

TAX TALK

Published by the Section of Taxation of the Maryland State Bar Association, Inc.

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Volume XIII Number 3

Summer 2005

FROM THE CHAIR

By Elissa F. Borges, Esquire

As my term as Chair comes to an end, I find myself reflecting on my experience with the Section of Taxation. Fourteen years ago while still a law student, I was introduced to the Tax Section through participation in the State Tax Study Group. At that time I had no knowledge (or particular interest for that matter) in tax but my firm insisted that attendance was a “command performance” for all associates and law clerks. On the third Tuesday of every month, a small group of attorneys and invited guests gathered to discuss the latest developments regarding Maryland taxes. Representatives from the Comptroller’s office, SDAT, the Attorney General’s office and the Maryland Tax Court joined us for a meeting every year. It is through these meetings that I developed an interest (and a little knowledge, too) in state and local taxation. After all, how often do attorneys really get to ponder dormant commerce clause issues in the real world? This was exciting stuff for a law student/new attorney!

Over the next several years my practice went in several directions but I continued to develop my practice in the state and local tax arena. For some reason, in 1998, I was invited to join the Section Council for the Section of Taxation. Although I was hesitant about the time commitment, at the urging of my firm, I accepted. While on the Section Council, I served on many committees including the Technology Committee that oversees the Tax Section’s website and listserv and the Program Committee that planned the Shulbank Dinner, the Tax Networking Night and the Annual Meeting in Ocean City. Three years ago I

served as the Tax Section’s Secretary and Treasurer and this year I was honored to serve as Chair. The amount of time that the Tax Section demanded over the past seven years, and this year in particular, has been *far* greater than I ever expected. However, the rewards have been *far, far* greater than I ever imagined. First and foremost, I have had the opportunity to meet and work closely with truly exceptional people, most of whom I now call friends. In addition, the knowledge I have gained about tax law and the legal community has been invaluable both professionally and personally.

So what’s my point? I would *never* have become involved with the Tax Section if my arm had not been twisted. After all, it is hard to justify spending non-billable time away from our families and personal lives. Nevertheless, the time spent with the Tax Section has been well worth it. Therefore, for those of you who do not participate regularly in the Tax Section’s activities, I urge you to get involved on one of the committees. If that’s too much of a commitment, attend Tax Networking Night, the Shulbank Dinner, or one of the study groups. For those of you who already participate, I urge you to twist the arms of your junior colleagues and insist that the Tax Section become a command performance for them, too. I promise they will not regret it!

It has been an honor serving as Chair of the Section of Taxation and I appreciate the confidence you placed in me. I extend my best wishes for continued success to Andrea Gillespie as Chair, as well as to the entire Tax Section Council. Have a good summer!

SUMMARY OF MARYLAND 2005 STATE TAX LEGISLATION

By Evelyn W. Pasquier, Esquire
DLA Piper Rudnick Gray Cary US LLP

The 2005 session of the Maryland General Assembly was certainly active and interesting.

What has become an annual tug of war between the racing industry and opponents of slot machines raged once again, with the slots proposals going down once again.

There was a surprising battle over proposals to rename our airport in honor of Thurgood Marshall, culminating in the enactment of a law renaming the airport as the Baltimore-Washington International Thurgood Marshall Airport. (Presumably, moving Justice Marshall from the beginning of the airport's name as originally proposed to the end will bypass the need and expense to change all those navigation maps, luggage tags, and the like that are marked "BWI".)

There was considerable – and predictable – debate over gay and lesbian rights. SB 796, which would have provided for registered "life partnerships" of unmarried individuals giving them the rights to medical information and decision making enjoyed by married couples was passed by the General Assembly, but vetoed by the Governor on the ground that it would codify "a new relationship of life partner and could lead to the erosion of the sanctity of traditional marriage as already codified in Maryland law." (Governor's veto message of 5/20/05.) Similarly, and on essentially the same grounds, the Governor vetoed HB 1298, which would have exempted from recordation and transfer tax transfers of property between domestic partners and former domestic partners. (See Governor's veto message of 5/20/05.)

Then, of course, there was the "Wal Mart" bill (SB 790), which would have imposed an assessment on employers with 10,000 or more employees in Maryland who don't spend at least 8% of total wages on health insurance benefits. This bill passed the General Assembly by a healthy margin but was vetoed by Governor Ehrlich because of its "chilling anti-business message." (Governor's veto message of 5/19/05.) Many expect the General Assembly to override this veto in its 2006 session, but much can happen between now and then and we will just have to wait and see.

