

Date Received
by Department

ANNUAL PERSONAL PROPERTY RETURN OF
SOLE PROPRIETORSHIPS AND GENERAL PARTNERSHIPS

AS OF JANUARY 1, 2010
DUE APRIL 15, 2010

CHECK IF THIS IS A CHANGE
OF MAILING ADDRESS

OWNER'S NAME, TRADING AS NAME, AND MAILING ADDRESS:

┌

DEPARTMENT ID NO.

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Check here if you use a preparer and do not want
personal property forms mailed to you next year.

PART A

1. Provide your federal employer ID # _____ (if none, provide social security number of owner).
2. Provide your federal principal business code # _____ (from IRS Schedule C or Form 1065).
3. **IMPORTANT:** List exact location of all personal property reported on this return including county, town, and street address. This assures proper distribution of assessments. If property is located in two or more locations, please attach additional copies of Part B for each location.

NOTE: If all of the personal property of this business is located entirely in the following exempt counties: Frederick, Garrett, Kent, Queen Anne's, or Talbot, you may be eligible to skip Part B, Line Items ① through ⑤. *Be sure to complete signature section.* Refer to Specific Instructions, Part A, 3 for more information.

_____ (STREET NUMBER & NAME)	_____ (ZIP CODE)	_____ (COUNTY)	_____ (INCORP. TOWN)
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Check if this location has changed from the 2009 return.

4. State your nature of business or profession: _____ Date began: _____
5. Total gross sales or amount of business transacted during 2009. \$ _____
If the business has sales in Maryland and does not report any personal property, in remarks below explain how the business is conducted without personal property. If the business is using the personal property of another business, provide the name and address of that business.
6. Only sole proprietors complete questions 6a and 6b.
- 6a. Is this location the principal residence of the business owner? _____
(Yes or No)
- 6b. Is the total original cost of all the property, including inventory and excluding licensed vehicles, less than \$10,000? _____
If you answer yes to both 6a and 6b, your property is exempt. _____ (Yes or No)
Skip to signature line on page 2.
7. State the opening and closing dates of your fiscal year. _____
8. Do you have any fully depreciated property or property expensed under IRS rules? _____ If yes, have you
included such property on this return? _____ (Yes or No)
(Yes or No)
9. Property leased by your business. See Instructions for Part A, 9.
10. Has the business disposed of assets during 2009? _____ If yes, supply a schedule of disposition by
year of acquisition and manner of disposal. _____ (Yes or No)

REMARKS _____

PART B

① **Furniture, fixtures, office equipment, tools, machinery, equipment NOT used in manufacturing or research and development.** See Instruction ①. Failure to provide the required detail will result in the reported property being assessed at 10% rate of depreciation.

ORIGINAL COST BY YEAR OF ACQUISITION							
	SPECIAL DEPRECIATION RATES (See Instruction ①)						TOTAL COST
	A	B	C	D	E	F	
2009							
2008							
2007							
2006							
2005							
2004							
2003							
2002 and prior							
TOTAL COST COLUMNS A-G →							

DESCRIBE **B** through **G** PROPERTY HERE:

② **Commercial Inventory** — See Instruction ②.

Average Monthly Inventory	Furnish from the latest Maryland Income Tax return:
\$	Opening Inventory - date _____ amount \$ _____
	Closing Inventory - date _____ amount \$ _____

Note: Businesses that need a Trader's License must report commercial inventory here.

③ **Supplies**
See Instruction ③.

Average Cost
\$

④ **Manufacturing and/or research and development inventory.** See Instruction ④.

Average Monthly Inventory
\$

⑤ **Tools, machinery and equipment used for manufacturing and/or research & development.** If this business is engaged in manufacturing / R&D, and is claiming such an exemption for the first time, **a manufacturing/R&D exemption application must be submitted on or before September 1, 2010** before an exemption can be granted. Contact the Department or visit www.dat.state.md.us for an application. See instruction ⑤. **Exception for tax years beginning after June 30, 2009 - an exemption application may be filed within 6 months after the date of the first assessment notice for the taxable year that includes the manufacturing personal property.**

ORIGINAL COST BY YEAR OF ACQUISITION				TOTAL COST	\$
2009		2005			
2008		2004			
2007		2003			
2006		2002 and prior			

The following section must be completed.

I declare under the penalties of perjury, pursuant to the Tax Property Article 1-201 of the Annotated Code of Maryland, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Taxpayer's Signature	Date	Phone Number	E-mail Address
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Preparer's Signature	Date	Phone Number	E-mail Address
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Name and Address of Preparer



Instructions for 2010 Form AT3-51 Personal Property Return of Sole Proprietorships and General Partnerships General Information and Requirements

2010

State of Maryland • Department of Assessments and Taxation • Personal Property Division • 301 West Preston Street, Room 801 • Baltimore, Maryland 21201-2395

1) WHO MUST FILE A RETURN

A Maryland personal property return (Form AT3-51) must be filed by all sole proprietorships and general partnerships if they possess (own, lease, rent, use or borrow) business personal property or need a business license. A business which fails to file this return will receive an estimated assessment. Limited partnerships, limited liability companies and limited liability partnerships that are registered with the Department's Charter Division are required to file a Form 1.

