

**MARYLAND
FORM
MW506R
2022**

**Application for Tentative Refund of Withholding
on 2022 Sales of Real Property by Nonresidents
For Calendar Year 2022 or 2021 Fiscal Tax Year**

**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 after December 1, 2022.

This form is for closings that occurred during 2022 only. If you sold property during another tax year, you must file the appropriate income tax return to claim a refund.

	YES	NO
1. Did the sale of real property occur in 2022?	<input type="checkbox"/>	<input type="checkbox"/>
2. Is the sale and rental (if applicable) of this property and associated personal property your only source of Maryland income?	<input type="checkbox"/>	<input type="checkbox"/>
3. Did you wait 60 days or more after closing and effective date of transfer to file this form?	<input type="checkbox"/>	<input type="checkbox"/>
4. Are you filing this form before December 1, 2022?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are you filing this as an individual, fiduciary, or corporation and not as a pass-through entity (PTE) or a partner, member, or shareholder of a PTE?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered NO to any of the questions, you are not eligible to file this form. You must file the applicable year end income tax return in the next calendar year to report the sale and to claim any refund due.

Social Security Number		Spouse's Social Security Number	
Your First Name	MI	Last Name	
Spouse's First Name	MI	Last Name	
Name (Corporation, Partnership, Trust, Estate, etc.)			
T/A or C/O or Fiduciary		Federal Employer Identification Number	
Present Address (No. and street)			
City or Town		State	ZIP code
Transferor/Seller's Entity Type: <input type="checkbox"/> Individual/ Estate/ Trust <input type="checkbox"/> Business		Ownership Percentage _____ %	

Property Information

<p>a. Description of Property (Include street address, county, or district, subdistrict and lot numbers if no address is available.)</p> <p><input type="checkbox"/> This property was applicant's principal residence for 2 of the 5 years immediately preceding closing.</p>	<p>b. Was the property ever used as a rental or commercial property? (Note: Income tax returns are required in most circumstances - see instructions.)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Dates used as a rental/commercial property (dd/mm/yyyy):</p> <p>FROM _____ TO _____</p>
	<p>c. Date of Closing (REQUIRED)</p>
	<p>d. Property Account ID Number (if known)</p>

Calculation of Tentative Refund

The tentative refund calculation will be based on actual documents received and amounts substantiated. The Comptroller's decision to issue or deny a full or partial tentative refund is final and not subject to appeal. However, any withholding not received as a tentative refund may be claimed on the applicable year end income tax return during tax filing season for 2022 returns.

1. Purchase price / Inherited value (Attach a copy of the settlement statement, property tax printout, deed, or death certificate and appraisal.) 1. _____
2. Settlement expenses (Attach settlement statement):
 - a. Original purchase settlement expenses _____
 - b. 2022 sale settlement expenses _____ Add lines 2a and 2b 2. _____
3. Capital Improvements (Optional, however, will not be credited unless properly documented. Attach paid invoices or receipts with canceled checks.) 3. _____
4. **Add.** (Lines 1 through 3) 4. _____
5. Depreciation (Attach depreciation schedule or copy of Schedule E for all years rented.) 5. _____
6. **Subtract.** (Line 5 from Line 4). This is your adjusted basis. 6. _____
7. Contract sales price. (Attach copy of settlement statement). 7. _____
8. **Subtract** (Line 6 from Line 7). If zero or less, enter zero. 8. _____
9. Estimated gain.
 - a. Ownership percentage (ex. 100%, 50%, etc.) Enter as a decimal (1.00, .50, etc.) 9a. _____
 - b. Multiply Line 8 by ownership percentage (1.00, .50, .333, etc.)
This is the seller's share of estimated gain. 9b. _____
10. Tax rate. Check box for applicable rate.
 - a. Individual 8.0% (.080)
 - b. Business 8.25% (.0825)
11. Multiply Line 9b by applicable tax rate. **This is your estimated tax liability** 11. _____
12. Amount withheld at closing. (Attach Copy C of Form MW506NRS). 12. _____
13. Subtract Line 11 from Line 12. **This is your tentative refund.** 13. _____

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. Seller must sign even if prepared by second party.

Your signature _____ Date _____
 Spouse's signature _____ Date _____
 Telephone number _____

Preparer's PTIN (**required by law**) _____ Signature of preparer other than taxpayer _____
 Printed name of preparer _____
 Address of preparer _____
 Telephone Number of preparer _____

Check here if you authorize us to contact you by email.

Email address _____

**The Comptroller's decision to deny or grant in part a tentative refund is
final and not subject to appeal.**

GENERAL INSTRUCTIONS

THE FORM MW506R IS OPTIONAL AND NOT REQUIRED TO BE FILED. IF YOU DO FILE, YOU MUST INCLUDE BOTH PAGES OR YOUR APPLICATION WILL BE DENIED AND RETURNED TO YOU.

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.

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 2022 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. Form MW506R may not be filed after December 1, 2022. Therefore, if your 2022 closing occurred October 1, 2022 or later, you are not eligible to claim a refund using this form. Instead, you may claim a refund by filing the appropriate tax year 2022 income tax return in calendar year 2023.

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.

Any Form MW506R that is filed after December 1, 2022 will be denied. Any Form MW506R that is filed for a closing that occurred before January 1, 2022 or after October 1, 2022 will be denied.

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. However, an individual who is the sole member of a single-member LLC transferor may file this form if the other requirements are met.

Please submit proof of single member LLC status, such as Articles of Organization or your application will be denied.

SPECIFIC INSTRUCTIONS

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 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.

Property Information

Line a. Enter the description of the property. Include the street address, county, or district, subdistrict, and lot numbers if no address is available.