Finally, there was HB 391, which would have increased the minimum wage in Maryland by \$1.00, but was vetoed in part because of its adverse effect on small businesses.

By now, the reader is probably wondering if the title of this article is a misnomer. The problem is that, as exciting as the session was in many areas, it was pretty boring in the tax area. Over 170 different tax bills were introduced (not including identical cross-filed bills), and only 40 were passed and enacted into law. Few of the 40 were particularly interesting or surprising.

The Delaware Holding Company law that was enacted in 2004 without the Governor's signature was amended this year

by SB 341 to address the one specific problem mentioned in the Governor's comments in 2004 – namely, taxes imposed by foreign nations that have entered into comprehensive tax treaties with the United States may now be included with taxes imposed by other states in calculating an entity's aggregate effective tax rate for purposes of determining whether a multi-state entity qualifies for an exception to the addback provisions of Tax-General §10-306.1. The provision, however, applies only to tax years after 2004, so that this relief is not available retroactively to tax years beginning in 2004. Although the business community had hoped that these "loophole-closing" provisions might be amended even further this year to alter the treatment of interest expense, no such bill was even introduced, much less debated or passed.

As usual, the Budget Reconciliation and Financing Act

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TAX TALK

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Comments, contributions, and suggestions
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Please direct them to the Editor.

Items contained in *Tax Talk* reflect the
views of the individuals who prepared
them and do not necessarily represent
the position of the MSBA Tax Section.

LEGISLATION...

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(HB 147) was loaded at the last-minute with tax provisions, which include (1) decoupling from the Federal Jobs Creation Act of 2004 by requiring that federal deductions under IRC §199 for qualified production activities be added back to federal taxable income for the purpose of calculating Maryland income tax; (2) expanding the requirement that partnerships, LLCs, and S corporations withhold income tax from their distributions to nonresident individuals to include distributions to nonresident pass-through entities, but exempting dividends and other distributions paid by REITs from the withholding requirement, and defining a nonresident pass-through entity as one that is not formed under the laws of Maryland or registered or qualified to do business in the State; and (3) authorizing the Comptroller of Maryland to withhold refunds and vendor payments to taxpayers who owe taxes or have other open debts to the State or to a local subdivision.

Non-actions of note include the defeat of HB 1, the “controlling interest” bill, which would have imposed recordation and transfer tax on the sale of a controlling interest in an entity whose primary asset is real property. Once again the bill made its way through the House, where it passed easily, but, as be-

fore, it died in committee in the Senate. Also dead for the second straight year is HB 665, which would have applied recordation and transfer tax to an indemnity mortgage, deed of trust, or other security interest in real property securing a guarantee of a loan for which the guarantor is not primarily liable.

Finally, of course, as already mentioned above, there was the Governor’s veto of HB 1298, which would have given “domestic partners” the exemption from recordation and transfer tax currently enjoyed by married couples.

The chart that follows this article briefly summarizes all of the tax bills that passed the General Assembly and were either signed into law or vetoed on policy grounds, plus a few bills that did not make it through the legislature. The full text of each of these bills is available on the General Assembly’s website: <http://mlis.state.md.us>. For anyone who is interested, the text of the Governor’s veto messages can be found at the Governor’s website: <http://www.gov.state.md.us>.

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TAX SECTION ANNUAL MEETING IS A GREAT SUCCESS!

The Annual Meeting of the State Bar Association had a great turn-out at the Tax Section this year! There were approximately 35 people in the audience with 5 presenters: Caroline Ciralo, David DeJong, Chaya Kundra, Jessica Lubar and David Polashuk. We discussed various topics from Circular 230, the Bankruptcy Code, Craft, Choice of Entity and exposure related to the same, Innocent Spouse, Personal Liability, Tax Preparers and Compensation. The topics were presented in the form of eight (8) skits with full audience participation. Members of the audience consisted of tax and non-tax practitioners. Fruit and chocolate were served.

