

**Application for Tentative Refund of Withholding on 2014 Sales of Real Property by Nonresidents For Calendar Year 2014 or other 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, 2014. This form is for closings that occurred during 2014 only. If you sold property during another tax year, you must file the appropriate income tax return to claim a refund.**

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|--|--------------------------|--------------------------|
|  | YES                      | NO                       |
| 1. Did the sale of real property occur in 2014?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the sale of real property and associated personal property your only source of Maryland income?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are you filing this form at least 60 days after closing and effective date of deed transfer?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are you filing this form before December 1, 2014?   | <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.**

Name (If joint, give first names and initials of both)	Last Name	Your Social Security number
Name (Corporation, Trust, Estate, etc.)		Spouse's Social Security number
T/A or C/O or Fiduciary		Federal Employer I.D. Number
Current Address (Number and street)		
City, State and ZIP code (province, postal code and country)		

Description of Maryland real property transaction:

a. Date of closing (month, day) _____, 2014 b. Property account ID number (if known) _____ c. Description of property (Includes street address, county, or district, subdistrict and lot number if no address is available) _____	Check only ONE box: <input type="checkbox"/> Individual <input type="checkbox"/> Business Entity
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d. Use of property at time of sale Dates used as a rental/commercial property (dd/mm/yyyy):

Rental/Commercial \_\_\_\_\_ TO \_\_\_\_\_  
 Note: Income tax returns are required in most circumstances - see instructions.

1. Enter the amount withheld on Form MW506NRS (Attach a photocopy of Copy C of MW506NRS) . . . . .	1.	
2. Sales price (Attach HUD-1 or contract) . . . . .	2.	
3. Cost or other basis (See instructions. Note: failure to submit all required documentation including page 2 of this form <b>will result</b> in reduction or denial of your tentative refund) . . . . .	3.	
4. Gain. Subtract line 3 from line 2 (for installment sales see instructions) . . . . .	4.	
a. Ownership Percentage . . . . .	4a.	
b. Seller Share of Gain . . . . .	4b.	
5. Complete 5a or 5b whichever applies		
a. If you are a business entity, multiply line 4b by 8.25% . . . . .	5.	
b. If you are an individual, multiply line 4b by 7% . . . . .	5.	
6. REFUND of amount withheld. Subtract line 5 from line 1 (This line <b>MUST</b> be completed) . . . . .	6.	

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.

Your signature _____	Date _____	Preparer's PTIN (required by law) _____	Signature of preparer other than taxpayer _____
Spouse's signature _____	Date _____	Address of preparer _____	
Telephone number _____		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 2014 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, 2014. Therefore, if your 2014 closing occurred October 1, 2014 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 2014 income tax return in calendar year 2015.

Any Form MW506R that is filed after December 1, 2014 will be denied. Any Form MW506R that is filed for a closing that occurred before January 1, 2014 or after October 1, 2014 will be denied.

**IMPORTANT: The tentative refund calculation is limited to the Schedule for Computation of Cost or Other Basis, without regard to the federal exclusion for a principal residence.**

**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 closing.

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

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

**Line d.** Enter use of property at the time of settlement and specify length of use. Check the box applicable to the type of taxpayer.

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

**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 or contract.

**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 Page 2 of Form MW506R and enter the amount from line d on line 3. Purchase price and improvement documentation is required. Improvement documentation must be in the form of paid invoices or receipts and canceled checks in order to qualify.

If the property was inherited, enter the value of the property at the date of death. This figure is generally obtained through a certified appraisal done within 6 months of date of death. A printout from the State Department of Assessments and Taxation, from that time frame, is also acceptable. Please also include a death certificate if necessary.

**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% 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.

Please note that the Comptroller's Office will independently calculate the full or partial tentative refund due based on your attached documentation and it may differ from your calculation.

**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**

In lieu of mailing the completed form you may scan and e-mail them to: [nrshelp@comp.state.md.us](mailto:nrshelp@comp.state.md.us)

**Additional Information**

For additional information visit [www.marylandtaxes.com](http://www.marylandtaxes.com), e-mail [nrshelp@comp.state.md.us](mailto:nrshelp@comp.state.md.us) or call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 in Central Maryland.

**Schedule for Computation of Cost or other Basis  
(Failure to submit all documentation required will result in the reduction or denial of your refund.)**

a. Purchase price of property/Inherited value (You must show proof of purchase price or inherited value, e.g. HUD-1 or date of death appraisal and death certificate.)	
b. Add: Capital improvements (You must attach paid invoices or invoices and cancelled checks. These must clearly provide for the property being sold and a capital improvement per Internal Revenue Service guidelines. See IRS Publication 523 for reference.)  Selling expenses  Total of capital improvements and settlement expenses (Place total in box b) (You must attach a HUD-1 from your original purchase and this sale in order to count settlement costs.)	
c. Less: Depreciation (attach depreciation schedule)	
d. Adjusted basis of property (Enter on Page 1, Line 3)	