



Recordation Tax FAQ'S

How do we determine consideration?

“Consideration Payable” is not limited to cash, but may include anything of economic value given to the grantor. Consideration includes the amount of debt assumed by the grantee. Please refer to TP§ 12-103(a), the Memorandum to Clerks forwarding Letter of Advice of Attorney General dated July 12, 2002 and Dean v. Pinder 538 A2d. 1184, 312 Md. 154 (1988).

How should consideration be recited?

The evidence of the consideration payable is required to be described in the instrument of writing or in a supporting affidavit under oath accompanying the instrument of writing. Please refer to TP§ 12-104(a). The collector of the recordation tax may investigate any recitation of consideration in an instrument presented for recording. (Please see 62 Opinion of the Attorney General 172 (1977) and letter of Advice of Attorney General dated October 21, 1992)

How is recordation tax collected under a Purchase Money Mortgage?

See TP§12-108(I). Does not apply to cash in deal.

What is the statute of limitation for collecting recordation tax?

Actions to collect outstanding recordation taxes may be initiated within seven (7) years of the date the instrument was recorded or the recordation tax became due. Please refer to TP§ 14-1101.

Are there any penalties for failing to pay the proper recordation tax?

It is a crime to misrepresent the amount of consideration paid in a transaction or to not pay the recordation tax due on additional debt under TP§ 12-105(f). Please refer to TP§ 14-1010 through TP§ 14-1012.