Chaya Kundra, Program Co-Chair

LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
BUDGET BILLS			
HB147	W&M	Budget Reconciliation and Financing Act of 2005 ("BRFA"). The following are among the tax provisions included in this bill: (1) an addition modification for federal deductions under IRC §199 for qualified production activities (originally HB1409); (2) a provision expanding the requirement that partnerships, LLCs, and S corporations withhold income tax from their distributions to nonresident individuals to include distributions to a nonresident pass-through entity (i.e., an entity not formed under the laws of Maryland or qualified or registered to do business in Maryland), and excluding dividends and other distributions from REITs from the withholding requirement; (3) a provision authorizing the Comptroller to withhold refunds and vendor payments to taxpayers who owe taxes or have other liabilities to the state or a local subdivision; (4) an exemption from the motor fuel tax for motor fuel bought by the Department of General Services for use by State agencies.	4/7 - Passed Enrolled <i>Signed 5/26; Chapter 444</i>
DEATH TAXES			
SB51	Jud. Proc.	Increasing maximum allowance for decedent's funeral expenses from \$5,000 to \$10,000. Amended by Senate to keep the \$5,000 cap for small estates administered under Title 5, subtitle 6.	4/4 - Returned Passed <i>Signed 4/26; Chapter 107</i>
<p>Attempts to undo the decoupling from federal law failed.</p>			
INCOME TAXES			
(a) Corporate Income Tax			
SB341	B&T	Amendment to the DHC "loophole" law to provide that taxes imposed by certain foreign nations be taken into account for purposes of exceptions to the addback provisions. Effective for tax years after 2004.	4/7 - Returned Passed <i>Signed 4/26; Chapter 142</i>
(b) Deductions (Subtraction Modifications)			
26 Bills were introduced, but none passed.			

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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
(c) Credits and Deductions			
SB217	B&T	Upping from \$3 million to \$6 million the maximum amount of credits DBED may approve in a calendar year for each component of the R&D tax credit, and, for credits approved for taxable years after 12/31/04; cutting the period for which the credit can be carried forward and applied against income tax from the 15th to the 7th taxable year after the taxable year in which the R&D expense was incurred. Applicable to all taxable years beginning after 12/31/99 and before 1/1/11.	4/7 - Returned Passed <i>Signed 4/26; Chapter 98</i>
HB664	W&M	Providing originally for credits for investments in biotechnology companies and venture capital firms subject to DBED approval. As amended and enacted, the credit applies only to investments in biotechnology companies	4/8 - Passed Enrolled <i>Signed 4/26; Chapter 99</i>
Of 36 Bills introduced, these were the only ones that passed.			
(d) New Checkoffs			
Of 13 Bills introduced to put new checkoffs on the Income Tax Return, none passed.			
(e) Tax Increase Bills (Individual Income Tax)			
4 Bills Introduced in House, but all died peacefully, were withdrawn, or were reported unfavorably by W&M.			
(f) Miscellaneous			
SB95	B&T	Requiring employer to base an employee's withholding on 1 exemption after notice from Comptroller that employee has failed to file a Maryland income tax return.	4/5 - Returned Passed <i>Signed 4/12; Chapter 7</i>
SB70	B&T	Requiring monthly filing by a person who is required to file withholding return for withholding \$15,000 or more in income tax for preceding year and has a payroll that causes the payroll's total accumulated tax withheld to equal or exceed \$700.	4/5 - Returned Passed <i>Signed 4/12; Chapter 5</i>
HB958	Ec. Matters	Changing certain requirements for filings with SDAT; requiring certificate of correction and specifying the manner in which it is to be executed and filed.	4/5 - Returned Passed <i>Signed 5/26; Chapter 586</i>

