



Chapter 604 of the Acts of 2025 imposes a 2% tax on certain capital gain income for fiduciaries with a federal adjusted gross income of more than \$350,000.

Part 1

Name of Fiduciary

Taxpayer Identification Number

Part 2

Taxable Capital Gain Income Calculation

- 1. Net capital gain income included in Maryland taxable net income (Line 1a of Form 504 or Line 4 Column D of Form 504NR. If less than or equal to 0 enter 0 and go to Line 9) **1.** _____ 00

- 1a.** Net capital gain income reported on Maryland Schedule(s) K-1. **1a.** _____ 00

- 2. Net capital gain income from the sale or exchange of a primary residence reported on federal Form 8949 or 6252 (see instructions) **2.** _____ 00

- 3. Net capital gain income from the sale or exchange of assets held in a tax-advantaged retirement savings plan reported on federal Form 1041 Line 4 **3.** _____ 00

- 4. Net capital gain income from the sale or exchange of cattle, horses, or breeding livestock reported on federal Form 4797 (see instructions). **4.** _____ 00

- 5. Net capital gain income from the sale or exchange of land subject to a conservation, agricultural, or forest preservation easement reported on federal Form 8949 (see instructions) **5.** _____ 00

- 6. Net capital gain income from the sale or exchange of property used in a trade or business reported on federal Form(s) 4797, 8824, or 6252 (see instructions). **6.** _____ 00

- 7. Net capital gain income from the sale or exchange of affordable housing owned by a nonprofit organization reported on federal Form 1041 Line 4 **7.** _____ 00

- 8. Net capital gain income not subject to additional tax (enter the sum of Lines 2 through 7) **8.** _____ 00

- 9. Net capital gain income subject to additional tax (subtract Line 8 from Line 1. Enter the amount here and on Line 10a of Form 504. If less than 0 enter 0). **9.** _____ 00

GENERAL INSTRUCTIONS

Chapter 604 of the Acts of 2025 imposes a 2% tax on certain capital gain income.

Complete Form 504CG if you were required to file a 2025 Maryland fiduciary tax return AND:

1. Reported federal taxable income of the fiduciary of more than \$350,000 on Line 1 of Form 504; AND
2. Reported net capital gain income on federal Form 1041 Line 4.

If your federal taxable income is \$350,000 or less or you have no net capital gain income included in your Maryland adjusted gross income, you do not need to complete this form.

NOTE TO MEMBERS OF PASS-THROUGH ENTITIES AND BENEFICIARIES OF TRUSTS:

A member of a pass-through entity (PTE) with net capital gain income from the PTE must report their distributive or pro rata share of the PTE's net capital gain income on the corresponding Lines 1-7 of this form. A PTE must report members' capital gain income on Maryland Form 510/511 K-1, Part H, Lines 1-7. For additional information, see instructions to Maryland Form 510/511 K-1.

A beneficiary of a trust with net capital gain income from the trust must report their distributive or pro rata share of the trust's net capital gain income on the corresponding Lines 1-7 of this form. A trust must report beneficiaries' capital gain income on Maryland Form 504 K-1, Box 9, Lines 1-7. For additional information, see instructions to Maryland Form 504 K-1.

SPECIFIC INSTRUCTIONS

PRINT OR ENTER ALL INFORMATION USING BLUE OR BLACK INK

Part 1: Enter the fiduciary name and taxpayer identification number exactly as entered on your Maryland fiduciary income tax return.

Part 2

Line 1: Enter the amount of federal net capital gain income included in your Maryland taxable net income. Residents use Line 1a of Form 504. Nonresidents use Line 4 Column D of Form 504NR. **Line 1a:** Total the net capital gain income amounts from all Maryland Schedules K-1 (510/511) and Maryland Schedules K-1 (504) and enter on Line 1a.

Residents: Total the amounts from Net Capital Gain income Section, Line 1, Column 1.

Nonresidents: Total the amounts from Net Capital Gain Section, Line 1, Column 2.

Attach all Schedules K-1 to your return.

To the extent included in the amount on Line 1, enter the net capital gain income from all sources attributable to:

Line 2: The sale or exchange of a primary residence on federal Form 8949 or 6252. Do not include net capital gain income attributable to a sale totaling \$1,500,000 or more. If a primary residence is owned by a trust, for the period that a beneficiary is treated under IRC §§ 671 through 679 as the owner of the trust or the portion of the trust that includes the residence, the

beneficiary will be treated as owning the residence for purposes of satisfying the 2-year ownership requirement of IRC § 121, and the sale or exchange by the trust will be treated as if made by the beneficiary. Accordingly, net capital gain income on the sale of a primary residence owned by a trust is reported on Form 504CG when the proceeds from the sale are reinvested in the trust. If the proceeds from the sale are distributed to a beneficiary, net capital gain income is reported by the beneficiary on their Maryland income tax return.

Line 3: The sale or exchange of assets held in a cash or deferred arrangement plan under Internal Revenue Code (IRC) § 401(k), a tax-sheltered annuity or custodial account under IRC § 403(b), a deferred compensation plan under IRC § 457(b), an individual retirement account or individual retirement annuity under IRC § 458, a Roth individual retirement account under IRC § 458A, a defined contribution plan, a defined benefit plan, or a similar retirement savings plan.

Line 4: The sale or exchange of cattle, horses, or breeding livestock reportable on federal Form 4797. If less than 50% of the fiduciary's gross income for the taxable year is from farming or ranching, leave blank.

Line 5: The sale or exchange of land subject to a conservation, agricultural, or forest preservation easement reportable on federal Form 8949. Do not include any net capital gain income already reported on Line 2.

Line 6: The sale or exchange of property used in a trade or business, the cost of which is deductible under IRC § 179, reportable on federal Form(s) 4797, 8824, or 6252. Do not include any amounts classified as ordinary gain or the amount of any recaptured deductions claimable in Parts 2 and 4 of Form 4797.

Line 7: The sale or exchange of affordable housing owned by a nonprofit organization.

Line 8: Add Lines 2 through 7 and enter the result on Line 8.

Line 9: Subtract Line 8 from Line 1 and enter the result on Line 9 and Line 10a of Form 504. If less than 0 enter 0.