

INSTRUCTIONS FOR 2023 FORM 1, ANNUAL REPORT & BUSINESS PERSONAL PROPERTY RETURN



An Annual Report must be filed by all business entities formed, qualified or registered to do business in the State of Maryland, as of January 1st.

Maryland State Department of Assessments and Taxation, Business Services Division
Business Personal Property Division, 301 West Preston Street Room 801, Baltimore Maryland 21201 1052

WHO MUST FILE THE ANNUAL REPORT

The Annual Report is a required filing for all business entities, regardless of whether the business owns property, generates income or has conducted business activity in Maryland during the preceding year. This includes the following entity types, both Domestic and Foreign:

- Stock, Tax Exempt Non-Stock, Non-Stock, Religious, Close, Benefit and Professional Corporations,
- Limited Liability Companies & Benefit LLCs,
- Limited Liability Partnerships, Limited Partnerships & Limited Liability Limited Partnerships,
- Statutory (Business Trusts), Real Estate Investment Trusts

Failure to file the Annual Report may result in forfeiture of the entity's right to conduct business in the State of Maryland.

WHEN TO FILE

The deadline to file is April 15th. Should April 15th fall on a weekend, the due date is the Monday immediately following. Annual Reports that are postmarked by close of business (COB) on the Monday following will be considered timely. April 15, 2023 is a Saturday, so the due date is Monday, April 17, 2023.

You may request a 60 day extension of the filing deadline, at no cost, by visiting the Personal Property Extension site at <http://pprextensions.dat.maryland.gov/> Extension requests must be made on or before April 15th.

Increased use of this site is anticipated as the April 15th deadline approaches, so SDAT suggests you apply for an extension as soon as the site opens in December. Paper extensions are no longer accepted by the department.

HOW & WHERE TO FILE

The Department strongly encourages you to file online through the **Maryland Business Express** filing portal, located here: <https://egov.maryland.gov/BusinessExpress>. Annual Report filings submitted online are marked received and automatically posted to the filing business's Business Express page upon filing with the Department.

Annual Reports not filed online should be submitted by mail. Be sure to sign the hard copy Annual Report and include a check or money order for the full amount of any required filing fee. Send the completed package to:

Maryland Dept. of Assessments and Taxation - Annual Report
PO Box 17052
Baltimore, Maryland 21297-1052

If you do not wish to file online or mail your Annual Report to the address listed below, filings may be submitted in the SDAT drop box located in the lobby of the 301 Building of the Baltimore State Center complex. The address is 301 W. Preston Street, Baltimore, Maryland 21201.

All other correspondence, such as Amended Annual Reports, or certified/return receipts, should be sent to:
Maryland Dept. of Assessments and Taxation Business Services Unit
301 W. Preston Street, Room 808
Baltimore, Maryland 21201-2395



REMINDER: To ensure proper filing, include your SDAT Department ID on your report, where requested, and on all communications with SDAT. Annual Reports filed without a Department ID may not be accepted, causing delays and possible late fees.

INFORMATION and ASSISTANCE

General information:

Customer Service Contact Center 410-767-1330

Email: sdat.csc@maryland.gov

PERSONAL PROPERTY UNIT 410-767-1170

For valuation and assessment information

E-mail Address: SDAT.PersProp@Maryland.gov

Online Extensions: <http://pprextensions.dat.maryland.gov/>

Charter Information: 410-767-1330 Incorporations, Qualifications, Revivals & Dissolutions:

E-mail Address: SDAT.CharterHelp@Maryland.gov

Department Website: <https://dat.maryland.gov> Toll Free within Maryland: 1-888-246-5941

Maryland Relay Service (MRS): 1-800-735-2258 TT/VOICE (MRS for speech and hearing impairment)

FILING FEES

The filing fee for most business entities is \$300. The fee must accompany the Annual Report for the report to be accepted by SDAT. Failure to include the filing fee may result in SDAT not accepting the report, which may result in the business falling into a Not in Good Standing status and eventual forfeiture.

TYPE OF BUSINESS	ID# PREFIX	FILING FEE
Domestic Stock Corporation	D	\$300
Foreign Stock Corporation	F	\$300
Domestic Non-Stock Corporation	D	\$0
Foreign Non-Stock Corporation	F	\$0
Foreign Insurance Corporation	F	\$300
Foreign Interstate Corporation	F	\$0
Domestic Limited Liability Company	W	\$300
Foreign Limited Liability Company	Z	\$300
Domestic Limited Partnership	M	\$300
Foreign Limited Partnership	P	\$300
Domestic Limited Liability Partnership	A	\$300
Foreign Limited Liability Partnership	E	\$300
Domestic Statutory Trust	B	\$300
Foreign Statutory Trust	S	\$300
Real Estate Investment Trust	D	\$300
SDAT Certified Family Farm	A,D,M,W	\$100
Amended Returns	ALL	\$0

The filing fee must be paid regardless of whether the business owns property in Maryland, generates any income in Maryland or conducts any business in Maryland. Checks and money orders should be made payable to "SDAT" and include the SDAT Department ID to ensure credit to the proper account.



