

**MARYLAND  
FORM  
504UP**

**UNDERPAYMENT OF  
ESTIMATED INCOME  
TAX BY FIDUCIARIES  
ATTACH TO FORM 504.**



20504U099

**2020**

**IMPORTANT: REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM. IF YOUR INCOME IS TAXABLE BY ANOTHER STATE, SEE INSTRUCTIONS.**

Name of estate or trust

Federal Employer Identification Number

**EXCEPTIONS THAT AVOID THE UNDERPAYMENT PENALTY**

No interest is due and this form should not be filed if:

- A. The tax year ends less than 2 years after the decedent's date of death;
- B. The tax liability on gross income after deducting Maryland withholding is \$500 or less; or,
- C. Each current year payment, made quarterly as required, is equal to or more than one-fourth of 110% of last year's taxes.

**REQUIRED ANNUAL PAYMENT**

|     |  |     |                      |                      |
|-----|--|-----|----------------------|----------------------|
| 1.  | Total Maryland income (from line 8 of Form 504 or from line 17c of Form 504NR for nonresident fiduciaries required to use Part II of Form 504NR) . . . . . | 1.  | <input type="text"/> | <input type="text"/> |
| 2.  | 2020 Maryland and local tax (from line 21 of Form 504) . . . . .   | 2.  | <input type="text"/> | <input type="text"/> |
| 3.  | Credits (from lines 14, 15, 19, 29 and 30 of Form 504) . . . . .   | 3.  | <input type="text"/> | <input type="text"/> |
| 4.  | Total <b>tax</b> developed on tax preference items . . . . .   | 4.  | <input type="text"/> | <input type="text"/> |
| 5.  | Total (Add lines 3 and 4.) . . . . .   | 5.  | <input type="text"/> | <input type="text"/> |
| 6.  | Balance (Subtract line 5 from line 2.) . . . . .   | 6.  | <input type="text"/> | <input type="text"/> |
| 7.  | Multiply line 6 by 90% (.90) . . . . .   | 7.  | <input type="text"/> | <input type="text"/> |
| 8a. | 2019 tax (Enter amount from line 21 [reduced by any credits on lines 29 through 30] of 2019 Form 504) . . . . .  | 8a. | <input type="text"/> | <input type="text"/> |
| 8b. | Multiply line 8a by 110% (1.10) . . . . .  | 8b. | <input type="text"/> | <input type="text"/> |
| 9.  | Minimum withholding and/or estimated tax required (Enter the lesser of line 7 or 8b. If first-time filer, enter amount from line 7.) . . . . .             | 9.  | <input type="text"/> | <input type="text"/> |

**COMPUTATION OF UNDERPAYMENT**

| INSTALLMENT PERIODS  | DUE DATES OF INSTALLMENTS |                      |                       |                      |
|--|---------------------------|----------------------|-----------------------|----------------------|
|  | April 15, 2020            | June 15, 2020        | September 15, 2020    | January 15, 2021     |
|  | Jan. 1 to<br>Mar. 31      | Jan. 1 to<br>Jun. 30 | Jan. 1 to<br>Sept. 30 | Jan. 1 to<br>Dec. 31 |
| 10. Required payments. Enter the amount derived from line 9 or line 25, whichever is applicable. (See Instructions.) . . . . . | <input type="text"/>      | <input type="text"/> | <input type="text"/>  | <input type="text"/> |
| 11. Estimated tax paid and tax withheld per period (See instructions.) . . . . .   | <input type="text"/>      | <input type="text"/> | <input type="text"/>  | <input type="text"/> |
| 12. Underpayment per period (Subtract line 11 from line 10.) If less than zero, enter zero . . . . .                           | <input type="text"/>      | <input type="text"/> | <input type="text"/>  | <input type="text"/> |

**COMPUTATION OF INTEREST**

|   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
| 13. Interest factor . . . . .   | .0000                | .0178                | .0595                | .0000                |
| 14. Multiply underpayment on line 12 by the factor on line 13 for each period . . . . .   | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 15. Interest (Add amounts on line 14.) Place total on line 36 of Form 504 and include amount in your total payment with return. . . . . |                      |                      |                      | <input type="text"/> |