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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
PROPERTY TAX			
HB1015	W&M	Increasing from \$150,000 to \$175,000 the maximum assessed value of dwelling for purposes of homeowner's property tax credit. Effective for tax years after 6/20/05.	4/6 - Returned Passed <i>Signed 5/26; Chapter 588</i>
HB129	W&M	Clarifying rate used to value marshland.	4/2 - Returned Passed <i>Signed 4/12; Chapter 29</i>
HB130	W&M	Changing ownership requirements for property to be eligible for charitable or educational exemption to include an LLC.	4/2 - Returned Passed <i>Signed 4/12; Chapter 30</i>
HB220	W&M	Changing definition of national defense for certain exemptions to include homeland security and exempting certain federal or State-owned property used for national defense or military purposes.	4/2 - Returned Passed <i>Signed 4/12; Chapter 40</i>
SB67	B&T	Requiring assessors valuing comm'l property financed by affordable housing program to consider impact of rent restrictions, etc.; prohibiting assessors from considering federal income tax credits as income attributable to the property.	4/5 - Returned Passed <i>Signed 5/26; Chapter 457</i>
HB235	W&M	Essentially the same as SB67, but not cross-filed	Vetoed (Duplicative)
SB112	B&T	Exemption for property owned by Maryland State Game and Fish Protective Ass'n and used to educate public on hunting safety. Effective for years after 6/30/05.	4/7 - Returned Passed <i>Signed 4/26; Chapter 118</i>
SB199	B&T	Providing for State and local property tax credit for dwelling damaged or destroyed due to a natural disaster and subsequently repaired or reconstructed, provided, among other things, that the homeowner is otherwise eligible for the Homestead Property Tax Credit and had a legal interest in the dwelling when it was damaged or destroyed.	4/9 - Passed Enrolled <i>Signed 5/26; Chapter 616</i>

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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
HB343	W&M	Cross-filed with SB199.	4/8 - Passed Enrolled <i>Signed 5/26; Chapter 536</i>
HB481	W&M	Providing that a transfer of property is deemed to occur on the date an executed deed is recorded.	4/6 - Returned Passed <i>Signed 5/26; Chapter 555</i>
SB794	B&T	Changing definition of qualifying resident artist for purpose of tax benefits in an arts and entertainment district; expanding the types of buildings in the district for which a property tax credit may be granted.	4/7 - Passed Enrolled <i>Signed 4/26; Chapter 175</i>
SB562	W&M	Providing that, for a dwelling transferred to a disabled veteran or surviving spouse who is eligible for exemption, the exemption applies as of the date of settlement if applied for within 30 days.	4/2 - Returned Passed <i>Signed 5/26; Chapter 559</i>

RECORDATION AND TRANSFER TAX

HB1472	W&M	Exempting transfers to brother, sister, stepbrother, or step-sister of transferor.	4/5 - Passed Enrolled <i>Signed 5/26; Chapter 605</i>
HB1298	W&M	Exempting transfers of property between domestic partners and former domestic partners under certain circumstances.	4/8 - Returned Passed <i>Vetoed on Policy Grounds</i>

Note: Following are some important bills that did NOT pass:

HB1	W&M & Appropri.	Controlling Interest Bill	Passed House. Died in Senate B&T for the 3rd year in a row.
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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
HB665	W&M	Indemnity Mortgages: For purposes of recordation tax, secured debt re an indemnity mortgage, DOT, or other security interest in real property securing a guarantee of loan for which guarantor is not primarily liable is deemed incurred as a debt is incurred and recordation tax applies as if the guarantor were primarily liable.	Died in W&M for the 2nd straight year.
HB1530	Env. Matters	Agricultural Land Preservation Fund - incorporates the same controlling interest provisions as HB1.	Died in Env. Matters

SALES AND USE TAX and A&A TAX

(a) Tax-free Week

HB37	W&M	As introduced, this bill provided for a 5-day tax-free period in August 2005 in enterprise zones only for clothing and footwear priced under \$100. As enacted, there is no enterprise zone limitation, the exemption applies to clothing and footwear priced at \$100 or less, and the period has been postponed for one year, to 8/23/ 2006 through 8/27/ 2006 .	4/5 - Passed Enrolled <i>Signed 4/26; Chapter 191</i>
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(b) Exemptions

HB70	W&M	As introduced, this bill exempted university and college textbooks bought by full- and part-time students at institutions of higher education. As enacted, the law creates the "University Textbook Consortium" within the University of Maryland to enable constituent institutions to get a volume discount on the purchase of textbooks and other educational materials supplied to participating institutions. Participation in the consortium is voluntary.	4/2 - Returned Passed <i>Signed 5/10; Chapter 348</i>
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SB423	B&T	In sale of modular buildings, the tax rate to be applied to 60% of the taxable price for the sale.	4/9 - Returned Passed <i>Signed 5/10; Chapter 307</i>
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(c) Admissions & Amusement Tax

The only bill introduced died in committee.

