

**MARYLAND
FORM
504NR**

**FIDUCIARY
NONRESIDENT INCOME
TAX CALCULATION**



2022

22504N099

OR FISCAL YEAR BEGINNING 2022, ENDING

Federal Employer Identification Number (9 digits)

Name of estate or trust

Name and title of fiduciary

Part I - Reconciliation of Maryland and Federal Income (Loss)

Note: The sum of Columns B through E on Line 15 must always be equal to Column A on Line 15.

		Federal	Non-Maryland source		Maryland source	
		(A) Federal Income (Loss)	(B) Distributable income or (loss)	(C) Non-distributable income or (loss)	(D) Distributable income or (loss)	(E) Non-distributable income or (loss)
1.	Interest income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.	Dividend income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	Business income or (loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4.	Capital gain or (loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
5.	Rents, royalties, partnerships, etc	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
6.	Farm income or (loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
7.	Ordinary gain or (loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8.	Other income. Specify type <input type="text"/> and amount <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
9.	Federal total income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	Federal deductions	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	Federal adjusted taxable income (Subtract line 10 from line 9.)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12.	Income distribution deduction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
13.	Estate tax deduction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
14.	Qualified business income deduction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15.	Federal taxable income without federal exemptions (Subtract lines 12, 13 and 14 from line 11.)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Reminder: The sum of Columns B through E on Line 15 must always be equal to Column A on Line 15.

16. **Non-Maryland Income Factor.** Add 15(B) and 15(C), then divide by 15(A); if greater than 1, enter 1; if less than 0, enter 0. 16.

**MARYLAND
FORM
504NR**

**FIDUCIARY
NONRESIDENT INCOME
TAX CALCULATION**



22504N199

2022
page 2

NAME

FEIN

PART II – Calculation of Nonresident Maryland Income Tax

16a.	Fiduciary's share of net Maryland modifications from Form 504, line 5 (Enter a net subtraction modification as a negative number.)	16a.	<input type="text" value=".00"/>
16b.	Net Maryland modifications from non-Maryland sources (Multiply line 16a by line 16.) See Instruction 13 for alternate allocation method.	16b.	<input type="text" value=".00"/>
16c.	Net Maryland modifications from Maryland sources (Subtract line 16b from line 16a.)	▶ 16c.	<input type="text" value=".00"/>
16d.	Income from Electing a Small Business Trust (ESBT) from Form 504, line 3.	16d.	<input type="text" value=".00"/>
16e.	Enter the non-Maryland ESBT income included on line 16d (attach schedule showing computation)	16e.	<input type="text" value=".00"/>
16f.	Net Maryland ESBT income. Subtract line 16e from 16d. If less than zero, enter zero.	▶ 16f.	<input type="text" value=".00"/>
17a.	Fiduciary's share of distributable income from Maryland source (from line 15 column (D)).	17a.	<input type="text" value=".00"/>
17b.	Fiduciary's share of non-distributable taxable net income from Maryland source (from line 15 column (E))	17b.	<input type="text" value=".00"/>
17c.	Add lines 16c, 16f, 17a and 17b	17c.	<input type="text" value=".00"/>
17d.	Maryland exemption (from Form 504, line 9)	17d.	<input type="text" value=".00"/>
17e.	Fiduciary's taxable net income from Maryland sources (Subtract line 17d from line 17c.)	▶ 17e.	<input type="text" value=".00"/>
18.	Enter taxable net income from Form 504, line 10.	▶ 18.	<input type="text" value=".00"/>
19.	Enter tax calculated for taxable net income from line 18 of this form using Fiduciary Tax Rate Schedule (12A). (See Instruction 12.)	19.	<input type="text" value=".00"/>
20.	Maryland Nonresident factor. Divide line 17e by line 18. If result is greater than 1.000000, enter 1.000000; if line 17e is less than 0, enter 0.000000	20.	<input type="text" value="1.000000"/>
21.	Maryland Tax. Multiply line 19 by line 20. Enter result here and on Form 504, line 11.	21.	<input type="text" value=".00"/>
22.	Special Nonresident Tax. Multiply line 17e by 2.25% (.0225). Enter result here and on Form 504, line 12.	22.	<input type="text" value=".00"/>

Final as of 12/09/2022

Use this checklist before submitting a Fiduciary Nonresident Return Form 504 & 504NR

- **Complete your federal Form 1041 first.** Maryland uses information from the federal return to determine the proper tax due. We also recommend that you begin your Maryland Form 504 before you start Form 504NR, as a number of line items come from Form 504.
- Enter the income items from lines 1 through 9 of federal Form 1041 on the respective lines 1-9 of Column A of Form 504NR.
- Enter the sum of your federal deductions from line 16 of Form 1041 onto line 10 of Form 504NR. Note: the federal deductions are grouped together on the Form 504NR.
- Check to ensure that line 17 of Form 1041, Adjusted Total Income or (Loss) corresponds with line 11 of Form 504NR, which is named, "Federal Adjusted Taxable Income." Both lines are the result of subtracting deductions from total income.
- Enter the amount of your federal distribution deduction from line 18 of Form 1041 onto line 12 of Form 504NR.
- Enter any estate tax deduction taken on line 19 of Form 1041 onto line 13 of Form 504NR.
- Enter any qualified business deduction taken on line 20 of Form 1041 onto line 14 of Form 504NR.
- Subtract lines 12, 13 and 14 from line 11 to yield the **federal taxable income before exemption**, Form 504NR, line 15.