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20504U199

**2020**  
page 2

NAME  FEIN

**NOTE: COMPLETE LINES 16-32 OF ONE COLUMN BEFORE GOING TO THE NEXT COLUMN.**

|   | INCOME PERIODS                |                            |                               |                           |
|---|-------------------------------|----------------------------|-------------------------------|---------------------------|
|   | Jan. 1 to<br>Feb. 28          | Jan. 1 to<br>Apr. 30       | Jan. 1 to<br>July 31          | Jan. 1 to<br>Nov. 30      |
| 16. Taxable income without exemption for each period. . . . .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 17. Annualization factor. . . . .   | <b>6</b>                      | <b>3</b>                   | <b>1.71429</b>                | <b>1.09091</b>            |
| 18. Annualized income (Multiply line 16 by line 17.) . . . . .  | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 19. Exemption (Personal representatives enter \$600, all other<br>fiduciaries enter \$200). . . . .                       | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 20. Annualized taxable income (Subtract line 19 from line 18.).   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 21. Compute the tax on the amount from line 20 (See<br>instructions.) . . . . .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 22. Credits and tax developed on tax preference items (See<br>instructions.) . . . . .                                    | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 23. Total tax after credit. (Subtract line 22 from line 21.) If less<br>than zero, enter zero. . . . .                    | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 24. Applicable percentage . . . . .   | <b>22.5%</b><br><b>(.225)</b> | <b>45%</b><br><b>(.45)</b> | <b>67.5%</b><br><b>(.675)</b> | <b>90%</b><br><b>(.9)</b> |
| 25. Annualized tax (year to date amount) (Multiply line 23 by<br>line 24.) . . . . .                                      | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 26. Add the amounts from line 32 in all preceding columns. . . .  | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 27. Subtract line 26 from line 25. If less than zero, enter zero. .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 28. Enter 1/4 of line 9 from page 1 in each column . . . . .  | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 29. Enter the amount from line 31 of the preceding column . . .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 30. Add line 28 and line 29 and enter total . . . . .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 31. Subtract line 27 from line 30. If less than zero, enter zero. .   | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |
| 32. Enter the smaller of line 27 or line 30 here and the<br>cumulative amounts on line 10 of page 1. (See instructions.). | <input type="text"/>          | <input type="text"/>       | <input type="text"/>          | <input type="text"/>      |

**GENERAL INSTRUCTIONS**

Section 10-815 of the Tax-General Article of the Annotated Code of Maryland requires every individual, including a fiduciary, who receives taxable income which is not subject to Maryland withholding or from which not enough Maryland tax is withheld to file a declaration of estimated tax if the income can be expected to develop a tax of more than \$500 in excess of the Maryland withholding. Furthermore, Sections 13-602 and 13-702 stipulate that any individual required to file, who either 1. fails to file on the date or dates prescribed; 2. fails to pay the installment or installments when due; or, 3. estimates a tax less than 90% of the developed tax shown on the return for the current tax year and less than 110% of the tax that was developed for the prior year, shall be subject to interest and penalty.

**WHO MUST FILE**

If you believe you are liable for interest for one of the reasons outlined above, please complete and submit this form with your tax return.

If you meet one of the following exceptions, then you are not required to file this form:

1. The tax year ends less than two years after the decedent's date of death;
2. The tax liability on gross income after deducting Maryland withholding is \$500 or less; or
3. Each current year payment, made quarterly as required, is equal to or more than 1/4 of 110% of last year's tax.

If you want us to figure the interest for you, complete your return as usual. Do not file Form 504UP. You will be notified of any interest due.

**IMPORTANT:** If you complete Form 504UP and, because of the distribution of income, have no interest due, attach the form to your fiduciary return and write code number **301** on one of the lines marked Code Number at the bottom of Form 504.

If you use the annualization method to calculate interest for underpayment of estimated tax, attach Form 504UP to your fiduciary return and write code number **301** on one of the lines marked Code Number at the bottom of Form 504. **For the Revenue Administration Division to recognize your use of this calculation method, you must enter the code number and attach the form, even if there is no interest due.**

**SPECIFIC INSTRUCTIONS**

**Lines 1 through 9** are used to determine the minimum amount required to be paid by estimated or withholding tax to avoid interest.

**Lines 1 through 3**

Enter the amounts specified from your 2020 Form 504.

**Line 4**

Multiply the amount from line 5 of Form 502TP by the highest state rate used on your tax return. Add to this result the amount from line 5 of Form 502TP multiplied by your local (or special nonresident) tax rate.