MISCELLANEOUS

SB2	B&T	Authorizing municipal corporations to create special taxing districts for certain purposes and to impose ad valorem or special taxes.	4/7 - Passed Enrolled <i>Signed 5/26; Chapter 454</i>
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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
HB272	W&M	Similar to SB2, but not cross-filed.	<i>Vetoed (Duplicative)</i>
HB218	W&M	Changing time period for the Tax Court to hear and determine an appeal from PTAAAB to 60 days after appeal is entered. Amended to change 60 days to 120 days unless extended by the court at request of a party.	4/2 - Returned Passed <i>Signed 4/12; Chapter 39</i>
SB86	Jud. Proc.	Establishing that an individual attains a specified age on his or her birthday. Amended by House to provide that an individual born on 2/29 attains a specified age on 3/1 of any year that is not a leap year.	4/5 - Passed Enrolled <i>Signed 4/26; Chapter 116</i>
SB703	Finance	Changing unemployment insurance charging and taxing system; changing standard rate of contribution; increasing maximum weekly benefit amount, etc.	4/5 - Returned Passed <i>Signed 4/26; Chapter 169</i>

LOCAL TAXES**(a) Allegany County**

HB467	W&M	Authorizing county to grant credit against county and munic. corp. property tax on property owned by Allegany County Building Trades Education Foundation.	4/2 - Returned Passed <i>Signed 5/10; Chapter 378</i>
HB472	W&M	Providing that exemption from State and local property taxes does not apply to property owned by the Canal Place Preservation and Development Authority and that is used for a concession. Effective for tax years after 6/30/05.	4/9 - Returned Passed <i>Signed 5/26; Chapter 554</i>

(b) Baltimore City

SB314	B&T	Extending from 6/30/05 to 6/30/07 the ability to grant certain homeowners a credit against local property tax on newly constructed dwellings, and changing formula for determining the amount of the credit.	4/9 - Returned Passed <i>Signed 5/26; Chapter 474</i>
HB1513	W&M	Extending to 6/30/07 the termination of City's authority to grant credit against local property tax on certain newly constructed buildings.	<i>Vetoed (Duplicative)</i>

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LEGISLATION...

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2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
(c) Carroll County HB862	W&M	Authorizing credit against county property tax on real property owned by individuals at least 65 years old and of limited incomes. Effective for years after 6/30/05.	4/2 - Returned Passed <i>Signed 4/26; Chapter 246</i>
HB864	W&M	Authorizing a hotel rental tax up to 5% on hotels with more than 10 sleeping rooms.	4/2 - Returned Passed <i>Signed 5/26; Chapter 581</i>
(d) Dorchester County HB585	W&M	Exempting personal property of public utility from county and munic. corp. property tax; phasing exemption in over 10 years; repealing provision authorizing the County to grant a credit against the county tax on personal property.	4/6 - Returned Passed <i>Signed 5/10; Chapter 386</i>
(e) Harford County HB289	W&M	No A&A tax permitted on receipts derived from admissions and amusement charges for activities related to agricultural tourism or charges by roller skating rinks.	4/2 - Returned Passed <i>Signed 5/26; Chapter 531</i>
(f) Queen Anne's County HB569	W&M	Increasing auctioneer's fee to \$7.50 per property sold, as an expense of a tax sale.	4/2 - Returned Passed <i>Signed 5/10; Chapter 383 Emergency Bill</i>
(g) St. Mary's County HB121	W&M	Authorizing a credit on property owned by individuals at least 70 years old. Effective for tax years after 6/30/05	4/2 - Returned Passed <i>Signed 4/26; Chapter 195</i>
SB18	B&T	Authorizing County to grant credit against the county property tax on real property owned by individuals at least 70 years old.	Vetoed (Duplicative)

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LEGISLATION...

(continued from Page 10)

2005 MD Tax Bills That Were Enacted (or Vetoed)

Bill #	Comm.	Summary Description	Status
(h) Somerset County HB1100	W&M	Allowing auctioneers \$8 for each property sold at tax sale.	4/2 - Returned Passed <i>Signed 4/26; Chapter 258</i>
(i) Talbot County HB484	W&M	Changing auctioneer's fee allowed as an expense in tax sales of property.	4/2 - Returned Passed <i>Signed 5/10; Chapter 380 Emergency Bill</i>
(j) Washington County HB1272	W&M	Authorizing a building excise tax.	4/9 - Passed Enrolled <i>Signed 5/26; Chapter 598</i>
(k) Wicomico County HB1525	W&M	Raising from 5% to 6% the hotel rental tax rate for benefit of Wicomico County Youth and Civic Center.	4/8 - Returned Passed <i>Signed 5/26; Chapter 608</i>

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Evelyn, who has recently retired from active private practice, is author of the Maryland chapter of the *ABA Sales and Use Tax Desk Book* and of the Sales and Use Tax and Motor Carrier/Motor Fuel Tax chapters of the MICPEL book on *Maryland Taxes*.