2) WHEN AND WHERE TO FILE

At the beginning of each year, the Department mails a personal property return to all active businesses on record. If the business does not receive a return, it is still responsible for obtaining and filing a return on time. The due date for filing is April 15, 2010. Returns are to be sent to the Department of Assessments and Taxation, Personal Property Division, 301 W. Preston Street, Baltimore, Maryland 21201-2395.

3) EXTENSION OF TIME TO FILE

The Department may grant a 2 month extension to file the return.

All preparers and taxpayers with Internet access should use the Department's website to ensure prompt and accurate recording of an unlimited number of requests **free of charge**. You will receive a confirmation number and a printed list as proof of your submission. Always print and keep a copy of the confirmation page. The Department will automatically accept it as evidence of a valid approved extension in case there is ever a problem. **To request an internet extension go to:** www.dat.state.md.us between February 1, 2010 and April 15, 2010 and click on the extension link under What's New. When you file for an extension via our website, do **NOT** also submit a paper extension request. Please file early to avoid possible delays due to the heavy usage of the internet system which occurs in the last week prior to April 15th.

Paper extensions require a \$20 non-refundable processing fee and must be received or postmarked by March 16, 2010. Make checks payable to the Department of Assessments and Taxation. Retain a copy of the extension request for your records. The Department ID number must be provided to ensure proper recording of any extension request. Requests with incomplete or missing Department ID numbers will not be recorded. Do not list the business' Federal Employer Identification Number (EIN) on the request. No additional extension to file will be allowed after the 2 months. Extensions approved by the Internal Revenue Service or Maryland Comptroller of the Treasury for income tax returns will not be accepted.

4) FORMS/PRE-ADDRESSED RETURNS

To ensure proper posting to your account, please file the pre-addressed return. The pre-addressed return contains your Department ID number. Please use this number in all communications with the Department.

5) MAILING ADDRESS CHANGES

Make necessary address corrections on the label and check the address correction box on page 1 of the return.

6) LATE FILING PENALTIES

A business which files an annual return postmarked after the due date of April 15, 2010 will receive an initial penalty of 1/10 of one percent of the county assessment, plus interest at the rate of two

percent of the initial penalty amount for each thirty (30) days or part thereof that the return is late. If returns are filed late, do not pay penalties at time of filing return. They will be assessed at a later date.

7) PERIOD COVERED

All returns shall cover the calendar year regardless of any fiscal year. All information required in this return shall be given as of January 1, 2010 except line items ② and ④ which refer to the twelve calendar months of 2009. This return must be accompanied by Form 4A and 4B (Balance Sheet and Depreciation Schedule) provided with the return unless the business does not own any personal property in Maryland. A substitute Balance Sheet, including IRS Schedule L, may be used, however Form 4B (Depreciation Schedule) must be completed. Businesses that do not maintain a Balance Sheet should submit a copy of IRS Schedule C and a copy of the depreciation worksheet used to prepare the IRS Form 4562. Information supplied on the return and enclosures are not open to public inspection. If the Balance Sheet reflects property outside the State of Maryland, please reconcile with the property reported on the return.

8) 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, 2010 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, 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:

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.

All other personal property includes all personal property other than inventory and is assessed 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 what the property would have sold for in the year of acquisition. 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 four (4). Normally, property will not be depreciated below 25% of the original cost.

All questions must be answered in full. If the reporting taxpayer does not own the class of property covered by any question, the word "**none**" or the figure "**0**" should be written in the appropriate blank space. 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.

9) EXEMPTIONS

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.

For manufacturing exemption requests, an application must be submitted on or before September 1, 2010 or within 6 months after the date of the first assessment notice for the taxable year that includes the manufacturing personal property in order to qualify for the current tax year. 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. The 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 filed, no additional manufacturing applications are required in subsequent years.

All personal property owned by certain organizations, including religious groups, government, non-profit educational institutions, non-profit charitable organizations, 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. To obtain this type of exemption, an organization must submit written information detailing its operation. If the organization is required to file an IRS Form 990 it should be included with the written information. It should be noted that because the laws differ, organizations granted exempt status by the Internal Revenue Service are not necessarily exempt from personal property taxation in Maryland.

In addition, state law requires that certain types of personal property be fully exempt throughout Maryland from any assessment and taxation. 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.).

