MARYLAND
FORM
MW506AE
2026

Application for Certificate of Full or Partial Exemption

For the sale of real property or associated personal property in Maryland by nonresident individuals and entities.

DO NOT WRITE OR STAPLE IN THIS SPACE

The form and required documents **MUST BE RECEIVED** no later than 21 days before closing date.

Social Security Number		Spouse's Social Security Number
Your First Name	MI	Last Name
Spouse's First Name	MI	Last Name
Name (Corporation, Partnership, Trust, Estate, etc.)		
T/A or C/O or Fiduciary		Federal Employer Identification Number
Present Address (No. and street)		
City or Town	State	ZIP code
Transferor/Seller's Entity Type: ☐ Individual/ Estate/ Trust ☐ Business		Ownership Percentage _____%

Property Information

Description of Property (Include street address, county, or district, subdistrict and lot numbers if no address is available.)	Was the property ever used as a rental or commercial property? (**Note:** Income tax returns are required in most circumstances - see instructions.) ☐ Yes ☐ No Dates used as a rental/commercial property (mm/dd/yyyy): FROM _____ TO _____
	Date of Closing (mm/dd/2026) **(REQUIRED)**

Calculation of Tentative Exemption - Required

(The certificate of exemption will be calculated based on actual documents received & amounts substantiated. The Comptroller's decision to issue or deny a full or partial exemption and the amount is final and not subject to appeal.) See instructions for more details on required documentation.

1. Purchase price/Inherited value. (Attach a copy of the settlement statement or Death Certificate and appraisal.) . . . . . 1. _____
2. Capital Improvements. (Optional. Will not be credited unless properly documented. Attach paid invoices or receipts with cancelled checks for improvements.) . . . . . 2. _____
3. Settlement expenses.
   a. Original purchase (Attach settlement statement) . . . . . _____
   b. Pending sale (Attach preliminary closing disclosure) . . . . _____ **Add** lines 3a. and 3b. 3. _____
4. **Add** (Lines 1 through 3) . . . . . 4. _____
5. Depreciation deducted for rental activity on federal return. . . . . 5. _____
6. **Subtract** (Line 5 from Line 4). This is your **adjusted basis**. . . . . 6. _____
7. Contract sales price. (Attach contract [1st page and signature pages] or preliminary settlement statement.) . . . . . 7. _____

8a. **Subtract** (Line 6 from Line 7). This is the amount subject to tax. . . . . 8a. _____

8b. **Multiply** Line 8a by ownership percentage (1.00, .50, .333, etc.) . . . . . 8b. _____

9. Tax Rate. Check box for applicable tax rate.
   a. ☐ Individual 8.75% (.0875)
   b. ☐ Business 8.25% (.0825)
10. Tentative withholding amount. Multiply line 8b by applicable tax rate. If Line 8 is zero (0) or less than zero (0), enter zero (0). . . . . 10. _____

NOTE: This amount will be recalculated by the Comptroller's Office based on the actual documentation received and amounts substantiated.

Transferor/Seller's Name _____ Your Social Security Number/FEIN _____

Special Situations

Check the box in the "Special Situations" column that applies to your situation, **if any**. If none apply, your exemption will be based only on the amount on the worksheet on page 1. See instructions for required documentation.

☐ Principal Residence.	☐ Transfer is pursuant to an installment sale under §453 of the Internal Revenue Code.
☐ Principal Residence – Active-duty Military, Certain Government Employees.	☐ Transfer of inherited property is occurring within 1 year of date of death.
☐ Tax-Free Exchange for purposes of §1031 of the Internal Revenue Code.	☐ Transferor/seller is the custodian of an individual retirement account (IRA).
☐ Transferor/seller is receiving zero proceeds from this transaction because proceeds are going to another seller/ owner (ex. cosignor).	☐ Transfer is pursuant to a specific Internal Revenue Code section. See addendum.

Address of Settlement Agent to Mail Certificate if Issued (See instructions.)