The Nominations Committee of the Section of Taxation is pleased to announce the election of the following individuals to the stated offices for the 2005-2006 year. The elections took place at the Taxation Section's business meeting, held at 11:00 a.m. on June 16, 2005, at the Clarion Resort Fontainebleau Hotel during the MSBA Annual Meeting in Ocean City, Maryland.

CHAIR

Andrea B. Gillespie

CHAIR-ELECT

Bryan W. Young

SECRETARY/TREASURER

James W. Dawson, Jr.

In addition, the following members were elected to the Tax Section Council for the terms shown:

TERM ENDING 2007

Herman B. Rosenthal

TERM ENDING 2008

A. David Borinsky

Todd J. Bornstein

Fred Brown

Chaya Kundra

Brian L. Oliner

Congratulations to the new officers and members of the Tax Section Council!



MARYLAND INCOME TAX ALERT

June 2005

William Donald Schaefer
Comptroller of Maryland

Increase in the Withholding Rate for Sale of Property by a Nonresident

The Revenue Administration Division of the Comptroller of Maryland's office is providing this notice of a recent change in **Maryland's withholding requirements for sales or transfers of real property and associated personal property by Nonresidents** under Section 10-912(c)(1) of the Tax-General Article, Annotated Code of Maryland.

This change was made by the Maryland General Assembly during the 2005 Legislative Session (H.B. 147, Chapter 444, Acts of 2005) and is **effective on July 1, 2005**. It requires a new amount to be withheld from the Total Payment on a sale or transfer of real property and associated personal property in Maryland by a Nonresident Individual.

The new withholding amount is equal to the sum of the rate of the tax imposed under Md. Code Ann., Tax-Gen. § 10-106.1 (currently 1.25%) and the top marginal State income tax rate for individuals under Md. Code Ann., Tax-Gen. § 10-105(a) (currently 4.75%). This means that, when applicable, **6 percent of the Total Payment amount must be withheld.**

In summary, this change specifically applies to the following:

- A Nonresident Individual (individual is defined to include a natural person or fiduciary);
- Who does not qualify for a full exemption from withholding; and
- Who sells or transfers Maryland real property and associated personal property.

The tax withheld (6 percent of the Total Payment) must be paid to the clerk of the circuit court for the county in which the real property is located in order for the deed or other instrument of transfer to be recorded and must be accompanied by Copies A and B of Form MW506NRS.

The clerks of the circuit court will accept deeds for recordation with tax withheld at the rate of 4.75% until June 30, 2005. Beginning July 1, 2005, the clerks of the circuit court will only accept deeds for recordation if accompanied by tax withheld at the rate of 6%.

Please Note: This change alters the rate of tax that must be paid to the clerk of the circuit court. The payment of the applicable withholding amount is not a separate Maryland tax – it is simply a part of the “pay as you go” method of tax collection. However, this payment does not effect the requirement for the Nonresident Individual to timely file the appropriate Maryland income tax return for the year of the sale or transfer.

For additional information please contact taxhelp@comp.state.md.us, or call 410-260-7980 from Central Maryland or 1-800 MD TAXES (1-800-638-2937) from elsewhere.

For the hearing impaired: TTY users call via Maryland Relay at 711 in Maryland or 1800-735-2258 from anywhere. If you need a reasonable accommodation for a disability, or need the information in this Alert in an alternative format, contact the Comptroller's Office.

REPORT ON THE EMPLOYEE BENEFITS STUDY GROUP

The first half of the year has flown by for the Employee Benefits Study Group. Due to the ever-changing nature of employee benefits, we are never at a loss for topics. Our next meeting will be on July 12 at the Center Club, and there will be something for everyone - retirement plans and bankruptcy law, the Uniform Management of Public Employee Retirement Systems Act for state and local pension systems, and a return engagement for 409A nonqualified deferred compensation plans. Our September meeting will be devoted to the new, final 401(k) regulations, and anything else exciting that surfaces in the meantime. This is an excellent opportunity to join in a roundtable discussion with experienced employee benefits practitioners. And the 20 or so members who usually attend will attest that it is immensely more satisfying than wading through current developments over lunch at your desk!