Corporations not authorized to issue capital stock are not required to pay a filing fee.

The filing fee for SDAT Certified Family Farms is \$100 beginning the year *following* its election to become a Family Farm.

LATE FILING PENALTIES

If the business files its Annual Report *after* the deadline, it may be subject to late filing penalties. The penalties cannot be prepaid and can only be calculated after the Personal Property Tax Return is filed. If the business is assessed any late filing penalties, it will be notified by mail after the assessment is complete. The following minimum and maximum initial (base) penalty amounts apply:

Days Late	Minimum	Maximum
01-15	\$30	\$500
16-30	\$40	\$500
31 or more	\$50	\$500

A business which files the **Form 1** after the April 17th due date (June 15th for those with approved extensions), will receive an initial penalty of 1/10 of one percent of the county assessment, or the base penalty, whichever is greater. Interest will accrue at the rate of 2% of the initial penalty amount for each thirty (30) day period, or part thereof, that the **Form 1** is late.

WHAT ADDRESS TO USE

For the purpose of the Annual Report and Personal Property Tax Return, provide the business' mailing address in **Section I** of the Form 1.

The business' mailing address may also be changed when submitting the Annual Report. Insert the new mailing address in the address fields in Section I and check the box to indicate that this is "a change of mailing address." A business' mailing address may be any US Post Office recognized address, including non-Maryland addresses, addresses in foreign countries and post office boxes.

PERIOD COVERED BY ANNUAL REPORT AND PERSONAL PROPERTY TAX RETURN

All reports cover the calendar year regardless of the business' fiscal year. All information required to be reported shall be as of January 1 of the filing year, also known as the date of finality, except for items which specifically ask for information from prior years.

COMPLETING THE ANNUAL REPORT

To start your Annual Report (**Form 1**), check the appropriate box for the business type at the top of the form and note the associated filing fee for your business type.

There is a new indicator box regarding the MarylandSaves retirement savings program. A business' enrollment in the MarylandSaves program or earning of an approved exemption status through MarylandSaves will result in the waiver of the current year's Annual Report filing fee. If you have qualified for a waiver of your 2023 Form 1 filing fee, please check the box to assist SDAT staff with the processing of your 2023 Annual Report. MarylandSaves has communicated a list of all businesses that have earned the fee waiver for the 2023 Annual Report and SDAT staff will use the answer on the Annual Report form to confirm with the MarylandSaves approval list that no fee is required.

Please note that the determination of all fee waivers originates with MarylandSaves and NOT the State Department of Assessments and Taxation. **The deadline to qualify through MarylandSaves for a waiver of your 2023 Annual Report filing fee was December 1, 2022.**

If you have any questions regarding the waiver approval process or successfully earning the fee waiver for 2024, please use the contact information for MarylandSaves found here: <https://www.marylandsaves.com>.

A fee waiver granted by MarylandSaves does not automatically rollover to the next filing year. If a business has successfully earned a fee waiver for 2023, please continue to check with MarylandSaves to determine next steps required for ensuring inclusion on the approved fee waiver list for 2024.

Please note that the waiver of the fee does not exempt an entity from completing the Form 1, receiving an assessment, or late filing penalty.

SECTION I

All business entities must complete this section. If any item does not apply, please respond with "N/A."

Provide the full, legal name of the business entity, including any tails or endings such as Inc. or LLC. (**Required**)

Provide the complete mailing address for the business. If this is a new or changed mailing address, check the box to the left.

*You cannot change the **Principal Office** or **Resident Agent** address using this method. Please consult website for instructions.*

Provide the SDAT Department ID. If you do not know your Department ID, you can look it up on Maryland Business Express: (<https://egov.maryland.gov/BusinessExpress/EntitySearch>.) The ID number is necessary to ensure proper credit to your account.

Provide the entity's FEIN (federal tax identification number obtained from the IRS).

Provide the business entity's Federal Principal Business Code (obtained from the IRS).

Provide the nature of business.

Provide the trading-as-name (DBA) that the business uses, if any.

Provide an email address to receive important reminders from SDAT.

SECTION II

Only complete this section if the business entity is a corporation (domestic or foreign). If the business entity is not a corporation, skip this section. Provide the names and mailing addresses of all corporate officers. All domestic corporations must have a President, Secretary and Treasurer. Attach additional pages if necessary.

Provide the names of all corporate directors. All Maryland corporations (except Close corporations) must have at least one director. Religious corporations should list the names of all Trustees here. Attach additional pages if necessary.

SECTION III – Completion Required Pursuant to MD Code, Tax Property Article § 11-101

In line with recent changes to Section 11-101 of the Tax-Property Article, certain entities must now complete a **Corporate Diversity Addendum** when filing an Annual Report. The Corporate Diversity Addendum contains questions that require the filing business to report certain diversity data specified by the Maryland Department of Commerce and the Office of Small, Minority, and Women Business Affairs.

