

MARYLAND  
FORM  
**502AE**

**Subtraction For Income Derived Within  
An Arts and Entertainment District**  
Attach to your Form 502 or Form 505

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Your first name and initial	Last name	Social security number	
Spouse's first name and initial	Last name	Social security number	
Present address (No. and street)	City or Town	State	ZIP code

**PART A - Qualifying Residing Artist**

1. Name of qualifying residing artist
2. Name of arts and entertainment district
3. Address of residential real property owned or rented in the county where the arts and entertainment district is located
4. Trade name and business address in arts and entertainment district
5. Nature of business conducted in arts and entertainment district

**PART B - Income Derived Within the Arts and Entertainment District**

6. Source of income derived within arts and entertainment district for which subtraction is being claimed	
7. Amount of subtraction claimed for income derived within arts and entertainment district (Include this amount on the line for "Other subtractions" on Form 502 or Form 505 and enter the appropriate code letter.)	

**GENERAL INSTRUCTIONS**

**Who May File**

A qualifying residing artist may claim a subtraction for income derived from the sale, publication, production or performance of an artistic work within an arts and entertainment district, if the artist created that artistic work within that art and entertainment district.

The subtraction is only available to individuals. The subtraction is available to a single-member limited liability company, whose sole member is an individual, if the limited liability company is disregarded as an entity separate and apart from its member for federal income tax purposes and as such, the profit or loss of the limited liability company is reflected on the income tax return filed by the member of the limited liability company.

**Qualifying Guidelines**

To qualify for the subtraction, you must be a qualifying residing artist who creates an artistic work that is sold within the arts and entertainment district in which it is created.

**Required Attachments**

You must attach to your Maryland return a completed Form 502AE.

**Qualifying Residing Artist** - means an individual who:

- (1) owns or rents residential real property in the county where the arts and entertainment district is located and conducts a business in that district; and
- (2) derives income from the sale, publication, production, or performance within the arts and entertainment district of an artistic work that the individual wrote, composed, or executed, either solely or with one or more other individuals, in the arts and entertainment district.

**Artistic work** - means an original and creative work, whether written, composed, or executed, that falls into one of the following categories:

- (1) a book or other writing;
- (2) a play or performance of a play;
- (3) a musical composition or the performance of a musical composition;
- (4) a painting or other picture;
- (5) a sculpture;
- (6) traditional or fine crafts;
- (7) the creation of a film or the acting within a film;
- (8) the creation of a dance or the performance of a dance; or
- (9) any product generated as a result of any of the categories listed above.

Artistic work does not include any piece or performance created or executed for industry-oriented or industry-related production such as a commercial or advertising copy.

**Arts and Entertainment District** - means an area designated by the Secretary of the Department of Business and Economic Development as an arts and entertainment district.

**SPECIFIC INSTRUCTIONS**

In determining the amount of income allowed as a subtraction, the following rules shall apply:

**Sale and Publication of Artistic Work**

- A. Income that an artist earns from the sale or publication of artistic work created:
- within the district and sold within the district qualifies for the subtraction;
  - within the district and sold outside the district **does not** qualify for the subtraction;
  - outside the district and sold within the district **does not** qualify for the subtraction; or
  - outside the district and sold outside the district **does not** qualify for the subtraction.
- B. Income received by an artist from internet, mail order and catalog sales of artistic work shipped from within the district qualifies for the subtraction, if the artist created the artistic work within the district.
- C. Income in the nature of royalties, licenses or other future revenues from the sale of reproduction or publishing rights **does not** qualify for the subtraction.

**Production and Performance of Artistic Work**

- A. Income that an artist earns from a musical performance, from the performance of a play or dance, from the showing of a film produced within the district by the artist, or from acting in a film:
- within the district qualifies for the subtraction; or
  - outside the district **does not** qualify for the subtraction.
- B. Income that an artist earns from the creation or choreography of a play or dance, the composition of music, or the production of a film:
- within the district qualifies for the subtraction; or
  - outside the district **does not** qualify for the subtraction.
- C. Income received by an artist from the internet broadcast of an artistic work from within the district qualifies for the subtraction, if the artist created the artistic work within the district.
- D. Income in the nature of royalties, licenses, or other future revenues from the creation or choreography of a play or dance, the composition of music or the production of a film **does not** qualify for the subtraction.

**Part A - Qualifying Residing Artist.**

**Line 1** - Enter the individual's name who is the qualifying residing artist.

**Line 2** - Enter the official name of the arts and entertainment district in which the qualifying artist owns or rents residential real property and conducts a business.

**Line 3** - Enter the address of the residential real property owned or rented by the qualifying residing artist. This address must be located in the same county in which the arts and entertainment district is located. Do not enter a mailing address, such as a post office box or rural box number.

**Line 4** - Enter the trade or business name, if any, and the business address in the arts and entertainment district. Do not enter a mailing address, such as a post office box or rural box number.

**Line 5** - Provide a brief description of the artistic work and the business activities conducted in the arts and entertainment district.

**Part B - Income Derived within an Arts and Entertainment District.**

**Line 6** - Provide a brief description of the business transactions generating the income that qualifies for the subtraction.

**Line 7** - Enter the amount of the income, to the extent included in federal adjusted gross income, derived within the arts and entertainment district that qualifies for the subtraction. Include this amount on the line for "Other subtractions" on Form 502 or Form 505 and enter the appropriate code letter.