Businesses owning exempt personal property described above should report the total cost of that property on form 4B (Depreciation Schedule), line 11. Do not report this type of property on Form AT3-51.

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. Contact the Department's web site for a complete listing of these exemptions.

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.

The personal property of certain home-based businesses is exempt if: 1) it is owned by a sole proprietorship; 2) it is located at the owner's principal residence; and 3) its total original cost, including inventory and excluding licensed vehicles, is less than \$10,000. **An initial return must be filed to receive this exemption.** Partnerships and other legal entities are not eligible for this exemption.

10) ROUNDING

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

11) AUDIT OF RETURN

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

12) TRANSFER OF PROPERTY

If a business transfers, sells, or disposes of all personal property on or after January 1, 2010 and before July 1, 2010, it must notify the Department in writing on or before October 1, 2010. The notification must contain an itemized description of the property involved, the date and manner of transfer and 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 Section 10-402 of the Tax Property Article, the assessment shall be transferred to the new owner(s).

13) OUT OF BUSINESS

If a business discontinues operations or goes "out of business" prior to January 1, 2010, 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 will result in an estimated assessment being made against the business.

14) AMENDED RETURNS

Amended 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 filed.

Amended returns must be accompanied by information explaining why the amended return is being filed and reconciling the differences with the original return. Write the word "AMENDED" across the top of page 1 of the return.

15) TRADER'S LICENSE

Sometimes businesses requiring a trader's license experience problems in obtaining one. Most of these problems are the result of one or more of the following five situations:

- 1) Failure to file a personal property return (previous year).
- 2) Failure to report commercial inventory on the personal property return (previous year).
- 3) Unpaid personal property taxes (previous year).
- 4) Unpaid late filing penalty owed to SDAT.
- 5) Failure to register with SDAT.

INFORMATION AND ASSISTANCE

Form preparation, assessment procedures and additional forms:	(410) 767-4991
Fax.....	(410) 333-7937
Extensions by Internet	www.dat.state.md.us
MRS (Maryland Relay Service for speech and hearing impaired)	1-800-735-2258 TT/VOICE
Internet Site	www.dat.state.md.us
E-mail Address	persprop@dat.state.md.us
Toll Free within Maryland	(888) 246-5941

Specific Instructions - 2010 Form AT3-51

PART A

1. List federal employee ID# (FEIN). If none, provide social security number of owner.
2. List federal principal business code. It can be found on IRS Schedule C or Form 1065.
3. Since local tax rates and exemptions differ in each county and in each incorporated town, the location of tangible personal property including the street address must be clearly indicated. 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. Inventory is deemed permanently located where the business is conducted. If property is located in two or more jurisdictions supply a breakdown by locations by completing additional copies of Part B for each location. List all Department ID#s of the businesses that are associated with this property on a separate sheet to ensure no accounts will be estimated for not filing.
Businesses not needing a trader's license and located entirely in the exempt jurisdictions listed below may skip Part B, line items ① through ⑤ and Forms 4A, 4B, and 4C. Be sure to complete the signature section.

EXEMPT COUNTIES AND INCORPORATED TOWNS

Frederick and Garrett Counties	Kent County	Queen Anne's County	Talbot County
The business must not be located within any town.	The business must not be located within a town except the exempt towns of Chestertown, Galena or Millington.	The business must not be located within a town except the exempt towns of Centreville or Millington.	The business must not be located within a town except the exempt town of Oxford.

If you meet the above location requirements but need a trader's license, you should complete Part B line item ② Commercial Inventory only, and then skip directly to the signature section.

4. Provide a brief explanation of business activity in Maryland (e.g., restaurant, legal services, construction, etc.)
5. Total gross sales must include sales in Maryland and sales by the Maryland location to out of state purchasers as well as transfers from the Maryland location of the reporting business to out of state locations.
6. Only an individual who owns a business should answer questions 6A and 6B.
 - 6a. Answer yes, if the location in number 3 above is the principal residence of the business owner.
 - 6b. Answer yes, if the total original cost of the property, including inventory and excluding licensed vehicles, is less than \$10,000. If both questions A and B are answered yes, the business is exempt from personal property assessment and taxation. Skip to signature line on page 2.
7. List the beginning and ending fiscal year periods.
8. All fully depreciated and expensed personal property must be reported on this return.
9. Attach an itemized list of leased personal property owned by others and held by the business on consignment as lessee or otherwise. State the original cost of each item and the names and addresses of owners. If original cost is not known, state the terms and dates of the lease.
10. If the business has disposed of assets or transferred assets in or out of the State during 2009, complete Form C (Disposal and Transfer Reconciliation).