When completing the 2023 SDAT Annual Report, based on statute, each business will be required to answer a few filtering questions in Section III to determine if the business must also complete the Corporate Diversity Addendum. Failure to answer the questions accurately or failure to meet certain criteria therein may prohibit the business from qualification for a state benefit, such as a tax incentive, state government contract, or grant, **worth more than \$1 million**. For more information, refer to [COMAR 24.01.07](#) and [2021's HB1210](#). Please be aware, the information you include in this section may be shared with other Maryland State agencies.

If the filing business is required to complete and submit a Corporate Diversity Addendum, the separate form may be found on the Department of Assessments and Taxation's forms page, located here: <https://dat.maryland.gov/Pages/sdatforms.aspx>.

A completed Corporate Diversity Addendum should be included with the submission of the Annual Report to SDAT. **Do not submit the Corporate Diversity Addendum separately from the Annual Report to which it is being attached.** The separate filing of the Annual Report and the Corporate Diversity Addendum may result in the delayed filing of your Annual Report.

For questions specific to other Maryland state agencies that issue state benefits that are subject to the review of answers provided within the Corporate Diversity Addendum, please utilize the following contact information:

- Office of Small, Minority & Women Business Affairs: info.gomdsmallbiz@maryland.gov
- Maryland Department of Commerce: taxincentives.commerce@maryland.gov
- Maryland Department of General Services: central.procurement@maryland.gov
- Office of the Comptroller of Maryland: taxhelp@marylandtaxes.gov

Due to the passage of Chapter 513 during the 2019 General Assembly Session a new request for data has been included on the 2020 Form 1. The Total number of Directors, Total number of Female Directors only applies to tax exempt, domestic non-stock corporations with an operating budget exceeding \$5,000,000; or domestic stock corporations with total sales exceeding \$5,000,000. If one of the former applies to the corporation, this questions must be completed unless at least 75% of the corporation's shareholders are family members. This question is required by law, Tax-Property Article §11-101corporation, skip this section and proceed to **Section IV**.

Section IV - All business entities must complete this section. Pursuant to MD Code, Tax Property Article § 7-245 If the answer to all question A is “Yes,” the Business Personal Property Return portion of the Form 1 must be completed and filed with this Annual Report.

If the business entity owns, leases or uses any property other than real estate, intellectual property or vehicles registered with the MVA, and that property is located in the State of Maryland. The term “Personal Property” specifically includes property owned by the business, leased by the business or used by business, even if that property is owned by another business or individual. “Personal property” includes computers, phones, cell phones, furniture, draperies, inventory, equipment, tools, machines, books, artwork, supplies and fixtures.

Only check “No” if the company **does not** use, lease from others, or own any property that is located in the State of Maryland. If you answered **yes, and the entity leases personal property from others, the Business Personal Property Tax Return will have to be completed.**

If you answered “No”, the business is not required to file a Business Personal Property Tax Return pursuant to MD Code, Tax Property Article §7-245.

Answer question B if all property was disposed of, sold or transferred prior to January 1, 2023

If the answer to question B is “Yes,” please complete form SD-1. Do not complete the Business Personal Property Return.

If the personal property your entity **owns** is exempt (religious groups, charitable or educational organizations), you will not have to complete the Business Personal Property Tax Return Portion. You may wish to complete the **Form SD1. Note: The Business Personal Property Tax Return will have to be completed if the entity leases personal property from others.**

SECTION V

This is the signature part of the form and all business entities must complete this section.

If you are mailing the form, original signatures are required. Photocopies, confirmed signatures, faxes, scans or any type of signature other than an original, ink signature are not acceptable. This form is signed under oath and subject to the penalties of perjury.

Please review it carefully for accuracy before you sign and submit it!

This item must be completed by all business entities.

If this item is left blank, the Annual Report will be considered incomplete and **will not be** accepted. Print the name of the person signing on behalf of the business. The date should be the date the form is signed. Include a phone number and email address so that we can contact you to resolve any potential discrepancies or errors quickly.

Only complete the next signature line if you are preparing the return for or on behalf of the business entity, and are not a constituent of the business. This item generally applies to accountants, tax preparers and attorneys.

ABOUT THE BUSINESS PERSONAL PROPERTY TAX RETURN

WHAT MUST BE REPORTED

Generally, all tangible personal property owned, leased, consigned or used by the business, and located within the State of Maryland on January 1 must be reported. Property not in use must still be reported. All fully depreciated and expensed personal property must also be reported.

Personal property includes, but is not limited to, office and plant furniture, machinery, equipment, tools, furnishings, trade fixtures, inventory, and all other property not considered part of the real estate.

Personal property in this State (other than operating property of Railroads and public Utilities) falls into two subclasses:

I. Stock in business or inventory is goods held by a taxpayer for sale, and goods placed on consignment to another for sale, in the expectation of a quick turnover. Stock in business does not include goods manufactured by the taxpayer but held by the taxpayer for purposes other than sale, or goods manufactured by the taxpayer but placed in possession and control of another as in the case of leased property.

Stock in business is assessed at cost or market value, whichever is lower. LIFO method of valuation is prohibited.

II. All other personal property includes all personal property, other than inventory, and is reported at full cash value.

Taxpayers shall report such property which has been acquired by purchase at cost in the year of acquisition.