Meetings are generally the second Tuesday of January, March, May, July, September, and November, subject

to room availability. To attend the meetings, you must be a member of the Employee Benefits Study Group. Dues for 2005 are \$75 for MSBA Tax Section members. We encourage members to bring a guest to the meetings. For more information, or if you would like to be added to our e-mail list, contact Katrina Kamantauskas-Holder at katrina.kamantauskas@holderlaw.com.

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*Save
the
Date!*

The 2005 Tax Professionals' Networking Night
will be held on Tuesday, November 15th
at The Candle Light Inn.

Details will be provided this Fall.

Photo: comstock.com

TAX CONTROVERSY STUDY GROUP

2004/2005 ANNUAL SUMMARY

In November 2004, the Tax Controversy Study Group held its first meeting at the offices of Rosenberg | Martin | Funk | Greenberg, LLP in Baltimore. More than 20 practitioners attended the breakfast meeting and provided suggestions on topics for future meetings.

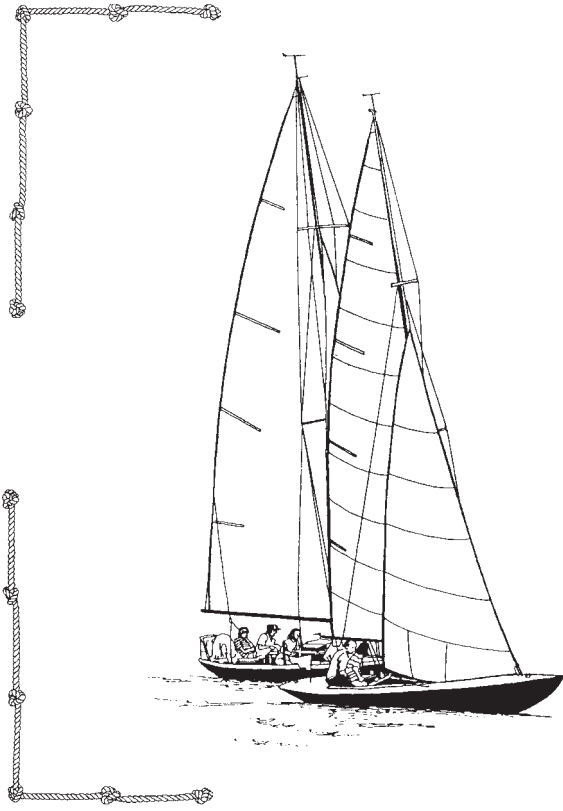
The first substantive meeting was held on March 30, 2005, and featured Burton J. ("BJ") Haynes, MBA, CPA, JD, speaking on Using Bankruptcy to Resolve Tax Problems. BJ gave an excellent presentation and facilitated a lively discussion about the issues practitioners face in the bankruptcy tax realm. His written materials are available on the Tax Controversy Study Group web page: http://www.msba.org/sec_comm/sections/taxation/study_groups/controversies.htm.

The second meeting was held on May 10, 2005, and featured David Borinsky, Esquire, Chair of the Tax Department of Gordon, Feinblatt, Rothman, Hoffberger, & Hollander, LLC, who spoke on the provisions and compliance obligations of Circular 230, the IRS guidelines for providing tax advice and practicing before the Internal Revenue Service. His written materials are also available on the Tax Controversy Study Group webpage.

The next meeting will be held at 10:00 a.m. on July 14, 2005, and will feature **Charles J. Cummiskey, CPA, CFE, of Smart and Associates, LLP, speaking** on the use of investigative accounting in tax controversy matters.

Meetings are held at Rosenberg | Martin | Funk | Greenberg, LLP, 25 South Charles Street, Suite 2115, Baltimore, Maryland 21201, and breakfast is provided. Notice of upcoming meetings and topics are circulated on the MSBA Tax Section listserv. If you are not a member of the listserv and would like to receive information regarding the meetings, you may email Caroline D. Ciruolo at cciraolo@rosenbergmartin.com or visit the study group web page. All those interested are welcome to attend. We look forward to seeing you there!

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The Tax Section
wishes all
of its members
a healthy,
fun-filled
and relaxing
summer!

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