



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

**Part 1**

_____ First Name	_____ MI	_____ Last Name	_____ Social Security Number
_____ Spouse's First Name	_____ MI	_____ Last Name	_____ Social Security Number

**Part 2**

**Taxable Capital Gain Income Calculation**

1. Net capital gain income included in Maryland adjusted gross income (Line 1c of Form 502 or Line 7 Column 2 of Form 505. 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 your 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 1040 Line 7 . . . . . **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 1040 Line 7. . . . . **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 20a of Form 502 or Line 31a of Form 505. 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 502CG if you or your spouse were required to file a 2025 Maryland individual tax return AND:

1. Reported a federal adjusted gross income of more than \$350,000 on Line 1 of Form 502 or Line 17, Column 1, of Form 505; and
2. Reported net capital gain income on federal Form 1040 Line 7.

If your federal adjusted gross 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 your first name, middle initial, last name and Social Security number exactly as entered on your Maryland individual income tax return. If you are filing a joint Maryland return, also enter the name and Social Security number of your spouse.

### Form 502CG must be attached to the annual return (Form 502 or 505).

#### Part 2

**Line 1:** Enter the amount of federal net capital gain income included in your Maryland adjusted gross income. Residents use Line 1c of Form 502. Nonresidents use Line 7 Column 2 of Form 505.

**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 Section H, Line 1, Column 1.

**Nonresidents:** Total the amounts from Section H, 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 your primary residence on fed-

eral 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, 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. If the proceeds from the sale are reinvested in the trust, net capital gain income on the sale of a primary residence owned by a trust is reported on Form 504CG.

**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 your 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 20a of Form 502 or Line 31a of Form 505. If less than 0 enter 0.