Taxpayers shall report such property which has been acquired other than by purchase (including property manufactured by the taxpayer) at fair market value. To assess "all other personal property" the Department generally applies a 10% rate of depreciation per annum to the reported property. Exceptions to the 10% rate can be found on the Depreciation Rate Chart on page six (6).

Normally, property will not be depreciated below 25% of the original cost.

Estimated assessments may be issued when questions remain unanswered or the answers are incomplete or evasive. **Real property is not to be reported on the return.**

REPORTING ORIGINAL COST OF PERSONAL PROPERTY

Round amounts to the nearest whole dollar. Fifty cents and above should be rounded to the next highest dollar.

COMPLETING THE BUSINESS PERSONAL PROPERTY TAX RETURN

SECTION V – ALL BUSINESS ENTITIES COMPLETE

At the top of the Business Personal Property Tax Return, copy the complete legal name of the business and the **Department ID** from the first page in the spaces provided.

This is required to ensure that the correct account is credited.

Questions A through G must be completed by any business entity that responded "Yes" to question B in **Section IV**. Provide the correct mailing address. Be sure it is the same address you provided on the Form 1, Annual Report. Provide a current email address so that you can receive important assessment updates from the Department.

Indicate whether or not business is conducted in Maryland. Provide the date business began in Maryland.

Provide a short description of the activity of the business (i.e., "restaurant" or "construction," etc.)

If the business operates on a fiscal year provide the start and end date. If it operates on a calendar year, you may leave this item blank.

Provide the total gross sales generated from business transacted in the State of Maryland for the calendar year preceding the date of finality.

If the business does not own, lease, or use any tangible personal property in Maryland, but has generated any amount of gross sales, please provide an explanation of how the business operates in Maryland without any tangible personal property. If the business is using the personal property of another business entity, provide the name, Department ID, and address of that business.

Use the **REMARKS** section to provide any additional applicable information.

SECTION VI

SPECIAL INSTRUCTIONS FOR ITEMS 1-10

Location Information

Exact Location

Since local tax rates and exemptions differ in each county and in each incorporated town, the physical location of the tangible business personal property within Maryland as of January 1st must be clearly indicated by the business.

Post Office Box numbers are not acceptable. If property is located in an incorporated town, supply the name of the town. An incorporated town has its own government and defined municipal boundaries. Please see the attached current list of counties and incorporated towns within each county. Inventory is deemed permanently located where the business is conducted. Although some jurisdictions may exempt inventory from an assessment, entities that require a Trader's License should report commercial inventory in Question 2.

Multiple Physical Locations

If property is located in two or more locations, please supply a breakdown per location by completing copies of the **Additional Locations Worksheet**. The additional locations worksheet can be found on our website

<https://dat.maryland.gov/Pages/sdatforms.aspx>

For ease in reporting, entities may upload additional schedules up to 50MB when filing through Maryland Business Express. *All uploaded files must be in PDF format when filing through Maryland Business Express.*

For businesses that currently provide excel worksheets and would prefer to continue, please email your supporting data to sdat.persprop@maryland.gov

Always include the complete name of the entity and the Department ID number.

- Furniture, Fixtures, Tools, Machinery and Equipment not used for Manufacturing or Research and Development This property shall be reported at original cost by year of acquisition without depreciation, investment credit, or trade-in of previously owned property. Include all fully depreciated and property expensed under IRS rules.

This includes, but is not limited to, office furniture, fixtures and equipment, factory equipment and machinery, shelves, signs, counters, etc. All property is to be reported under Category A unless specifically listed in another category.

Property reported in columns B through G requires a detailed description (e.g., Column C- Copiers, Fax, etc.). Failure to provide the required detail will result in the reported property being assessed at 10% rate of depreciation.

Refer to the Depreciation Rate List below to determine where property owned by the business should be reported (See, **Example**, below.)

This property shall be reported at original cost by year of acquisition without deduction of depreciation, investment credit, or trade-in of previously owned property. Include all fully depreciated personal and property expensed under IRS rules.

Example:

ORIGINAL COST BY YEAR OF ACQUISITION								
	SPECIAL DEPRECIATION RATES B-G (See chart)							TOTAL COST
	A	B	C	D	E	F	G	
2022								
2021	1150				1280			13,950
2020	3104				8400			11,504
2019	1500			526				6,761
2018								
2017			250					2,500
2016	9127		500					9,627
2015 & prior								
Totals	1488		300	526	2120			44,142

Describe property identified in B - G above: Category D-2011 Personal Computer; Category E-2012,2013 RentalDVDs, Video Tapes, 2008 Vending Machine; Category C - 2009 Copier \$2,000, Fax \$500



2. Commercial Inventory

Commercial Inventory is merchandise and stock in trade available for sale. This includes manufactured products sold at retail by the manufacturer. An average of twelve (12) monthly inventories should be reported. Book inventories may be used for months when physical inventories were not taken. Values are to be reported at cost or market value. LIFO method of valuation is prohibited.

Business entities that need a Trader's License (retail sales) or should report commercial inventory!

"If you are unsure of whether this applies to you, please contact your county's Clerk of the Court at <https://www.courts.state.md.us/pja/clerks>. Maryland Annotated Code, Business Regulation Article §17-1808 allows counties and municipalities to adopt a Uniform Trader's License Fee."

