form 510 by the due date, the PTE must submit **Form 510/511E** – Maryland Application for Extension to File Pass-Through Entity Income Tax Return. The request for extension of time to file will be granted on fulfillment of certain conditions. Properly and timely filed requests for an automatic extension of time will be granted for seven months for S corporations and six months for other PTEs.



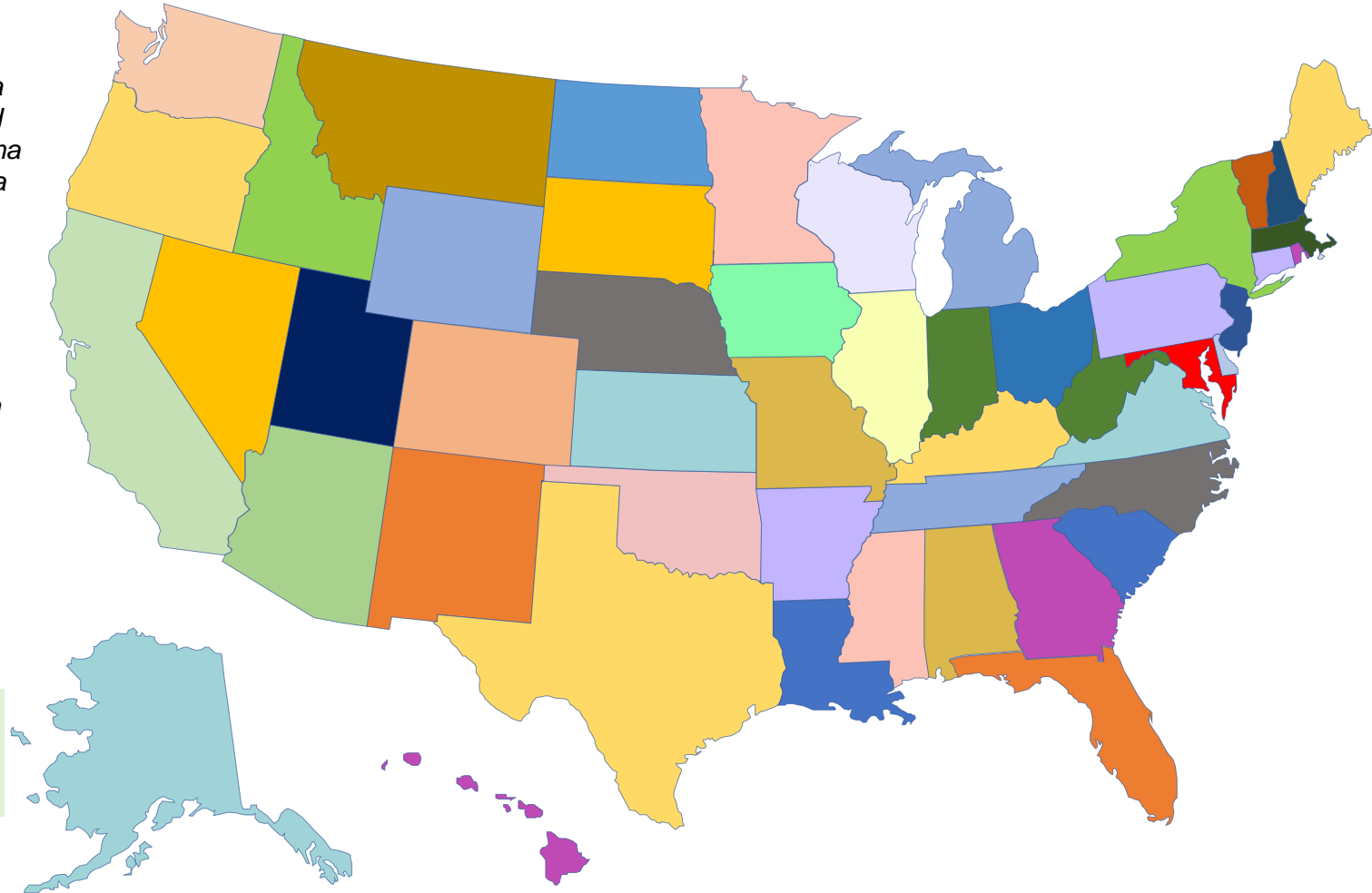
Note – interest and penalty is same as c corporation

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