

The following are the most frequently asked questions about state and local death taxes.

**What is the Maryland estate tax? What is the tax rate?**

This is a state tax imposed on the transfer of property in a decedent's estate. There is no Maryland estate tax rate table. This tax is calculated using the maximum allowable credit for state death taxes under §2011 of the Internal Revenue Code, as computed for Maryland purposes, less any inheritance tax paid to the Register of Wills. For decedents dying after December 31, 2005, the tax cannot exceed 16 percent of the amount by which the decedent's taxable estate exceeds \$1,000,000. If the inheritance tax is equal to or exceeds the credit for state death taxes, no Maryland estate tax is due.

**Who is responsible for filing the Maryland estate tax return?**

The duly appointed personal representative of the decedent's estate shall file the return. If there is more than one personal representative, the return must be made jointly by all. If there is no personal representative appointed, every person in actual or constructive possession of any property of the decedent is required to make and file a return.

**What are the requirements for filing a Maryland estate tax return?**

A return is required for every estate whose federal gross estate, plus adjusted taxable gifts, is valued at **\$1,000,000** or more (for decedents dying prior to January 1, 2002, other rules apply) if the decedent at date of death was a resident of Maryland, or a nonresident but owned real or tangible personal property in Maryland. The gross estate includes all property, real or personal, tangible or intangible, wherever situated, in which the decedent had an interest. It includes such items as annuities, joint assets with right of survivorship, transfers made without adequate consideration, the includible portion of tenancies by the entirety,

certain life insurance proceeds, and general power of appointment property, to name a few. The probate estate is property of the decedent owned individually or as tenants in common. Non-probate property is property that passes by the terms of the instrument under which it is held or by operation of law. As a reminder, the total gross estate for estate tax purposes includes probate and non-probate property. Refer to §2031 of the Internal Revenue Code to determine the value of the gross estate.

**How do I file the Maryland return? And when?**

First complete the federal estate tax return, Form 706. For those estates not required to file the federal return, you must still complete it in order to complete the Maryland return. Using the information from the federal return, complete the Maryland Form MET-1.

The Maryland estate tax return must be filed within nine months of the decedent's date of death unless an **extension** has been granted by the Comptroller's Office.

The Maryland estate tax return may be filed with the local Register of Wills or the Comptroller of Maryland. If the estate tax return is filed with the Register of Wills, it must be filed with the Register of Wills office for the county in which the estate is being administered. For nonresident decedents, this is the jurisdiction in Maryland where the decedent's property is located. The Register must also complete Section III on the estate tax return to certify the payment of any inheritance taxes.

If the estate tax return is filed with the Comptroller of Maryland, a certification of inheritance tax must also be submitted, using a separate certification document provided by the Register of Wills.

**A Maryland estate tax return is not deemed complete for processing until the certification of inheritance tax is received by the Comptroller. Failure to file the certification with the return will delay the processing of your return.**

Use the appropriate version of Form MET-1 for the date of the decedent's death.

See Maryland Estate Tax for a list of MET-1 forms. <http://individuals.marylandtaxes.com/estatetax/>

**Where do I pay the Maryland estate tax?**

Pay *directly* to the Comptroller of Maryland on or before the due date of the Maryland estate tax return. Mail to:

Comptroller of Maryland  
Estate Tax Section  
P.O. Box 828  
Annapolis, MD 21404-0828

**Are there any interest or penalty charges for late payment of the tax?**

Yes. Maryland law provides for interest and late payment penalty if the tax is not paid when due. Interest is assessed on any portion of the liability that is not satisfied by the statutory due date, notwithstanding the fact that the tax is paid pursuant to an approved alternative payment schedule. A penalty of up to 10 percent is charged on any Maryland estate tax not paid by the due date.

**Can I get an extension to file the Maryland return or pay the Maryland estate tax?**

Yes. An extension to file the Maryland estate tax return will generally be allowed for up to six months from the due date of the return or up to one year if the person required to file the return is out of the country. The Maryland filing extension must be requested on or before the statutory nine-month due date. Use Form MET1E to request a filing extension. For those estates that are requesting a federal filing extension, include a copy of the federal Form 4768. There are also separate provisions for granting an alternative payment schedule for the tax payment. See Administrative Release #4 and Administrative Release #30 or contact the Comptroller's Office for more specific information on extensions and alternative payment schedules.

**Can I get a refund if I overpay?**

The law allows for refunds of Maryland estate tax up to three years from the date of the event that causes the refund to become due. File an amended Maryland estate tax return to make a request for refund of previously paid Maryland estate tax.

**What about the inheritance tax?**

The inheritance tax is a separate tax imposed on the clear value of property that passes from a decedent to some beneficiaries. Effective for decedents dying on or after July 1, 2000, all property passing to a surviving spouse, grandparent, parent, child or other lineal descendant and their spouses, stepchild or stepparent, siblings and a corporation having only certain of these persons as stockholders is exempt from inheritance tax.