3. Supplies

Supplies are consumable items not held for sale (e.g., contractor's supplies, office supplies, etc.). Report the average cost.

4. Manufacturing/Research and Development (R&D) Supplies

Manufacturing/Research and Development (R&D) Inventory is raw materials, supplies, goods in process and finished products used in and resulting from manufacturing/R&D by the business. Include manufactured products sold at retail by the manufacturer in item 2 Commercial Inventory. An average of twelve (12) monthly inventories should be reported. Book inventories may be used for months when physical inventories were not taken. Values are to be reported at cost or market value.

5. Tools, Machinery and Equipment used for Manufacturing or Research and Development (R&D)

Exemption Application Requirements: If the exemption is claimed for the first time, an **Exemption Application for Manufacturing and Research & Development** must be submitted within 6 months after the date of the first assessment notice for the taxable year that includes the manufacturing personal property, or September 1 of the affected assessment year, before the exemption can be granted.

For more information as well as the application form, visit the Department's website at <https://dat.maryland.gov>. Proceed to the Businesses section, Business Personal Property and then Quick References. **Reporting property on this line item is not a substitute for a manufacturing application nor an assumption of approved exemption.**

6. Vehicles

Itemize motor vehicles with Interchangeable Registrations and vehicles that are unregistered (unlicensed). Vehicles registered in Maryland and classified A-P are exempt and should not be reported on the Personal Property Tax return. Vehicles registered outside Maryland may also be exempt. Exempt vehicles include those registered in another taxing jurisdiction and of a classification (A-P) described in Title 13, Subtitle 9, Part II of the Maryland Transportation Article.

Interchangeable Registrations include: dealer plates (Class 1A, 1B, 1C); recycler plates (Class 2); finance company plates (Class 3); special mobile equipment plates (Class 4); and transporter plates (Class 5).

This property shall be reported at original cost in the year of acquisition without deduction or depreciation, investment credit, or trade-in of previously owned property. Include all fully depreciated personal property and property expensed under IRS rules.

Motor vehicles with Interchangeable Registrations and unregistered/unlicensed vehicles are not exempt and will be assessed as Category C property at 20% depreciation per annum (subject to a minimum assessment of 10% of the original cost).

7. Non-farming Livestock

Report book value and market value.

8. Other Tangible Personal Property

Include other tangible personal property not reported elsewhere on this return. Report total cost on the return and supply a separate schedule including a description, the original acquisition cost, and the date of acquisition of the property. Please see additional instruction under **Other Personal Property Assessment Exemptions.**

Qualified Data Centers as described in 2020 SB 397 and Tax General Art. § 11-239 of the Annotated Code of Maryland, should report their personal property under All other personal property and attach a detailed schedule

9. Property Owned by Others and Used or Held by the Business

All property that is not owned by the business but is held by the business as lessee, on consignment, or otherwise must be reported.

File separate schedule showing names and addresses of owners, lease number, description of property, installation date and cost of each leased asset.

10. Property Owned by the Business and Used or Held by Others

All property that is owned by the business but is held by others as consignee, lessee or otherwise must be reported. All leased property must be reported, including manufacturing equipment, and property leased to tax exempt organizations.

Manufacturer lessors shall report property which has been acquired other than by purchase at the retail selling price in the year the property was manufactured (including property manufactured by a business for its own use).

Manufacturing lessors may not report this property using the cost of manufacture.

A separate schedule showing the names and addresses of lessees, lease numbers, description of property, installation date and original cost by year of acquisition for each location must be supplied. Provide the physical street address of lessees. Post Office Box numbers are not acceptable.

Excel schedules of leasing data may be submitted. Verify that the entity name and ID number are prominent on the schedule.

Schedules may be filed electronically and submitted to sdat.persprop@maryland.gov

Please note that a Form 1, Annual Report/Business Personal Property Tax Return are still required.

Submission of an excel or other spreadsheet does not constitute receipt of the required Form 1.

SECTION VII

All Businesses must complete A-C

A. If this is the entity's first Maryland business personal property return, state whether or not it succeeds an established business and provide the name of the business.

B. Although it may be common practice not to report fully depreciated and/or expensed property on the Federal Income Tax Return, it should be reported on the Business Personal Property Return and is subject to assessment. If the business owns any fully depreciated and/or expensed personal property, and it is **not** reported in **Section VI**, please complete **Form SD1**. It may be necessary to include a schedule that contains detailed description of the personal property, the original cost, and the year of acquisition.

C. If the business has disposed of or transferred assets in to or out of Maryland during the prior year, please complete **Form SD1** and provide the cost of the disposed/transferred property, the manner of disposal, and to whom the property was transferred. Please provide sales agreements, settlement sheets or other supporting documentation.

DEPRECIATION RATE CHART FOR PERSONAL PROPERTY

STANDARD DEPRECIATION RATE

Category A: 10% per annum*

All property not specifically listed below.

SPECIAL DEPRECIATION RATES

(The rates below apply only to the items specifically listed. Use Category A for other assets.)

