

**MARYLAND  
FORM  
504NR**

**FIDUCIARY  
NONRESIDENT INCOME  
TAX CALCULATION**



15504N049

**2015**

OR FISCAL YEAR BEGINNING \_\_\_\_\_ 2015, ENDING \_\_\_\_\_

Print Using Blue or Black Ink Only

► **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 14 must always be equal to Column A on Line 14.**

		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 . . . . .	1.					
2. Dividend income . . . . .	2.					
3. Business income or (loss). . . . .	3.					
4. Capital gain or (loss) . . . . .	4.					
5. Rents, royalties, partnerships, etc	5.					
6. Farm income or (loss) . . . . .	6.					
7. Ordinary gain or (loss) . . . . .	7.					
8. Other income. Specify type _____ and amount _____	8.					
9. Federal total income . . . . . ►	9.					
10. Federal deductions. . . . .	10.					
11. Federal adjusted taxable income (Subtract line 10 from line 9.) . .	11.					
12. Income distribution deduction . .	12.					
13. Estate tax deduction . . . . .	13.					
14. Federal taxable income without federal exemptions (Subtract lines 12 and 13 from line 11.) . . . . .	14. ►					

**Reminder: The sum of Columns B through E on Line 14 must always be equal to Column A on Line 14.**

15. **Non-Maryland Income Factor.** Add 14(B) and 14(C), then divide by 14(A); if greater than 1, enter 1; if less than 0, enter 0. . . . . 15. \_\_\_\_\_



15504N149

NAME \_\_\_\_\_ FEIN \_\_\_\_\_

PART II - Calculation of Nonresident Maryland Income Tax

- 16a. Fiduciary's share of net Maryland modifications from Form 504, line 5
16b. Net Maryland modifications from non-Maryland sources
16c. Net Maryland modifications from Maryland sources
16d. Income from Electing a Small Business Trust (ESBT)
16e. Enter the non-Maryland ESBT income
16f. Net Maryland ESBT income
17a. Fiduciary's share of distributable income
17b. Fiduciary's share of non-distributable taxable net income
17c. Add lines 16c, 16f, 17a and 17b
17d. Maryland exemption
17e. Fiduciary's taxable net income
18. Enter taxable net income
19. Enter tax calculated for taxable net income
20. Maryland Nonresident factor
21. Maryland Tax
22. Special Nonresident Tax

Please 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.
- Subtract lines 12 and 13 from line 11 to yield the **federal taxable income before exemption**, Form 504NR, line 14.  
On line 1 of Fiduciary Form 504, enter the federal taxable income from line 22 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 14, 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 14 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 15. Use the information entered on Form 504NR, line 14. This factor is derived by taking the sum of the Distributable and Non-Distributable Non-Maryland income on Form 504NR, line 14 (Columns B and C) and dividing it by the federal income on line 14, 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 Maryland 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 Schedule A of Form 504.
- Enter on line 16b of Form 504NR the portion of the modifications on Form 504NR, line 16a that are 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 15. 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 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 Electing Small Business Trust (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 14, Column D onto Form 504NR, line 17a. This is the fiduciary's share of Distributable Maryland income.
- Enter the amount from Form 504NR, line 14, 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 of Maryland Fiduciary 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.
- Finally, multiply the Maryland taxable net income on Form 504NR, line 17e by 1.25% (0.0125) 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. Make sure that 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.