

FORM 502UP UNDERPAYMENT OF ESTIMATED MARYLAND INCOME TAX BY INDIVIDUALS



2012

12502U049

ATTACH THIS FORM TO FORM 502, 503 or 505 or 515.

IMPORTANT: PLEASE REVIEW THE INSTRUCTIONS BEFORE COMPLETING THIS FORM. Special instructions for line 2 may apply if your Federal adjusted gross income or taxable net income exceeds \$100,000.

FARMERS AND FISHERMEN SEE BACK OF FORM FOR COMPUTATION.

IF YOUR INCOME IS TAXABLE BY ANOTHER STATE, SEE BACK OF FORM.

Your first name and initial	Last name	Social Security number
Spouse's first name and initial	Last name	Social Security number

EXCEPTIONS WHICH AVOID THE UNDERPAYMENT INTEREST

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

- A. The tax liability on gross income after deducting Maryland withholding is \$500 or less, or
- B. You have made four quarterly payments as required, each equal to or more than one-fourth of 110% of last year's taxes.

COMPUTATION OF UNDERPAYMENT - LINES 1 THROUGH 15

1. Total Maryland income (from line 16 of Form 502, line 1 of Form 503 or line 8 of Form 505NR). **1** _____
2. 2012 Maryland and local tax (from line 34 of Form 502, line 12 of Form 503 or line 38 of Form 505). **2** _____
3. Refundable earned income credit (from line 41 of Form 502, line 18 of Form 503 or line 45 of Form 505). **3** _____
4. Refundable income tax credits (from line 42 of Form 502 or line 47 of Form 505). **4** _____
5. Total tax developed on tax preference items **5** _____
6. Total (Add lines 3, 4 and 5) **6** _____
7. Balance (Subtract line 6 from line 2). **7** _____
8. Multiply line 7 by 90% (.90) **8** _____
9. a. 2011 tax [Enter line 34 of 2011 Form 502, line 12 of 2011 Form 503 or line 38 (reduced by any credits on line 46) of 2011 Form 505] **9a** _____
 b. Multiply line 9a by 110% (1.10) **9b** _____
10. Minimum withholding and/or estimated tax required (Enter the lesser of line 8 or 9b). **10** _____

DUE DATES OF INSTALLMENTS

INSTALLMENT PERIODS

11. Divide total Maryland income on line 1 into earnings per period (See instructions) **11** _____
12. Divide earnings per period on line 11 by the amount on line 1 to determine the percent per period. **12** _____
13. Payments required. Multiply the amount on line 10 by the percent on line 12 for each period. **13** _____
14. Estimated tax paid and tax withheld per period (See instructions). **14** _____
15. Underpayment per period (line 13 less line 14) If less than zero, enter zero **15** _____

	April 15, 2012	June 15, 2012	Sept 15, 2012	Jan 15, 2013
	Jan 1 to Mar 31	Jan 1 to May 31	Jan 1 to Aug 31	Jan 1 to Dec 31
11				
12				
13				
14				
15				

COMPUTATION OF INTEREST

16. Interest factor (based on 13% annual rate) **16** _____
17. Multiply underpayment on line 15 by the factor on line 16 for each period **17** _____
18. Interest (Add amounts on line 17) Place total in appropriate box on line 48 of Form 502, line 22 of Form 503 or line 53 of Form 505 and include amount in your total payment with return **18** _____

	.0217	.0325	.0433	.0325
17				
18				

GENERAL INSTRUCTIONS

Section 10-815 of the Tax-General Article of the Annotated Code of Maryland requires every individual, or individuals filing jointly, 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 so 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 ninety (90) percent 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 penalty and interest.

WHO MUST FILE

If you believe that you are liable for interest for one of the reasons outlined above, or if you believe that you are not liable for interest due to an unequal distribution of income, please complete and submit this form with your tax return.

If you meet one of the exceptions shown on page 1, you are not required to file this form.

If you want us to figure the interest for you, complete your return as usual. Do not file Form 502UP. You will be notified of any interest due.

SPECIFIC INSTRUCTIONS

Lines 1 through 10 are used to determine the minimum amount required to be paid by estimated or withholding tax to avoid interest.