Category B: 20% per annum*

Mainframe computers originally costing \$500,000 or more.

Category C: 20% per annum*

Unlicensed vehicles, Bowling alley equipment, brain scanners, carwash equipment, contractor's heavy equipment (tractors, bulldozers), fax machines, hotel, motel, hospital and nursing home furniture and fixtures (room and lobby), MRI equipment, mobile telephones, model home furnishings, music boxes, outdoor Christmas decorations, outdoor theatre equipment, photocopy equipment, radio and T.V. transmitting equipment, rental pagers, rental soda fountain equipment, self-service laundry equipment, stevedore equipment, theatre seats, trucks (unlicensed), vending machines, x-ray equipment

Category D: 30% per annum**

Data processing equipment and other computer based equipment, canned software.

Category E: 33 11/3% per annum*

Blinds, carpets, drapes, shades. The following applies to equipment rental companies only: rental stereo and radio equipment, rental televisions, rental video cassette recorders and rental DVDs and video tapes.

Category F: 50% per annum*

Pinball machines, rental tuxedos, rental uniforms, video games.

Category G: 5% per annum***

Boats, ships, vessels, (over 100 feet). Long-lived assets

Property determined by the Department to have an expected life in excess of 10 years at the time of acquisition shall be depreciated at an annual rate as determined by the Department.

* Subject to a minimum assessment of 10% of the original cost.

** Subject to a minimum assessment of 5% of the original cost.

***Subject to a minimum assessment of 25% of the original cost

ADDITIONAL INFORMATION

TRANSFER OF PROPERTY

If a business transfers, sells, or disposes of all personal property on or after January 1, but before July 1, the Department must be notified in writing on or before October 1

1. The notification must contain an itemized description of the property involved, the date and manner of transfer, the name(s) and address of the new owner(s) of the property, the consideration received, and a copy of the sales agreement (if available). Upon proper notification and compliance with MD Code, Tax Property Article § 10- 402, the assessment shall be transferred to the new owner(s). See **Form 21 as you may be required to complete and submit it to the Department.**

OUT OF BUSINESS

If a business discontinues operations or goes out of business prior to January 1, and has not filed Articles of Dissolution (Domestic Corporations), an Application for Termination (Foreign Corporations), a Certificate of Cancellation (LLC) or a Withdrawal Notice (LLP, LP) with the Department's Charter Division, a return or letter of explanation detailing the date the business ceased operations and what happened to the property must be filed.

Failure to provide this information may result in an estimated assessment being made against the business and the business not having good standing status.

Businesses that have not filed Articles of Dissolution, an Application for Termination, a Certificate of Cancellation or a Withdrawal Notice are legally active until they do so, or until their charters are forfeited (Domestic Corporations), or their authority to do business is forfeited (Foreign Corporations, LLCs, LLPs, LPs, statutory trusts (formerly business trusts), and REITs). See website **Charter Business Services** for frequently asked questions.

Please note that there are jurisdictions that will issue estimated business personal property tax bills if there is no indication that a business closed properly. The bills are not based on any assessment action taken by SDAT.

AUDIT OF RETURN

All personal property assessments, and any information, and figures reported on the personal property return, accompanying schedules and related documents may be subject to audit. As a result of such audits, the Department may issue corrected assessments.

AMENDED TAX RETURNS

Amended Business Personal Property Tax Returns can be filed to correct reporting errors or claim a missed exemption (except for missed manufacturing exemptions) within 3 years of the April 15th date that the return was originally due. Amended returns must be accompanied by information explaining why the personal property tax return is being amended and reconciling the differences with the original tax return. Please write **AMENDED** across the top of page 1 and in the **REMARKS** section, along with a brief explanation for the amended personal property tax return. You may also wish to provide additional detail for an amended return by making use of the Form SD1 and providing additional information from other tax forms filed with the Comptroller of Maryland or the IRS. Again, please **verify that your entity name and Department ID number figure prominently.** Do not send \$300 filing fee with an amended tax return. Amended tax returns should be mailed to:

**Maryland Dept. of Assessments and Taxation Personal Property Division
301 W. Preston Street Baltimore, Maryland 21201-2395**

EXEMPTIONS

Personal Property Tax Exemptions provided by statute shall be strictly construed. Before an exemption can be obtained, the taxpayer must show affirmatively that the exemption is clearly allowed.

Businesses may file amended returns to correct reporting errors or claim missed exemptions (except for missed manufacturing exemptions) within three years of the April 15th date that the return was originally due. The following are examples of two of the more common personal property tax exemptions.

Manufacturing and Research and Development, Tax Property Article § 7-225, basis for the exemption is the operation.

For manufacturing exemption requests, an application must be submitted on or before September 1 of the assessment year in order to qualify for the current tax year. Please see <https://dat.maryland.gov> for the Manufacturing and R&D Exemption Application. Section 7-104 of the Tax-Property Article of the Annotated Code of Maryland has been revised to include subsection (d) that allows the owner of manufacturing personal property to file an application within 6 months after the date of the first assessment notice for a taxable year that includes the manufacturing personal property. If the application is approved, the exemption shall be granted for the taxable year. This exception to the September 1 deadline is applicable to taxable years beginning after June 30, 2009. No manufacturing exemption can be granted unless a timely application is filed.

