

Income/Franchise:

Maryland: Updated Form Instructions Say PTE Tax Election Must be Made with First Tax Payment for the Applicable Tax Year

Maryland Form 510/511D: Pass-Through Entity Declaration of Estimated Income Tax, Md. Comptroller (2023). Regarding Maryland's optional election for eligible pass-through entities (PTEs) to pay tax on all members' shares of income with a corresponding income tax credit for members [see S.B. 523 (2020) and previously issued Multistate Tax Alert for more details on the enacting legislation, as well as S.B. 787 (2021) and S.B. 496 (2021) for subsequently enacted clarifying legislation], the Maryland Comptroller of the Treasury released updated 2023 PTE estimated income tax form instructions providing the following:

URL: https://www.marylandtaxes.gov/forms/23_forms/510_511D.pdf

URL: <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0523/?ys=2020rs>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/maryland-enacts-optional-election-allowing-pass-through-entities-to-pay-income-tax-with-respect-to-resident-members.html?id=us:2em:3na:stm:awa:tax:031023&sfid=7015Y000003bKFeQAM>

URL: <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0787?ys=2021RS>

URL: <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0496/?ys=2021rs>

“For tax years beginning after December 31, 2022, the election must be made, if at all, with the first estimated tax payment of the tax year. The election made with the first estimated payment is irrevocable. Once the election to remit tax at the entity level with respect to all members' shares is made for the tax year, this box must be checked with all subsequent declaration payments.”

Please contact us with any questions.

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