Name of contact person and company

Street Address | City | State | ZIP code

Telephone number | Fax number | Email Address

Under the penalties of perjury, I declare that I have examined this application, including any schedules or statements attached, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which the preparer has any knowledge.

Your signature | Date

Spouse's signature | Date

Telephone number

▶ Preparer's PTIN **(required by law)** | Signature of preparer other than taxpayer

Printed name of preparer

Address of preparer

Telephone number of preparer

Check here ☐ if you authorize us to contact you by email. Email address

MARYLAND FORM
MW506AE

INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF FULL OR PARTIAL EXEMPTION

2026

The Comptroller's decision to issue or deny a certificate and the amount of tax is final and not subject to appeal.

GENERAL INSTRUCTIONS

Purpose of Form

Use Form MW506AE to apply for a Certificate of Full or Partial Exemption from the withholding requirements on the proceeds of the sale of real property and associated personal property in Maryland by nonresident individuals and nonresident entities. A nonresident entity is defined to mean an entity that: (1) is not formed under the laws of Maryland and (2) is not qualified by or registered with the Department of Assessments and Taxation to do business in Maryland.

Who May File an Application

An individual, fiduciary, C corporation, S corporation, limited liability company, or partnership transferor/seller may file Form MW506AE. Unless the transferors/sellers are spouses filing a joint Maryland income tax return, a separate Form MW506AE is required for each transferor/seller.

IMPORTANT: The completed Form MW506AE and all required documentation must be received by the Comptroller of Maryland no later than 21 days before the closing date of the sale or transfer to ensure timely receipt of a Certificate of Full or Partial Exemption. Applications with no closing date will not be processed.

The Comptroller's decision to issue or deny a Certificate of Full or Partial Exemption and the determination of the amount of tax to be withheld if a partial exemption is granted are final and not subject to appeal.

SPECIFIC INSTRUCTIONS

Transferor/Seller's Information

Enter the name, address and identification number (Social Security number or federal employer identification number) of the transferor/seller applying for the exemption. If the transferor/seller was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

Check the box indicating the transferor/seller's entity type.

Enter the transferor/seller's ownership percentage of the property. For example, if there are four equal owners, enter 25% for single application.

Property Information

Enter the description of the property, including the street address(es) for the property as listed with the State Department of Assessments and Taxation (SDAT), including county. If the property does not have a street address, provide the full property account ID numbers used by SDAT to identify the property. **Enter the date of closing for the sale or transfer of the property.**

Application will not be processed if left blank.

Enter the property account ID number, if known. If the property is made up of more than one parcel and has more than one property tax account number, include all applicable property account ID numbers.

Check the box to indicate whether the property was used for rental/commercial purposes. Maryland law requires that nonresidents owning real property in Maryland file a nonresident income tax return reporting any rental income or loss. If you checked the rental/commercial box and did not file returns reporting this income or loss, your application will be denied. File all appropriate returns before filing this application.

Relocating Sellers

If you are selling your house through a relocation company, please see the MW506AE – Relo Addendum for further instructions. You must complete the MW506AE – Relo Addendum and attach it to your submission of the MW506AE.Complete the calculation of tentative exemption section.

Line 1. Enter the purchase price of the property. This is the contract amount for the original purchase. DO NOT include settlement costs or other adjustments in this line. If inherited property, use the Date of Death value of the property. You must attach an original settlement statement, property tax printout (available at www.dat.state.md.us), original contract, date of death appraisal, or other proof of original purchase price or inherited value.

Line 2. Enter amount of capital improvements. This line is OPTIONAL. However, you **must** attach paid invoices or receipts with cancelled checks for improvements. Documentation must include proof of payment, address of property, and work completed.

Line 3. Settlement costs. You **must** attach a settlement statement for this amount. You may add both settlement costs for purchase and sale of the property if you have a settlement statement for each. If a preliminary settlement statement is not available at time of filing, you must forward as soon as completed in order to be credited for these costs. You may request this from the settlement agent.

Line 4. Add lines 1 through 3.

Line 5. Depreciation. Enter all depreciation already taken for this property, if rental or commercial, on any income tax return. You must attach a depreciation schedule or returns.