PART B

LINE ITEM ①

Furniture, fixtures, tools, machinery and equipment not used for manufacturing or research and development. Includes but is not limited to office furniture, fixtures and equipment, factory equipment and machinery, shelves, signs, counters, non-exempt vehicles, etc.

Non-exempt vehicles include motor vehicles with Interchangeable Registrations and vehicles that are unregistered. 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 form allows detailed reporting of property which falls under the different rates of depreciation. All property is to be reported under Category A unless specifically listed in another category.

Refer to the Depreciation Rate Chart on page 4 to determine where property owned by the business should be reported (see sample below). Property reported in columns B through G requires a detailed description (e.g., Column C - Vending Machines, Copiers, etc.). Failure to provide the required detail will result in the reported property being assessed at 10% rate of depreciation.

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

EXAMPLE

Property reported on this line item should be placed under the proper depreciation rate column by the year of acquisition. An example of the correct method of filling out this section is provided for reference. Property reported in categories B through G require an explanation on the lines provided below the box. If additional space is needed to show the necessary detail, attach a supplemental schedule.

	ORIGINAL COST BY YEAR OF ACQUISITION						TOTAL COST
	A	SPECIAL DEPRECIATION RATES (SEE PAGE 4)					
	B	C	D	E	F	G	
2009	1,150				12,600		13,750
2008	3,104				8,400		11,504
2007	1,500		5,261				6,761
2006							
2005			2,500				2,500
2004	9,127		500				9,627
2003							
2002 and prior							
TOTAL COST COLUMNS A-G →							44,142

DESCRIBE **B** THROUGH **G** PROPERTY HERE: Category C - 2004 Vending Machine; Category C - 2005 Copier \$2,000, Fax \$500; Category D - 2007 Personal Computer; Category E - 2009, 2008 Rental DVDs and Video Tapes

LINE ITEM ②

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 including two (2) physical inventories. Book inventories may be used for months when physical inventories were not taken. Values are to be reported at cost or market value. The LIFO method is prohibited in computing values. If there are multiple locations of inventory in Maryland they must be reported by each location. **Businesses that need a Trader's License must report commercial inventory.**

Rental equipment including but not limited to video tapes, stereos, televisions, tools, appliances and furniture is not considered commercial inventory. These assets must be reported in Part B item ①.

Leased property and off rent equipment are not considered commercial inventory and should be reported on 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. Schedule should group leases by county where the property is located.

LINE ITEM ③

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

LINE ITEM ④

Manufacturing/R&D Inventory is raw materials, supplies, goods in process and finished products used in and resulting from manufacturing by the business. Include manufactured products sold at retail by the manufacturer under line item ②, commercial inventory. An average of twelve (12) monthly inventories should be reported including two (2) physical inventories. Book inventories may be used for months when physical inventories were not taken. Values are to be reported at cost or market value. The LIFO method is prohibited in computing values. If there are multiple locations of inventory in Maryland they must be reported by each location.

LINE ITEM ⑤

Tools, machinery and equipment used for manufacturing or research and development. Answer this question in detail even though such property may by law or resolution be exempt. Reporting property on this line item is not a substitute for a manufacturing application. If exemption is claimed for the first time, a manufacturing/research & development exemption application must be submitted **on or before September 1, 2010 before the exemption can be granted**, or within 6 months after the date of the first assessment notice for the taxable year that includes the manufacturing personal property in order to qualify for the current tax year. 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. The 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 filed, no additional manufacturing applications are required in subsequent years. Contact the Department or visit our web site at www.dat.state.md.us to obtain an application. This property shall be reported at original cost in the year of acquisition without deduction of depreciation, investment credit or trade-in of previously owned property. Include all fully depreciated personal property and property expensed under IRS rules.

For manufacturing the primary test for exemption requires substantially transforming, or a substantial step in the process of substantially transforming tangible personal property into a new and different article by use of labor or machinery. The term manufacturing does not include products mainly intellectual, artistic or clerical in nature, services, public utility services, or property used primarily in administration, management, sales, storage, shipping, receiving or any other non-manufacturing activity.

Research and development means basic and applied research in the sciences and engineering, and the design, development and governmentally required pre-market testing of prototypes, products, and processes. Research and development activities are exempt whether or not the company has a product for sale.

The following activities do not constitute research and development: market research; research in social sciences, psychology, or other nontechnical activities; routine product testing; service activities; sales; or research and development of a public utility.

SIGNATURE AND DATE

The return must be signed by an owner or partner. This signature must be an original not a copy. The date should reflect the date the return was signed by the owner or partner and sent to the Department. Please include requested phone number and E-mail address to assist us in resolving potential discrepancies.

DEPRECIATION RATE CHART FOR 2010 RETURNS

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*

Autos (unlicensed), bowling alley equipment, brain scanners, car wash 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, canned software.

Category E: 33⅓% 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 25% of the original cost.

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