

Administrative Release No. 4

Subject: Extension of Time for Filing Maryland Income Tax Returns and Estate Tax Returns

I. General.

An individual, corporation, pass-through entity, and fiduciary may be allowed an extension of time for filing the Maryland income tax return. Md. Code Ann., Tax-Gen. § 10-823. An estate also may be allowed an extension for filing the Maryland estate tax return. Md. Code Ann., Tax-Gen. § 7-305.1. This release provides guidance on how a taxpayer may obtain a Maryland extension of time for filing.

A taxpayer must request an extension by the original due date of the Maryland tax return.¹ The extension provides additional time to file the return. It does not provide an extension of time to pay any tax that may be due. A taxpayer must make full payment of the tax by the original due date of the return, otherwise, interest will accrue until the tax is paid and a penalty may be assessed. Md. Code Ann., Tax-Gen. §§ 13-601 and 13-701.

Senate Bill 484 (Chapter 134, Acts of 2006) amends Md. Code Ann., Tax-Gen. § 10-823 to provide that the Comptroller may extend the time to file an income tax return up to seven months for a corporation effective for tax years after December 31, 2005.

II. Individuals.

A. Automatic Six Months

An individual may obtain an automatic six-month extension to file the Maryland income tax return. The individual should determine whether a tax will be due for the tax year by using the worksheet on Maryland Form 502E, Application for Extension to File Personal Income Tax Return. The individual may obtain the extension as provided below.

1. If a tax is due, the individual can file for an extension through the Comptroller's website at www.marylandtaxes.com and make payment by electronic funds withdrawal (direct debit); or file

¹ The Maryland forms, as cited in this Administrative Release, should be consulted for additional information on obtaining a Maryland filing extension.

Form 502E and make payment by credit card, check or money order. The extension request must be filed on or before April 15. Fiscal year taxpayers must file the extension request by the 15th day of the fourth month following the close of the taxable year.

2. If no tax is due and the individual has obtained an extension with the Internal Revenue Service, then the individual does not have to request a separate Maryland extension or file Form 502E. However, the taxpayer may subsequently be required to produce a copy of the federal extension application upon the Comptroller's request.

3. If no tax is due and the individual is not requesting a federal extension, then the individual must request the extension at the Comptroller's website or by telefile (410-260-7829 if calling from central Maryland or 1-800-260-3664 from elsewhere). The extension request must be filed by the original due date of the return, as set forth in Paragraph 1 of this subsection.

B. Six to Twelve Months (Non-Automatic) Extension

An individual, who is outside of the United States, may request an extension for more than six months, but this extension cannot exceed twelve months. The individual must request the extension by filing Form 502E and, if a tax is due, making payment by direct debit, credit card, check, or money order. If the request for an extension is for more than six months, the words "Additional Extension" must be clearly printed on the top of Form 502E, as well as the reason for requesting the extended extension. The extension will be granted for "reasonable cause" and taxpayers will only receive a written response if their request for extension is denied.

Reasonable Cause – The person requesting a non-automatic extension must give clear reasons for the extension. "Illness" or "practitioner too busy" is too vague without further explanation. However, the Comptroller will generally grant an extension where a taxpayer's tax preparer was

unable to complete the return for reasons beyond the taxpayer's control or where, despite reasonable efforts, the taxpayer was unable to get professional help in time.

III. Corporations.²

A corporation may obtain an automatic seven-month extension to file its Maryland income tax return. Extensions will not be granted for more than seven months beyond the original due date of the return. The extension request must be filed on or before March 15. Fiscal year taxpayers must file the extension request by the 15th day of the third month following the close of the taxable year.

A. C corporations must file a Form 500E, Application for Extension to File Corporation Income Tax Return. The C corporation should complete the worksheet on the Form 500E to determine whether a tax will be due and then request the extension as provided in Subsection C of this section.

B. S corporations must file a Form 510E, Application for Extension of Time to File Pass-Through Entity Income Tax Return. The S corporation should complete the worksheet on the Form 510E to determine whether a tax will be due and then obtain the extension as provided in Subsection C, but substituting "Form 510E" in place of "Form 500E." See Section IV.B for S corporations filing composite return.