Line 6. Adjusted basis. Subtract line 5 from line 4. This is your adjusted basis.

Line 7. Contract Sales Price. Enter contract sales price. You **must** attach current contract (page 1 and signature pages only) or preliminary settlement statement.

Line 8a. Amount subject to tax. Subtract line 6 from line 7.

Line 8b. Multiply Line 8a by percentage of ownership.

Line 9. Tax Rate. Select which tax rate applies.

Line 10. Tentative Withholding Amount. Multiply line 8b by the tax rate. This is the tentative amount of withholding. If zero or less than zero, enter zero. If zero, you may qualify for a full exemption (subject to verification).

Note: This amount will be calculated by the Comptroller's Office based on actual documentation received.

SPECIAL SITUATIONS

Principal Residence.

Transfer is of your principal residence as defined in §121 of the Internal Revenue Code, which means it has been your principal residence for two of the last five years. Resident income tax returns for that period must have been filed to claim principal residence. This will be verified by the Comptroller's Office.

Principal Residence – Active-duty Military, Certain Government Employees.

Transfer is of your principal residence as defined in §121 of the Internal Revenue Code, if you had a move necessitated by government orders or are stationed in Maryland. Attach transfer orders and proof of residency. This may include federal income tax return with Maryland address, utility bills, property tax statements, etc. See Internal Revenue Service Publication 523.

Tax-Free Exchange for purposes of §1031 of the Internal Revenue Code.

Required documentation in addition to that on page 1; letter signed by the qualified intermediary, or by the person authorized to sign on behalf of a business entity acting as the quali-

MARYLAND FORM
MW506AE

INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF FULL OR PARTIAL EXEMPTION

2026

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fied intermediary, which states the name(s) of the transferor(s), the property description, that the individual or business will be acting as the qualified intermediary for the transferor(s) as part of a §1031 exchange of the property, whether there will be any boot, and if so, the amount of boot. The amount of any boot must be stated on the application as the taxable amount.

Note: If you paid the withholding out-of-pocket – not from sale proceeds - then you must submit proof of payment e.g. cancelled check, wire transfer, or other documentation evidencing the withholding was paid out-of-pocket.

Transferor/seller is receiving zero proceeds from this transaction.
Note: This situation applies when all proceeds go to another seller/co-owner. This does not apply if you receive ANY proceeds.

Required documentation in addition to that on page 1; copy of a letter from the transferor/seller to the title company advising they are to receive zero proceeds from the sale and advising to whom the proceeds are to go; a copy of the acknowledgment letter from the title company to the transferor/seller that all proceeds are to go to another seller/co-owner.

Transfer is pursuant to an installment sale under §453 of the Internal Revenue Code.
Required documentation in addition to that on page 1; copy of contract of sale or copy of settlement sheet from the title company; copy of promissory note to transferor which will be executed by transferee at settlement. That portion of the total payment that the transferor receives at or within sixty (60) days of settlement must be stated on the application as the taxable amount.

Transfer of inherited property is occurring within 1 year of date of death.
Required documentation in addition to that on page 1; provide a copy of the death certificate and a copy of the estimated settlement sheet from the title company.

Transferor/seller is the custodian of an individual retirement account.
Required documentation in addition to that on page 1; provide a copy of the preliminary settlement sheet from the title company, the custodian's Certificate of Good Standing from its state of incorporation, and a letter from the title company stating that all proceeds will be disbursed to the custodian.

Transfer is pursuant to a specific Internal Revenue Code section. See addendum.

Address to Mail Certificate if Issued
Provide the name and address of the title company or settlement agent to whom we should mail the exemption certificate if issued. If you do not know the identity of the title company or settlement agent at the time you complete this form, you must email the name and address to nrshelp@marylandtaxes.gov as soon as possible. You must provide a mailing address to avoid delay in recording the sale.

Signature(s)
Form MW506AE must be signed by an individual (both taxpayer and spouse, if filing a joint Maryland income tax return), or a responsible corporate officer.

Include a daytime telephone number where you can be reached between 8:00 AM and 5:00 PM.

