

**PURPOSE OF FORM.** You must file your Maryland Amended Form 500X electronically to claim, or change information related to, business income tax credits from Form 500CR (including Maryland Form 502S, Heritage Structure Rehabilitation Tax Credit.)

Form 500X is used by a corporation to correct an error in a previously filed 2016 return (Form 500- Corporation Income Tax Return) or to claim a net operating loss (NOL) deduction.

Form 500X may not be used to correct the amount of payments. To correct payment amounts, submit a letter of request that indicates the corporate name, Federal Employer Identification Number (FEIN), type of tax and tax year beginning and ending dates. Explain the basis for the request and attach copies of canceled checks and/or other documents as necessary to verify the amounts claimed.

**WHEN AND WHERE TO FILE.** Generally, Form 500X must be filed within 3 years from the date the original return was due or filed. A return filed before the due date is considered to have been filed on the date it was due. The following exceptions apply:

- A claim for refund filed within 3 years after the date of filing the return is limited to the amount paid within the 3 years (including extensions) before you filed the claim.
- A claim for refund filed after 3 years, but within 2 years from the date the tax was paid is limited to the amount paid within the 2 years immediately before filing the claim.
- A claim for refund based on a federal NOL carryback must be filed within 3 years after the due date (including extensions) of the return for the tax year of the NOL.
- If the Internal Revenue Service (IRS) issues a final determination of adjustments that would result in an increase to Maryland taxable income, file Form 500X within 90 days after the final determination.
- If the IRS issues a final report of adjustments that would result in a decrease to Maryland taxable income, file Form 500X within 1 year after the final adjustment report or the final court decision, if appealed.
- If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than 3 years from the date of filing the return or more than 2 years from the time the tax was paid, the claim for refund must be filed within 1 year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.

**Note:** Changes made as part of an amended return are subject to audit for up to three years from the date the amended return is filed. For more information regarding refund limitations, see Administrative Release 20.

The amended return must be filed with the:

**Comptroller of Maryland  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001**

**INFORMATION ON INCOME TAX PROVISIONS.** Refer to the instructions for 2016 Form 500 for information regarding applicable Maryland income tax provisions.

**NET OPERATING LOSS DEDUCTIONS.** The NOL for Maryland purposes is the **federal net operating loss**. No modification of the federal NOL is allowed under Maryland income tax law except in the case of a foreign source dividend subtraction. For more information about foreign source dividend subtractions, refer to Administrative Release 18.

A corporation included in a consolidated federal filing must use its separate federal NOL. An NOL should be entered on line 2b on Form 500X but may not be used to reduce line 3 to less than zero. Generally, the carryback of an NOL does not change the previously reported addition or subtraction modifications in a carryback year.

The federal provisions for carryback and carryforward apply for purposes of the Maryland return **unless** you are following certain provisions of the Internal Revenue Code (IRC) from which the State of Maryland has decoupled, including certain special depreciation allowances and 5-year carryback provisions. If an election to forgo a carryback is made, a copy of the federal election must have been included with the Maryland return for the loss year. For more information, refer to Administrative Release 38.

An addition modification may be required in a carryback or carryforward year if the total Maryland addition modifications exceed the total Maryland subtraction modifications **in the loss year (NAM or net operating loss modification recapture)**. The required addition modification represents a recapture of the excess additions over subtractions and generally is equal to the lesser of the NOL deduction in the carryback year or the net addition modification in the loss year. For more information regarding net addition modification, refer to Administrative Release 18.

**NET CAPITAL LOSSES.** If a net capital loss carryback is used to reduce federal taxable income, an addition modification is required for the amount of the income reduction.

#### **SPECIFIC INSTRUCTIONS**

**TAX YEAR OR PERIOD.** The Form 500X instructions are for corporations with tax years beginning in 2016. If the corporation operates on a fiscal year, enter the beginning and ending dates of the tax year being amended in the spaces provided at the top of Form 500X.

**NAME, ADDRESS AND OTHER INFORMATION.** Enter the required information in the designated area. Enter the current name, address and FEIN on the appropriate lines. If the name and/or address is different from that shown on the original return, enter the name and address as shown on the original return in the appropriate area.

Answer all of the questions and attach copies of any federal notices or reports, amended forms and/or extensions required.

#### **PART A – INCOME, MODIFICATIONS AND APPORTIONMENT**

Complete lines 1 through 5, columns A, B and C. If the items of federal income are amended or adjusted, determine if the changes will affect the Maryland modifications and/or Maryland adjustments. Enter the correct amounts. The federal NOL carryback or carryforward amount reported on the federal return, without regard to the decoupled provisions, is entered on line 2b. Do not use Form 500DM line 2 to report this amount. See Administrative Release 18.

Determine if the changes to federal taxable income will affect the apportionment factor. If the apportionment factor needs to be changed, complete Part C of Form 500X, then complete lines 6 through 8, columns A, B and C on page 1. Then, complete line 9, columns A, B and C.

#### **PART B – PAYMENTS, CREDITS, BALANCE DUE OR OVERPAYMENT, INTEREST AND/OR PENALTY**

Complete lines 10a through 10f, columns A, B and C. Include as an estimated tax payment on line 10a the income tax withheld as a result of a non-Maryland real estate transaction as shown on Form MW506NRS.

**You must file your Maryland Amended Form 500X electronically to claim, or change information related to, business income tax credits from Form 500CR.** Credits on line 10c may not exceed the Maryland tax on line 9 as these represent nonrefundable credits.