The Register of Wills in each jurisdiction collects the inheritance tax. Contact the office in the jurisdiction where the decedent lived for assistance.

**What about the income tax on an estate?**

An estate may be required to file a Maryland fiduciary income tax return, Form 504. Contact the Revenue Administration Division for assistance with fiduciary returns by calling 410-260-7980 in Central Maryland or 1-800-MD TAXES from elsewhere in the state.

**What legislative changes affect the Maryland estate tax?**

The federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) began phasing out the federal estate tax, increasing the filing exemption amounts beginning with estates of decedents dying on January 1, 2002. EGTRRA also phases out the IRC §2011 credit for state death taxes by 2005. Maryland's estate tax is based on this credit.

Maryland first responded to the federal legislation with the Budget Reconciliation and Financing Act of 2002, effective for estates of decedents dying after December 31, from the phase-out of the federal credit for state death taxes. The Maryland estate tax was then determined by using the allowable federal credit for state death taxes without reduction by any act of Congress enacted on or before January 1, 2001.

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Maryland continued to recognize the federal unified credit which meant that a Maryland return was only required if a federal estate tax return was required to be filed. Subsequent passage of Maryland's Budget Reconciliation and Financing Act of 2004 has now further "de-coupled" Maryland from the federal tax by freezing the applicable unified credit at the amount that corresponds to an exemption exclusion of \$1,000,000 for purposes of determining the Maryland estate tax. This means that for decedents dying after December 31, 2001, a Maryland estate tax return is required for estates whose gross estate plus adjusted taxable gifts is valued at \$1,000,000 or more.

In 2006, legislation limited the tax to 16 percent of the amount by which the decedent's taxable estate exceeds \$1,000,000 for decedents dying after December 31, 2005.

For more information, see the answer to the previous question What are the requirements for filing a Maryland estate tax return?

For assistance with Maryland inheritance tax, please visit the Web site at **www.registers.maryland.gov**, or contact the appropriate Register of Wills office listed to the right.

**Registers of Wills**

Allegany.....	301-724-3760
toll-free.....	1-888-724-0148
Anne Arundel.....	410-222-1430
toll-free.....	1-800-679-6665
Baltimore City.....	410-752-5131
toll-free.....	1-888-876-0035
Baltimore.....	410-887-6680
toll-free.....	1-888-642-5387
Calvert.....	410-535-0121
toll-free.....	1-888-374-0015
Caroline.....	410-479-0717
toll-free.....	1-888-786-0019
Carroll.....	410-848 2586
toll-free.....	1-888-876-0034
Cecil.....	410-996-5330
toll-free.....	1-888-398-0301
Charles.....	301-932-3345
toll-free.....	1-888-256-0054
Dorchester.....	410-228-4181
toll-free.....	1-888-242-6257
Frederick.....	301-600-6565
toll-free.....	1-888-258-0526
Garrett.....	301-334-1999
toll-free.....	1-888-334-2203
Harford.....	410-638-3275
toll-free.....	1-888-258-0525
Howard.....	410-313-2133
toll-free.....	1-888-848-0136
Kent.....	410-778-7465
toll-free.....	1-888-778-0179
Montgomery.....	240-777-9600
toll-free.....	1-888-892-2180
Prince George's.....	301-952-3250
toll-free.....	1-888-464-4219
Queen Anne's.....	410-758-0585
toll-free.....	1-888-758-0010
St. Mary's.....	301-475-5566
toll-free.....	1-888-475-4821
Somerset.....	410-651-1696
toll-free.....	1-888-758-0039
Talbot.....	410-770-6700
toll-free.....	1-888-822-0039
Washington.....	301-739-3612
toll-free.....	1-888-739-0013
Wicomico.....	410-543-6635
toll-free.....	1-888-786-0018
Worcester.....	410-632-1529
toll-free.....	1-888-256-0047

**For additional information:  
call the Comptroller of Maryland at**

410-260-7850  
(Central Maryland)  
1-800-MD TAXES  
(from elsewhere in Maryland)  
from 8:00 a.m. to 5:00 p.m. eastern time.  
E-mail: **taxhelp@comp.state.md.us**

**World Wide Web:  
www.marylandtaxes.com**

- forms and publications
- fill out the interactive Combined Registration Application online to register new business tax accounts
- see if you are among the owners of millions in unclaimed funds
- tax regulations

**FOR DEAF OR HARD OF HEARING:**  
TTY users call via Maryland Relay at 711 in Maryland or 1-800-735-2258 from anywhere

TTY: 410-767-1967 (Baltimore Area)

If you need a reasonable accommodation for a disability, please contact us before your visit.

If you need the information in this brochure in an alternate format, contact the Comptroller's Office.

*What you need  
to know about  
Maryland's  
estate tax*

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**Peter Franchot**