Once the exemption is granted to an entity, no additional manufacturing applications are required in subsequent years. Manufacturing assets acquired after the exemption is granted will need to be described as well as the role the assets play in the manufacturing process. If this information is not provided, the assets will likely be subject to assessment.

It will be necessary to provide the letter from the Department granting your entity the **Manufacturing/R&D Exemption**, to any companies that lease manufacturing equipment to your entity so that the leased equipment can qualify for the exemption. The law specifically includes the following activities as part of the manufacturing process: (1) the identification, design or genetic engineering of biological materials for research or manufacture; and (2) the design, development or creation of computer software for sale, lease or license.

Other personal property assessment exemptions: All personal property **owned** by certain organizations, including religious groups, government, non-profit hospitals, cemetery and mausoleum companies, and certain other organizations, or groups which meet certain "strict use" criteria is exempt. These are referred to as exempt organizations and are fully exempt throughout Maryland from any assessment and taxation. In section V, F or in Remarks, please give a brief explanation or reason for the exemption.

Charitable or Educational Purposes, Tax-Property Article § 7-202, exemption from assessment is based on the property owned by the charitable or educational institution.

Non-stock educational or charitable exemptions are also obtained by filing an application. An organization must submit written information detailing its operation in the form of the Department's Charitable Application. If the organization is required to file an **IRS Form 990**, it should be included with the application. Also, submit a copy of the 501(c)(3) certification from the IRS. Please note that because the laws differ, organizations granted exempt status by the Internal Revenue Service are not necessarily exempt from personal property taxation in Maryland. The exemption applies to the assessment.

Entities that are granted an exemption under Tax Property Article 7-202, are still required to file the Form 1.

Exemption applications may be emailed to sdatt.ppaudit@maryland.gov

In addition, State law requires that certain types of personal property be fully exempt from assessment and taxation throughout Maryland. These include aircraft, farming implements, residential (non-business) property, most registered vehicles, boats not more than 100 feet in length, customized computer software, intangible personal property (e.g., stocks, bonds, patents, goodwill, trademarks, etc.).

Full or partial exemptions may apply depending on the location of the property for: manufacturing/R&D machinery and equipment, manufacturing/R&D inventory and commercial inventory. Visit the Department's website for a complete listing of these exemptions.

Tax Property Article § 7-245

A person's (**any business entity's**) personal property is not subject to valuation or to property tax if **ALL** of the person's personal property **statewide** has a total original cost less than \$20000. This exemption shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.

NOTES:

Mail the completed return to:

**Maryland Department of Assessments and Taxation Business Personal Property
PO Box 17052
Baltimore, Maryland 21297-1052**

All other correspondence, including Amended Returns, should be sent to:
Maryland Dept. of Assessments and Taxation Business Personal Property
301 W. Preston Street Baltimore, Maryland 21201-2395

Additional supplemental detail-see the following documents:

Additional locations workbook

Form 21, transfer, sale or disposal of all property in Maryland. No cost to file the document but should be accompanied by sales agreement, receipts, or other documents (sales advertisement or bill of lading indicating the removal of property).

Form SD-1 offers detail from a balance sheet or depreciation schedule and may not apply to all entities. It may **not** be necessary for you to complete one. It may only be required under certain circumstances such as the following:

Disposals and transfers Expensed and fully depreciated property
Exempt property/Exempt organizations Amended returns

The forms can be found online at <https://dat.maryland.gov/Pages/sdatforms.aspx>

FEDERAL EMPLOYER IDENTIFICATION NUMBER LOOKUP:

<https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>

FEDERAL PRINCIPAL BUSINESS CODES LOOKUP:

<https://www.irs.gov/pub/irs-pdf/i1040sc.pdf>

(See pages C-16 and C-17 of IRS Publication Schedule C Instructions)

HELPFUL LINKS

SDAT ONLINE FORMS:

<https://dat.maryland.gov/Pages/sdatforms.aspx>

DEPARTMENT ID NUMBER SEARCH:

<https://egov.maryland.gov/BusinessExpress/EntitySearch>

REQUEST A PERSONAL PROPERTY EXTENSION:

<http://pprextensions.dat.maryland.gov/>

FILE CURRENT & PRIOR YEARS PERSONAL

PROPERTY RETURNS ONLINE: *To use this system you must create an account*

<https://egov.maryland.gov/BusinessExpress/Account/LogOn?ReturnUrl=%2fBusinessExpress%2fUserRegistration>

Check "Yes" if the business has or is required to have a Trader's License (sometimes called a business license) issued by the Circuit Court for the county or counties in which the business has locations.

"If you are unsure of whether this applies to you, please contact your county's Clerk of the Court at <https://www.courts.state.md.us/pia/clerks>. Maryland Annotated Code, Business Regulation Article §17-1808 allows counties and municipalities to adopt a Uniform Trader's License Fee."