If you would like to be contacted by email in the event that more information is needed to process your application, include your email address and check the box allowing us to contact you by email. The exemption certificate, if issued, will not be emailed to you.

Your signature(s) signifies that your application, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under penalties of perjury.

If a power of attorney is necessary, complete Maryland Form 548 and attach to your application.

Where to File
Mail the completed form and all attachments to:

Comptroller of Maryland
Revenue Administration Division
Attn: NRS Exemption Requests
P.O. Box 2031
Annapolis, MD 21404-2031

OR

Email the completed form and all attachments to:
nrshelp@marylandtaxes.gov

Note: The email submission will not expedite the processing of your application. If you are emailing large attachments, send multiple smaller emails.

Submit your application via only **one** method.

Additional Information
For additional information visit **www.marylandcomptroller.gov,** email **nrshelp@marylandtaxes.gov** or call 1-800-MDTAXES (1-800-638-2937) or 410-260-7980 in Central Maryland.

MARYLAND
FORM
MW506AE

ADDENDUM FOR APPLICATION FOR CERTIFICATE OF FULL OR PARTIAL EXEMPTION

2026

Code Letter	IRC Section	Description	Required Documentation
a	§ 351	Transfer is to a corporation controlled by the transferor for purposes of § 351 of the Internal Revenue Code.	Copy of the agreement of sale; Certificate of Good Standing of transferee issued by the state in which transferee is incorporated; notarized affidavit executed on behalf of transferee by its President and its Treasurer stating that immediately after the exchange the transferor(s) will own stock in the transferee possessing at least eighty percent (80%) of the total combined voting power of all classes of transferee's stock entitled to vote and at least eighty percent (80%) of the total number of shares of all other classes of stock of the transferee; and an appraisal establishing the fair market value, at the time of the exchange, of any property other than stock in the transferee which is part of the consideration for the exchange. The fair market value of any such other property and/or any money which is part of the consideration for the exchange must be stated on the application as the taxable amount.
b	§ 361	Transfer is pursuant to a tax-free reorganization as described in § 361 of the Internal Revenue Code.	Copy of agreement governing the transfer between transferor and transferee; Certificates of Good Standing of transferor and transferee issued by the state(s) in which transferor and transferee are incorporated; copy of the plan or reorganization showing that transferor and transferee are parties to the reorganization; and an appraisal establishing the fair market value, at the time of the exchange, of any property other than stock or securities in the transferee which is part of the consideration for the exchange and will not be distributed by the transferor in pursuance of the plan of reorganization. The fair market value of any such other property and/or any money which is part of the consideration for the exchange must be stated on the application as the taxable amount.
c	§ 501(a)	Transfer is by a tax-exempt entity for purposes of § 501(a) of the Internal Revenue Code and transfer involves limited or no unrelated business taxable income under § 512 of the Internal Revenue Code.	Copy of determination by the Internal Revenue Service that transferor is a tax-exempt entity for purpose of § 501(a) of the Internal Revenue Code; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated; notarized affidavit executed on behalf of transferor by its President and by its Treasurer stating that the transfer involves limited or no unrelated business income under § 512 of the Internal Revenue Code.
d	§ 721	Transfer is to a partnership in exchange for an interest in the partnership such that no gain or loss is recognized under § 721 of the Internal Revenue Code.	Copy of agreement governing transfer between transferor and transferee; copy of the partnership agreement of the transferee.
e	§ 731	Transfer is by a partnership to a partner of the partnership in accordance with § 731 of the Internal Revenue Code.	Copy of agreement governing transfer between transferor and transferee; copy of the partnership agreement of the transferor.
f	§ 857	Transfer is treated as a transfer by a real estate investment trust for purposes of § 857 of the Internal Revenue Code.	Copy of agreement governing transfer between transferor and transferee; certified copy of Articles of Incorporation of transferor; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated.
g	§ 1033	Transfer is pursuant to a *condemnation and conversion* into a similar property for purposes of § 1033 of the Internal Revenue Code.	Copy of agreement governing transfer between transferor and *government body or authority condemning the property*; notarized affidavit executed by transferor stating that transferor will identify and purchase replacement property within the time limits required by § 1033 of the Internal Revenue Code, or copy of contract of sale if transferor has already identified replacement property. If proceeds from condemnation exceed price of replacement property, the excess must be stated on the application as the taxable amount.
h	§ 1041	Transfer is between spouses or incident to divorce for purposes of § 1041 of the Internal Revenue Code.	Copy of marriage license or divorce decree; copy of deed which will be recorded to accomplish the transfer; if incident to divorce, copy of section of court order or separation agreement governing transfer of the property.
i	§ 1368	Transfer is treated as a transfer by an S corporation for purposes of § 1368 of the Internal Revenue Code.	Copy of agreement governing transfer between transferor and transferee; copy of approval by the Internal Revenue Service of transferor's S-corporation election; Certificate of Good Standing of transferor issued by the state in which transferor is incorporated.