On line 1 of Fiduciary Form 504, enter the federal taxable income from line 23 of Form 1041. On Form 504, line 2, enter the exemption amount. The sum of lines 1 and 2 of Form 504 **MUST** equal Form 504NR, line 15, Column A. If these figures do not match, find the error before continuing any further.

- Allocate the federal income into its four component parts. The federal income must equal the Maryland income plus the non-Maryland income. The Maryland income, as well as the non-Maryland income, is broken down into Distributable Income and Non-Distributable Income. **It is essential that the totals of Column B through Column E equal Column A;** otherwise, the taxpayer may receive an error notice or the Maryland Form 504 may be returned.

Non-distributable income is the income which cannot be distributed to the beneficiaries because of federal or state law, or because of the terms of the trust instrument or other legal documents. Distributable income is the income with no restrictions as to whether the income can pass on to the beneficiaries. When allocating income between Maryland and non-Maryland you must follow the federal guidelines as to whether income is recognized. For example, if a loss is limited at the federal level, the sum of the Maryland and non-Maryland income must reflect the loss limitation. **Do not leave Form 504NR, line 15 incomplete.**

You may allocate the federal income between Maryland and non-Maryland sources in any fair, consistent, and reasonable manner. Note that Maryland does not tax the interest and dividends of a nonresident, so this type of income should not be reflected in the Maryland columns. Any income which is being reflected as Maryland source income distributed to a beneficiary should appear on Maryland Schedules K-1(504) issued to the beneficiaries.

- After allocating the income, deductions and distributions among their respective columns, **compute the non-Maryland income factor** on Form 504NR, line 16. Use the information entered on Form 504NR, line 15. This factor is derived by taking the sum of the Distributable and Non-Distributable Non-Maryland income on Form 504NR, line 15 (Columns B and C) and dividing it by the federal income on line 15, Column A. If the result is 1 or greater, it means that **all of the income is from non-Maryland sources** and a factor of 1.000000 is entered. If the result is 0 or negative, it means that **none of the income is from a non-Maryland source** and a factor of

0.000000 is entered.

- Enter the amount from line 5 of Form 504 onto Form 504NR, line 16a. This represents the **fiduciary's share** of net modifications. The computation to arrive at this figure came from applying the percentage of the fiduciary's federal Distributable Net Income (DNI) to the total modifications on Form 504 Schedule A.
- Enter on line 16b of Form 504NR the portion of the modifications on Form 504NR, line 16a that is attributable from non-Maryland sources. This is determined in one of two ways: the standard method is to multiply Form 504NR, line 16a by the non-Maryland factor computed on line 16. The alternate method may be elected if the fiduciary believes that the non-Maryland factor will not accurately reflect the proper allocation of modifications.
- Subtract line 16b from 16a on Form 504NR and enter the difference on line 16c.
- Enter the amount of Electing Small Business Trust (ESBT) income from Form 504, line 3 onto Form 504NR, line 16d.
- Enter the amount of non-Maryland ESBT income on Form 504NR, line 16e. Use the alternate method when a trust is an ESBT as the Fiduciary return instructions indicate that entities may not apply the non-Maryland factor against ESBT income. Attach a schedule supporting the calculation of non-Maryland ESBT income.
- Subtract line 16e from 16d to yield the Net Maryland ESBT income on line 16f. If the amount is less than 0, enter 0.
- Enter the amount from Form 504NR, line 15, Column D onto Form 504NR, line 17a. This is the fiduciary's share of Distributable Maryland income.
- Enter the amount from Form 504NR, line 15, Column E onto Form 504NR, line 17b. This is the fiduciary's share of non-Distributable Maryland income.
- Combine the Maryland modifications with the two types of Maryland income by entering the sum of lines 16c, 16f, 17a, and 17b onto line 17c of Form 504NR.
- Enter the amount of the Maryland exemption from line 9, Form 504 onto Form 504NR, line 17d.
- Subtract line 17d of Form 504NR from line 17c and enter this amount on Form 504NR, line 17e. This is the **taxable net income from Maryland sources**.
- Enter on Form 504NR, line 18 the amount of taxable net income shown on Form 504, line 10.
- Use the fiduciary tax rate schedule from the Fiduciary return instructions to calculate the tax to be entered on Form 504NR, line 19 based on the income shown on Form 504NR, line 18.
- To calculate the Nonresident factor on line 20 of Form 504NR, divide line 17e by line 18 of Form 504NR. If the factor equals or exceeds 1, use 1.000000 as the factor. If it is equal to or less than 0, use 0.000000 as the factor.
- Calculate the State tax on Form 504NR, line 21 by multiplying the tax shown on Form 504NR, line 19 by the factor calculated on Form 504NR, line 20. Enter the result on Form 504NR, line 21 and on Form 504, line 11.
- Multiply the Maryland taxable net income on Form 504NR, line 17e by 2.25% (0.0225) to generate the Special Nonresident Tax. This figure is entered on Form 504NR, line 22 and on Form 504, line 12.
- This completes the Form 504NR. Continue the calculations on Form 504. Form 504NR is always submitted with Form 504 when a nonresident fiduciary return is filed or the Comptroller will calculate the tax at the higher resident rate.