ALLEGANY	CECIL	GARRETT	PRINCE GEORGE'S	ST. MARY'S
Barton	Cecilton	Accident	Berwyn Heights	Leonardtown
Cumberland	Charlestown	Deer Park	Bladensburg	
Frostburg	Chesapeake City	Friendsville	Bowie	SOMERSET
Lonaconing	Elkton	Grantsville	Brentwood	Crisfield
Luke	North East	Kitzmilller	Capitol Heights	Princess Anne
Midland	Perryville	Loch Lynn Heights	Cheverly	
Westernport	Port Deposit	Mountain Lake Park	College Park	TALBOT
	Rising Sun	Oakland	Colmar Manor	Easton
ANNE ARUNDEL			Cottage City	Oxford
Annapolis	CHARLES	HARFORD	District Heights	Queen Anne
Highland Beach	Indian Head	Aberdeen	Eagle Harbor	St. Michaels
	La Plata	Bel Air	Edmonston	Trappe
BALTIMORE CITY	Port Tobacco	Havre de Grace	Fairmount	
			Forest Heights	WASHINGTON
BALTIMORE COUNTY	DORCHESTER	HOWARD	Glenarden	Boonsboro
No incorporated cities or	Brookview	No incorporated cities or	Greenbelt	Clear Spring
	Cambridge		Hyattsville	Funkstown
CALVERT	Church Creek	KENT	Landover Hills	Hagerstown
Chesapeake Beach	East New Market	Betterton	Laurel	Hancock
North Beach	Eldorado	Chestertown	Morningside	Keedysville
	Galestown	Galena	Mt. Rainier	Sharpsburg
CAROLINE	Hurlock	Millington	New Carrollton	Smithsburg
Denton	Secretary	Rock Hall	North Brentwood	Williamsport
Federsburg	Vienna		Riverdale Park	
Goldsboro		MONTGOMERY	Seat Pleasant	WICOMICO
Greensboro	FREDERICK	Barnesville	University Park	Delmar
Henderson	Brunswick	Brookeville	Upper Marlboro	Fruitland
Hillsboro	Burkittsville	Chevy Chase, Sec. 3		Hebron
Marydel	Emmitsburg	Chevy Chase, Sec. 5	QUEEN ANNE'S	Mardela Springs
Preston	Frederick	Chevy Chase View	Barclay	Pittsville
Ridgely	Middletown	Chevy Chase Village	Centreville	Salisbury
Templeville	Mount Airy	Garrett Park	Church Hill	Sharptown
	Myersville	Glen Echo	Millington	Willards
CARROLL	New Market	Kensington	Queen Anne	
Hampstead	Rosemont	Laytonsville	Queenstown	WORCESTER
Manchester	Thurmont	Martin's Additions	Sudlersville	Berlin
Mount Airy	Walkersville	North Chevy Chase	Templeville	Ocean City
New Windsor	Woodsboro	Poolesville		Pocomoke City
Sykesville		Rockville		Snow Hill
Taneytown		Somerset		
Union Bridge		Takoma Park		
Westminster		Town of Chevy Chase		
		Washington Grove		

MARYLAND COUNTIES AND INCORPORATED TOWNS

THE FOLLOWING IS A LIST OF COUNTIES AND INCORPORATED TOWNS IN MARYLAND. IF A



BUSINESS OWNS PROPERTY IN ANY OF THESE LOCATIONS, THE LOCATION SHOULD BE LISTED IN SECTION VI, A OF THE PERSONAL PROPERTY RETURN.



FORM 1 – FREQUENT FILING MISTAKES

Avoid these common errors to help ensure the efficient filing and processing of your personal property return.

Location Reporting Errors

- Not providing a breakdown of property by multiple locations.
- Inaccurate or missing address information, especially regarding towns.
- Reporting the mailing address instead of the actual property location in Section VI, A of Form 1, Business Personal Property Tax Return.
- Reporting property not located in Maryland.

Property Reporting Errors

- Property reported in wrong depreciation category; or failing to describe assets reported in categories B through G.
- Failure to report commercial inventory which may cause problems with business license renewals.
- Reporting certain exempt registered vehicles as taxable in Section VI, under line item 1 or 6. Some registered vehicles are taxable, such as those with interchangeable registrations.
- Failure to meet the September 1st deadline for manufacturing applications. Please see specific instructions under Manufacturing Exemptions.
- Failure to notify the Department by October 1st when a transfer/sale/disposal of all personal property occurs between January 1st and June 30th. See website for Form 21, Report of Sale or Transfer.

Annual Report and Other Errors

- Filing under the wrong Department ID#, especially after a merger, dissolution or when several entities under the same management or ownership are involved.
- Filing the Form 1 for the incorrect year resulting in rejection or duplicate receipts.
- Filing fee check missing, made out for incorrect amount, or made out to the Comptroller.
- Attempting to pre-pay an anticipated late filing penalty. These penalties are billed at the time the assessment is made.
- Forms not signed by officer/principal.
- Officers/directors names omitted from corporate return.
- Incorrect page 1 information (old address, wrong officers/directors, etc.), especially when software is used to prepare the return.
- Remitting business personal property tax payments to the Department instead of the county/town finance offices that generated the bill.