MARYLAND FORM
MW506AE
2026
Relocated Sellers

Application for Certificate of Full or Partial Exemption

For the sale of real property or associated personal property in Maryland by nonresident individuals and entities.

DO NOT WRITE OR STAPLE IN THIS SPACE

Required Schedule for Relocation exemption. If you are selling your house as part of a relocation package, then you must complete this schedule and attach it to your MW506AE.

1. Specific Instructions for Relocated Sellers as it relates to the MW506AE Form:
   a. Complete only the top section of page 1 of the MW506AE
   b. Date of Closing or Signing (whichever is earlier) – please write RELO here
   c. Calculation of Tentative Exemption – Required – please leave this entire section BLANK. This addendum replaces that information.
2. *Please complete the below information as it pertains to the house you intend to sell. These items must be completed in place of items 1-10 on the MW506AE form. Please note that lines b. – d. may be rounded estimates to the nearest $100.*
   a. Original Purchase Price: . . . . . .$ _____
   b. Settlement Expenses for relocation sale: . . . . . .$ _____
   c. Capital Improvements to be completed prior to sale: . . . . . .$ _____
   d. Outstanding Mortgage Balance(s): . . . . . .$ _____
   e. Sales Price for sale to Relocation Mgmt Co. (attach signed contract, agreement, or equity statement): . . . . . .$ _____
3. Have you ever filed income tax returns with the Comptroller of Maryland as a resident of Maryland (i.e. Form 502)?

   ☐ Yes ☐ No

   If yes, for which years: _____ (Ex. 2008-2018). This information will be verified with Comptroller records.

   If no, in which state did you file a resident income tax return for the last taxable year? _____

Authorization for future contact. In order to resolve this matter when the home sells, we need authorization to communicate with the relocation company and/or the settlement agent about this sale. Please review and complete with each person authorized to discuss this matter when the home goes to settlement.

I authorize the following person(s) to communicate with the Comptroller's Office staff regarding the nonresident withholding exemption. This authorization is to discuss matters or issues surrounding the sale of the home located on page 1 of the MW506AE and Maryland nonresident withholding.

Relocation Management Company Name: _____

Address: _____

Contact Name: _____ Contact Phone: _____

Contact Email address: _____

Settlement Agent (Company Name): _____

Address: _____

Contact Name: _____ Contact Phone: _____

Contact Email address: _____

Please attach schedule for additional people.

Any exemption provided for this situation will be based on the information provided on the submitted MW506AE and the MW506AE-RELO. A decision will be made based on the information provided and the decision is final and not subject to appeal.
Once the home goes under contract, the relocation company or settlement agent will contact the Comptroller's Office for issuance of the certificate. *This request should be done via email to* **NRShelp@marylandtaxes.gov**, *but may also be done via mail to* PO Box 2031, Attn: Exemption Requests, Annapolis, MD 21404. The request must include the seller's or sellers' names, property address, closing date, and a copy of the final contract price. The contract price may be documented by a preliminary settlement sheet, or relevant page(s) of the ratified contract.

Please sign below:

_____ Owner name

_____ Owner Name