Check the box if the property qualified as your principal residence for two of the five years preceding the sale. This will be verified

against resident income tax filings. Any exclusion will be applied upon review of calculation of tentative refund. Please see the instruction under special situations on what must be included with your application when claiming principal residence or military principal residence exclusions.

Line b. Check the box to indicate whether the property was used for rental/commercial purposes.

Maryland law requires that Maryland nonresidents owning real property in Maryland file a nonresident income tax return reporting any rental income or loss. If you checked this rental/commercial box and did not file returns reporting this income or loss, your application will be denied. File all appropriate returns before filing this application.

Line c. Enter the date of closing from 2022.

Line d. Enter the Maryland property account ID number assigned by the State Department of Assessments and Taxation, if known.

Calculation of Tentative Refund

Line 1. Enter the purchase price of the property. This is the contract amount for the original purchase. DO NOT include settlement costs or other adjustments in this line. If inherited property, use the Date of Death value of the property. You must attach an original settlement statement, property tax printout (available at www.dat.state.md.us), original contract, date of death appraisal, or other proof of original purchase price or inherited value.

Line 2. Settlement costs include expenses incurred to buy or sell the property (ex. commissions, transfer tax, recordation tax, etc.). You must attach a settlement statement for this amount. You may add both settlement costs for purchase and sale of the property, but only if you have a settlement statement for each sale.

Line 3. Enter amount of capital improvements. **This line is OPTIONAL.** However, if you would like to be credited for this amount on the tentative refund calculation, you must attach paid invoices or receipts with cancelled checks for improvements. Documentation must include proof of payment, address of property, and work completed. NOTE: If you do not include on this application, Maryland will generally accept the final capital gain or loss amount as determined on your year-end federal and Maryland income tax returns, which includes your capital improvements.

Line 4. Add lines 1 through 3.

Line 5. Depreciation. Enter all depreciation already taken for this property, if rental or commercial, on any income tax return. You must attach a depreciation schedule, Federal schedule E or returns for each year the property was rented or used commercially.

Line 6. Adjusted basis. Subtract line 5 from line 4. This is your adjusted basis.

Line 7. Contract Sales Price. Enter contract sales price. You must attach the final settlement statement.

Line 8. Amount subject to tax. Subtract line 6 from line 7. If zero, or less than zero, enter zero.

Line 9a. Ownership percentage. List the percentage of ownership as a decimal on Line 9a. For example, for 100%, enter 1, 50% enter .50, etc. If you were the only owner, enter 1. If there were two owners, enter .50.

Line 9b. Multiply Line 8 by Line 9a and enter on Line 9b. This is the seller's share of the estimated gain. If zero, or less than zero, enter zero.

Line 10. Tax Rate. Check box for which tax rate applies.

**The Comptroller's decision to deny or grant in part a tentative refund is
final and not subject to appeal.**

Line 11. Estimated Tax Liability. Multiply line 9b by the applicable tax rate selected in Line 10 and enter on Line 11. This is the estimated tax liability. If zero or less than zero, enter zero.

Line 12. Amount withheld at closing. Enter the amount withheld and reported on Line 8i of Form MW506NRS and attach copy C of Form MW506NRS.

Line 13. Tentative refund. Subtract Line 11 from Line 12. This is your tentative refund (subject to verification).

Note: The Comptroller's Office will independently calculate the amount of full or partial tentative refund due based on actual documentation received and it may differ from your calculation.

SPECIAL SITUATIONS:

Principal Residence.

Transfer is of your principal residence as defined in §121 of the Internal Revenue Code, which means it has been your principal residence for two of the last five years. Resident income tax returns for that period must have been filed to claim principal residence. This will be verified by the Comptroller's Office.

Principal Residence – Active-duty Military, Certain Government Employees.

Transfer is of your principal residence as defined in §121 of the Internal Revenue Code, if you had a move necessitated by government orders or are stationed in Maryland. Attach transfer orders and proof of residency. This may include federal income tax return with Maryland address, utility bills, property tax statements, etc. See Internal Revenue Service Publication 523.

Tax-Free Exchange for purposes of §1031 of the Internal Revenue Code.

Additional required documentation includes; 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.

Note: If you paid the withholding out-of-pocket - **not from sale proceeds** - then you must submit proof of payment e.g. cancelled check, wire transfer, or other documentation evidencing the withholding was paid out-of-pocket.

Transferor/seller is receiving zero proceeds from this transaction.

Note: This situation applies when all proceeds go to another seller/co-owner. This does not apply if you receive ANY proceeds.

Required documentation in addition to that on page 1; copy of a letter from the transferor/seller to the title company advising they are to receive zero proceeds from the sale and advising to whom

the proceeds are to go; a copy of the acknowledgment letter from the title company to the transferor/seller that all proceeds are to go to another seller/co-owner.

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

Additional required documentation includes; copy of contract of sale or copy of settlement sheet from the title company; 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.

Transfer of inherited property is occurring within 6 months of date of death.

Additional required documentation; provide a copy of the death certificate and a copy of the estimated settlement sheet from the title company.

Transferor/seller is the custodian of an individual retirement account.

Additional required documentation; provide a copy of the preliminary settlement sheet from the title company, the custodian's Certificate of Good Standing from its state of incorporation, and a letter from the title company stating that all proceeds will be disbursed to the custodian.

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 Maryland Form 548 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**

In lieu of mailing the completed form you may scan and e-mail them to: nrshelp@marylandtaxes.gov

Additional Information

For additional information visit www.marylandtaxes.gov, e-mail nrshelp@marylandtaxes.gov or call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 in Central Maryland.