Line 1 Enter your Maryland adjusted gross income from line 16 of Form 502, line 1 of Form 503 or line 8 of Form 505NR. Alternatively, if you itemize deductions, you may elect to enter taxable net income from line 20 of Form 502 or net income from line 11 of Form 505NR.

Line 2 Special instructions for 2012:

If your filing status is Single or Married Filing Separately and your Federal adjusted gross income is greater than \$100,000, recalculate your taxable net income using the exemption amounts from 2011. Then recalculate your tax based upon 2011 rates. Enter result on line 2.

If your filing status is Married Filing Joint, Head of Household or Qualifying Widow(er) and your Federal adjusted gross income is greater than \$150,000, recalculate your taxable net income using the exemption amounts from 2011. Then recalculate your tax based upon 2011 rates. Enter result on line 2.

Also, enter **301 in one of the Code Number boxes on Form 502, 503, 505 or 515.**

To obtain exemption amounts and tax rates from 2011, visit our website at www.marylandtaxes.com

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

Line 9a If your 2011 tax was corrected or amended, be sure to include any additional tax when calculating your total tax for the year.

Lines 11 through 15 will determine which periods are underpaid and the amount of underpayment.

Line 11 Enter in each column the income received for the period of the year covered by that column. If your income was received evenly throughout the year, enter one-fourth of line 1 in column 1, one-half of line 1 in column 2, three-fourths of line 1 in column 3 and an amount equal to line 1 in column 4. You may elect to report your income based on the actual dates of receipt. If so, enter income received between January 1 and March 31 in the first column; enter income received between January 1 and May 31 in the second column; enter income received between January 1 and August 31 in the third column and 100% of your income in the fourth column. NOTE: Regardless of whether you use an even distribution or base your entries on the actual receipt dates, each successive column will include the amount from the prior columns. See the example in the instructions for line 14.

Line 14 Enter in each column the sum of any estimated payments you have made and any Maryland tax withheld from the beginning of the year to the due date at the top of that column. Include any nonresident tax paid by S corporations, partnerships or limited liability companies on your behalf. NOTE: Just as in line 11, 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. Overpayments in later quarters may not be used to offset underpayments in previous quarters.

Lines 16 through 18 determine the amount of interest due for each underpaid quarter.

Line 16 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. The rate is 1/12 of 13% for each month or part of a month from the due date. 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: count the number of months from the due date that the payment was late. Treat a partial month as one month. Divide that number by twelve and multiply it by the 13% annual rate. Apply this adjusted factor to the underpaid amount on line 15.

Line 17 Using the factors on line 16 or the adjusted factor described above, determine the amount of interest due for each quarter and enter the amounts in the appropriate columns.

Line 18 Add all interest amounts in columns 1 through 4 on line 17. Enter the total interest on the appropriate line of your tax return.

If the interest calculated on line 18 is zero because your income was not received evenly throughout the year, enter code number 301 in one of the boxes marked "code numbers" to the right of the telephone number area and attach this form to your return.

FARMERS AND FISHERMEN

If your gross income from farming or fishing is at least two-thirds of your total estimated gross income for the year, the 2012 declaration and full payment of the estimated tax is due on or before January 15, 2013. In lieu of filing the declaration, you may elect to file your full and complete annual return on or before April 15, 2013 and make full payment of the developed tax at that time.

If you fail to do either of the above, and the income not subject to withholding or from which not enough Maryland tax is withheld would be expected to develop a tax of more than \$500, then you are subject to interest. To compute the applicable interest charge, complete lines 1 through 10 of this form. Enter the amount from line 10 on line 13, column 4 and complete the rest of the form. Only column 4 will have entries.

To claim exemption from this interest charge or to use the special calculation, enter code number 300 in one of the boxes marked "code numbers" to the right of the telephone number area. Attach this form to your return if you used the special calculation.

INCOME TAXABLE BY ANOTHER STATE

If at least 90% of your taxable income is taxable by another state, and the underpayment is not greater than the local tax, no interest is due and you are not required to file this form.

To claim exemption from this interest charge, enter code number 302 in one of the boxes marked "code numbers" to the right of the telephone number area.