C. Corporations may apply for an extension of time to file using the appropriate method set forth below.

1. If a tax is due, a C corporation must file Form 500E and make payment by check, money order or electronic funds transfer (EFT). For payments of \$10,000 or more, the EFT method is required. If the EFT method is used and it is not the first time the corporation is filing a Maryland

income tax return, do not file a separate Form 500E.

2. If a tax is due and it is the first time a corporation will file a Maryland income tax return, the corporation must file Form 500E and make payment by check, money order, or electronic funds transfer.

3. If no tax is due, a corporation must request an extension at the Comptroller's website or by telefile. If it is the first time the corporation will file a Maryland income tax return, the corporation must file Form 500E.

IV. Partnerships and Limited Liability Companies and Business Trusts Electing to be Treated as Partnerships.

A. A partnership, limited liability company or business trust may obtain an automatic six-month extension to file its Maryland income tax return (Form 510). The partnership, limited liability company or business trust should complete the worksheet on Form 510E, Application for Extension to File Pass-through Entity Income Tax Return, to determine whether tax is due and then request an extension as provided below. The extension request must be filed on or before April 15. Fiscal year taxpayers must file the extension request by the 15th day of the fourth month following the close of the taxable year.

1. If tax is due, a partnership, limited liability company, or business trust must file Form 510E and make payment by check or money order.

2. If no tax is due, a partnership, limited liability company, or business trust must request an extension at the Comptroller's website or by telefile. If no tax is due and it is the first time the partnership, limited liability company, or business trust will file a Maryland income tax return, then it must file Form 510E.

B. A pass-through entity (PTE) filing a composite return on behalf of its qualified nonresident individual member(s) may request a 6-month extension and make payment for any tax due by filing Form 502E, the Maryland Application for Extension of Time to File Personal Income Tax Return. The extension request must be filed on or before April 15.

² Limited liability companies and business trusts are taxed for Maryland purposes as they are taxed for federal purposes under the federal "Check-the-Box" regulations. If a limited liability company or a business trust has elected to be treated as an S corporation, then it will follow the procedures set forth in this section for requesting an extension of time to file their Maryland income tax returns. If, however, a limited liability company or a business trust has elected to be treated as a partnership, then it should follow the procedures set forth in Section IV for partnerships.

See Administrative Release No. 6 on the specific requirements for filing a composite return, and the Maryland form to use to file the return.

V. Fiduciaries.

A fiduciary may obtain an automatic six-month extension to file the Maryland income tax return (Form 504). The fiduciary should complete the worksheet on Form 504E, Application for Extension to File Fiduciary Income Tax Return, to determine whether a tax is due. The extension request must be filed on or before April 15. Fiscal year taxpayers must file the extension request by the 15th day of the fourth month following the close of the taxable year.

A fiduciary is required to file Form 504E and make payment by check or money order. At this time, a fiduciary may not request a filing extension through the Comptroller's website or by telefile.

VI. Estate Tax.

The person responsible for filing the Maryland estate tax return, or the person's authorized agent, may request an extension of up to six months to file the Maryland estate tax return. If the person responsible for filing the return is out of the United States, an extension of up to twelve months may be requested. The request for a filing extension must:

- A.** Be in writing using Form MET1-E and be filed on or before the statutory due date of the Maryland estate tax return, which is nine months from the date of death;
- B.** Include a copy of the federal extension application, Form 4768 (including any explanations), unless a federal estate tax return is not required; and
- C.** Include remittance of the estimated Maryland estate tax, if any, or a request for an Alternative Payment Schedule. (See Administrative Release No. 30 for guidelines on requesting an Alternative Payment Schedule.)

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Telephone: **410-260-7980**
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taxhelp@comp.state.md.us

Forms-by-Fax: **410-974-FAXX**

www.marylandtaxes.com

for the deaf or hard of hearing:
call via Maryland Relay at 711 in Maryland
or 1-800-735-2258

If you need reasonable accommodation for a disability, please contact us before you visit.
If you need the information in this publication in an alternate format, contact the Comptroller's Office.