Alert

Refund of Recordation and Transfer Taxes

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Owners of Maryland commercial real estate who did a merger or some other kind of income tax-free restructuring during 2012 or the first half of 2013 may be entitled to a refund of Maryland recordation and transfer taxes. These taxes are usually 1.5% to 3% of the gross value of the real estate so a refund of these taxes is likely to be very significant.

The Maryland Court of Special Appeals recently ruled that income tax-free acquisitions involving limited liability companies and corporations are exempt from recordation and transfer taxes under a former Maryland statute. (This statute was amended effective July 1, 2013 to explicitly call for this same pro-taxpayer result.) The Maryland SDAT collected taxes from real estate owners who engaged in these transactions through July 1, 2013 and the amounts were usually very large. The statute of limitations for filing an administrative claim for refund of Maryland recordation and transfer taxes is three years. Consequently, time is running out and taxpayers who are entitled to one of these refunds should not sleep on their rights.

To discuss whether you are entitled to such a refund of Maryland recordation and transfer taxes, please contact our tax attorney, Christopher D. Scott, at cscott@linowes-law.com or (301) 961-5135.

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