**NOTE:** An addition to income is required for certain credits claimed on line 10c. Refer to the instructions for Form 500CR, Business Tax Credits, to determine if any addition modification is required for the credits you are claiming and follow those instructions for including the required addition.

If you are claiming credits on line 10c, you must complete the Form 500CR section of your electronic return. If claiming a refundable business income tax credit, enter on line 10d and complete the Form 500CR section of the electronic return that pertains to refundable business tax credits.

An addition modification is required if you are a qualified small business eligible to claim the Maryland Research and Development Tax Credit.

To claim a Heritage Structure Rehabilitation Tax Credit, complete the Form 502S electronically and enter the amount on line 10d. If claiming a credit for taxes paid on behalf of the corporation by a pass-through entity, enter on line 10e and include Maryland Schedule K-1.

Complete lines 11 through 13b, columns A, B and C and enter any overpayment due on line 14 or balance due on line 15.

If there is a balance due on line 15, calculate simple interest on that amount from the due date of the original return to the date of payment at an annual rate of 12% or a rate of 1.00% per month for any month or part of a month that a tax is paid after the original due date of the 2016 return but before January 1, 2018. For assistance in calculating interest for tax paid on or after January 1, 2018, please see the Comptroller's website. If the requirement for avoidance of interest for underpayment of estimated income tax has not been met, you should complete Form 500UP for the tax year being amended and attach it to your amended return. Add the late payment interest charges and any interest and/or penalty charges from Form 500UP and enter them on line 16.

**NOTE:** If you completed and attached Form 500UP with your original return, you should attach a revised Form 500UP based on the amended changes reported on Form 500X.

Interest and/or penalty charges for the year of the amendment, whether previously paid or still outstanding, may be adjusted as a result of the amended changes. Any payments made on an account after the initial tax paid with the actual return are applied first to penalty, then to interest and lastly to tax due. These payments may require reallocation depending on the result of the amendment. We will issue notification of the net balance due or refund after we have processed the return.

**NOTE:** If the amount of tax due is reduced by reason of a carryback of an NOL, such reduction shall not affect the calculation of interest charges for the period ending with the filing date (defined as due date) for the loss year. Any Maryland penalty charge is not affected by an NOL carryback.

Interest is generally not paid on refunds. However, interest will be paid if a claim for refund is not processed within 45 days of receipt of an amended return based on NOL carryback. In such cases, interest will be paid only from the 45th day after receipt by the Comptroller's Office until the date the refund check is issued. For more information regarding interest, refer to Administrative Release 14.

#### **PART C – COMPUTATION OF APPORTIONMENT FACTOR**

If any changes to the apportionment factor are required due to the

amendment, complete Part C using the amended receipts, property and/or payroll amounts and the appropriate apportionment formula.

#### **PART D – EXPLANATION OF CHANGES TO INCOME, MODIFICATIONS, ADJUSTMENTS, APPORTIONMENT FACTOR AND CREDITS**

Use this section to provide a detailed explanation of the changes being made on the amended return. Enter the line number from page 1 for each item you are changing and state the reason for the change. Check the box or boxes that reflect the reason for filing this amended return.

**SIGNATURE AND VERIFICATION.** An authorized officer must sign and date Form 500X and enter his/her corporate title.

**TAX PREPARERS.** If a paid preparer is used, the preparer must sign and date the return and include his/her name, address and telephone number. The Preparer's Tax Identification Number (PTIN) must be entered. The preparer declares, under the penalties of perjury, that the return is based on all information required to be reported of which the preparer has knowledge.

**WHAT TO ATTACH.** Attach the following documents and information to Form 500X:

- If amending the federal return, attach a copy of the actual federal amended income tax return as filed with the Internal Revenue Service.
- Corporations included in a consolidated filing for federal purposes must attach a copy of the consolidated amended return and include a schedule reconciling the separate adjustments of each member corporation to the consolidated totals.
- A member of a consolidated federal filing claiming an NOL carryback must attach a schedule calculating the NOL deduction based on its separate federal taxable income and loss.
- A copy of the **final dated audit report** must be attached to the amended return if reporting a federal adjustment such as a Revenue Agent Report (RAR). If the IRS audit report is for the consolidated corporation, the **final dated audit report** and a schedule reconciling the separate adjustments of each member corporation to the consolidated totals also must be included.
- Form 500CR and/or Form 502S information must be included with the electronic version of Form 500X if claiming any business tax credit on lines 10c or 10d.
- Maryland Schedule K-1 must be attached if claiming a new credit. If claiming a business tax credit, Form 500X must be filed electronically.
- Form 500UP must be attached if interest/penalty for underpayment of estimated income tax is due or revised.
- Attach a copy of any extension of time that was filed for the year being amended, or any Consent to Extend the Time to Assess Tax that was filed with the Internal Revenue Service.

**PAYMENT INSTRUCTIONS.** Enclose a check or money order made payable to the Comptroller of Maryland for the full amount of any balance due. Write the FEIN, type of tax, and the beginning and ending dates of the amended year on the check or money order. **DO NOT SEND CASH.**

**MAILING INSTRUCTIONS.** Mail the amended return with any required attachments to:

**Comptroller of Maryland  
Revenue Administration Division  
Corporation Amended Return Unit  
110 Carroll Street  
Annapolis, MD 21411-0001**