**Line 8**

If your 2019 tax was corrected or amended, be sure to include any additional tax when calculating your total tax for the year.

**Lines 10 through 12** will determine which periods are underpaid and the amount of underpayment.

**Line 10**

If you are using the regular method of computing the underpayment of estimated income tax, then enter 1/4 of line 9 in column 1, 1/2 of line 9 in column 2, 3/4 of line 9 in column 3 and an amount equal to line 9 in column 4. If you are using the annualized income installment method, enter the amounts from line 32 in the respective columns.

**Line 11**

Enter in each column the sum of any estimated payments you have made and any Maryland tax withheld for the period covered by that column.

**NOTE:** Just as in line 10, each successive entry will include the amount from the prior columns. For example, if you paid \$500 in estimated payments each quarter, the first column will contain \$500, the second \$1,000, the third \$1,500 and the fourth \$2,000.

**Lines 13 through 15** determine the amount of interest due for each underpaid quarter.

**Line 13**

The factors represent the interest rate for the portion of the year between the due date of each quarter and the due date of the next quarter. Interest is computed at a rate of .0875% per month for due dates prior to January 1, 2021. Interest is computed at a rate of 0.08333% per month after December

31, 2020. See [www.marylandtaxes.gov](http://www.marylandtaxes.gov) for more information.

If your estimated tax payment was not timely, but was paid earlier than the due date of the next quarter, adjust the factor as follows:

**1st Period** - For payments due by April 15, 2020 that were not paid by April 15, 2020 but paid earlier than June 15, 2020, count the number of months from the due date of April 15, 2020 that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 10.5% annual rate. Apply this adjusted factor to the underpaid amount on line 12.

**2nd Period** - For payments due by June 15, 2020 that were not paid by June 15, 2020 but paid earlier than September 15, 2020, count the number of months from the due date of June 15, 2020 that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 10.5% annual rate. Apply this adjusted factor to the underpaid amount on line 12.

**Note:** The due dates for the first and second installment periods were extended to July 15, 2020 due to the catastrophic health emergency relate to COVID-19. Use the adjusted interest factors on Line 13 of Form 504UP.

**3rd Period** - For payments due by September 15, 2020 that were not paid by September 15, 2020 but paid earlier than December 15, 2020, count the number of months from the due date of September 15, 2020 that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 10.5% annual rate. Apply this adjusted factor to the underpaid amount on line 12. For payments made on or later than December 15, 2020, apply the interest factor of .0595 to the underpaid amount on line 12.

**4th Period** - For payments due by January 15, 2021 that were not paid by January 15, 2021 but paid earlier than April 15, 2021, count the number of months from the due date of January 15, 2021 that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 10% annual rate. Apply this adjusted factor to the underpaid amount on line 12.

**Line 14**

Using the factors on line 13 or the adjusted factor described above, determine the amount of interest due for each quarter and enter the amounts in the appropriate columns.

**Line 15**

Add all interest amounts from columns 1 through 4 on line 14. Enter the total interest on line 36 of your Form 504. Attach this form to your Form 504.

**ANNUALIZED INCOME INSTALLMENT METHOD**

If your income varied during the year, you may be able to lower or eliminate the amount of one or more required installments by using the annualized income installment method. If you use this method for any payment due date, you must use it for all payment due dates. This method automatically selects the smaller of the annualized income installment or the regular installment.

You must complete lines 16-32 of one column before starting the next column.

**Line 16**

Enter in each column the income received for the period of the year covered by the column.

**NOTE:** Each successive column will include the amount from the prior columns. See the example in the instructions for line 11.

**Line 19**

Personal representatives of a decedent's estate should enter \$600, all other fiduciaries enter \$200.

**Line 21**

Compute the state and local tax on the amount from line 20 using the tax rate schedules provided in the instructions for Form 504. Enter the total on line 21.

**Line 22**

Enter in the appropriate column the amount of any credits from lines 14, 15, 19, 29 and 30 of Form 504 and tax developed on tax preference items. (See instructions for line 4.)

**Line 32**

Enter the smaller of line 27 or line 30 in each respective column and the cumulative amounts on line 10 of page 1. This is the amount of the required payments for each period.

Follow the instructions for lines 11 through 15 to compute the amount of interest for the underpayment of estimated taxes, if any.